EDF Group of the Electricity Supply Pension Scheme

Climate Change Governance and Reporting in line with the Task Force on Climate-Related Financial Disclosures (TCFD)
Report for the period 1 April 2025 to 31 March 2026

Executive Summary

The Group Trustee of the EDF Group of the Electricity Supply Pension Scheme ("the Group") has prepared this report in line with the Department of Work and Pensions ("DWP") Climate Change Governance and Reporting Regulations (October 2021) and Statutory guidance (October 2022).

This report has been prepared in line with the recommendations set out by the Taskforce on Climate-Related Financial Disclosures ("TCFD"). It sets out the Group Trustee's approach to assessing, monitoring and mitigating climate-related risks, in the context of the Group Trustee's broader regulatory and fiduciary responsibilities to its members over the period 1 April 2025 to 31 March 2026.

This is the Group Trustee's fifth disclosure in accordance with the regulations and provides a status update on how the Group is currently aligning with each of the four elements in the TCFD framework (and in line with TCFD's Principles of Effective Disclosure). Details on these elements are below:

Governance: The approach and arrangements around climate-related risks and opportunities

The Group Trustee retains ultimate responsibility for identifying, assessing, and monitoring climate-related risks and opportunities, with day-to-day oversight delegated to the Investment Committee (IC), a sub-committee of the Group Trustee.

The Group Trustee requires its appointed investment managers to be cognisant of climate-related risks and opportunities. Active engagement with the Group's appointed investment managers is conducted by the Group Trustee and the Group's Investment Consultants, Gallagher (formerly called Redington) for DB assets and Mercer for DC assets. Active engagement with underlying companies the Group is invested in, is delegated to the Group's investment managers.

The Group Trustee and IC receive regular training relating to responsible investment, climate change in the context of investing and fiduciary responsibility. The Group Trustee deems the training it has received as sufficient in providing the Group Trustee with the necessary knowledge and understanding of climate-related risks and opportunities.

Strategy: The actual and potential impacts of climate-related risks and opportunities on the Group's investment strategy, covenant and financial planning

The Group Trustee considers climate-related risks and opportunities across short-, medium-, and long-term periods on the Group's investment and funding strategy. These risks are assessed via climate-related scenario analysis.

For the DB Section, the Group Trustee has engaged with the DB Investment Consultant, Gallagher, the Group Actuary, LCP and the Covenant Advisor, XPS to understand how various climate scenarios could impact the Group's investment and funding strategy. The investment and funding scenario analysis is calculated based on the Group's position as at 31 March 2026, while the covenant analysis is provided as at 31 May 2026. This is in line with regulatory requirements.

For the DC Section, the Group Trustee has engaged with Mercer and the DC delegated investment manager, MWS to analyse the additional climate change impact on return p.a. to 2030, 2050 and 2100 based on the strategic asset allocation as at 31 December 2025.

Risk Management: The processes used to identify, assess and manage climate-related risks and opportunities

The Group Trustee has integrated climate change risk into the Group's wider risk management framework. The Group Trustee considers the impact of climate-related risks on all the assets in which it invests by conducting and reviewing the results of climate-related stress tests and carbon emissions analysis on a periodic basis. The results are used to identify

the potential actions, for example, engaging with investment managers who have material carbon intensity levels or updating investment guidelines where the Group Trustee has discretion to make such changes in line with fiduciary duty.

The Group Trustee believes engagement with the Group's investment managers is one of the main ways in which the Group Trustee is able to manage climate-related risks and opportunities. The majority of this engagement is carried out on behalf of the Group by the Group's Investment advisors and through meetings with the investment managers.

In Q3 2025, the Group Trustee revised the Group's engagement framework for the investment managers to prioritise ESG integration and stewardship considerations, with a particular focus on case studies demonstrating the investment managers' engagement process in practice. This provides greater opportunity for the Group Trustee to understand how ESG and climate-related considerations are applied to the management of the Group's assets.

Metrics and Targets: The metrics and targets used to assess and manage climate-related risks and opportunities

On a quarterly basis, the Group Trustee receives performance reporting from Mercer for the DC section, which provides details of Mercer's ESG rating for each of the underlying investment managers and carbon metrics for the active equity funds. It is expected that these reports will be expanded to include carbon metrics for more funds when the data becomes available. This report is tabled for discussion at quarterly IC meetings with the Group's investment advisors.

On an annual basis, the Group Trustee monitors the DC section's climate change metrics through an annual MWS ESG report for underlying funds within the multi-asset funds. Going forward this report will provide an update on progress towards these funds' net-zero commitments. The Group Trustee also monitors the DB Section's metrics on at least an annual basis as part of an ESG dashboard provided by Gallagher. The Group Trustee will periodically review its selection of metrics to ensure they remain appropriate for the Group.

The Group Trustee has set a Paris-aligned target for the DB section to reduce total greenhouse gas emissions of the Group's DB assets to net zero by 2050, with a 50% reduction by 2030 compared to the baseline as at 30 September 2021. These targets were reviewed over the year and the Group Trustee continues to believe that they are complementary to the Group's wider objectives. The Group Trustee notes that given the slow real-world progress on the transition to date, these targets may need to be recalibrated. As such, the Group Trustee will reassess the targets within the next year as appropriate and in line with fiduciary duty. The Group Trustee will adopt the targets as set by the delegated investment manager, MWS. The Group Trustee and MWS are committed to reducing the overall Weighted Average Carbon Intensity (WACI) over time, consistent with the Paris Agreement's ambitions.

The Group's full 2026 TCFD report can be located on pages 1 to 47 and is also available to download the EDFG website **www.edfgpensions.co.uk**

Signed on behalf of EDFG Trustee Limited as Group Trustee of the EDF Group of the Electricity Supply Pension Scheme

Joanna Matthews

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Chair of the Group Trustee

30 September 2026

EDF Group of the Electricity Supply Pension Scheme

Climate Change Governance and Reporting in line with the Task Force on Climate-Related Financial Disclosures (TCFD)

Report for the period 1 April 2025 to 31 March 2026

Full Report

EDFG Trustee Limited, *Registered in England and Wales. Registered No. 12369679. Registered office: Nova North, 11 Bressenden Placet, London, SW1E 5BY*

Introduction

The Group Trustee of the EDF Group of the Electricity Supply Pension Scheme ("the Group") has prepared this report in line with the Department of Work and Pensions ("DWP") Climate Change Governance and Reporting Regulations (October 2021) and Statutory guidance (October 2022).

This report has been prepared in line with the recommendations set out by the Taskforce on Climate-Related Financial Disclosures ("TCFD"). It sets out the Group Trustee's approach to assessing, monitoring and mitigating climate-related risks, in the context of the Group Trustee's broader regulatory and fiduciary responsibilities to its members over the period 1 April 2025 to 31 March 2026.

This is the Group Trustee's fifth disclosure in accordance with the regulations and provides a status update on how the Group is currently aligning with each of the four elements in the TCFD framework (and in line with TCFD's Principles of Effective Disclosure). Details on these elements are below:

- **Governance:** The approach and arrangements around climate-related risks and opportunities.
- **Strategy:** The actual and potential impacts of climate-related risks and opportunities on the Group's investment strategy, covenant and financial planning.
- **Risk Management:** The processes used to identify, assess and manage climate-related risks.
- **Metrics and Targets:** The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

The Group Trustee's current position with regard to each of these elements is summarised in the following pages:

Part 1: DB Section – pages 3 to 24 (covering £5.3bn asset value as at 31 March 2026)

Part 2: DC Section – pages 25 to 46 (covering £73.4m asset value as at 31 March 2026)

The Group Trustee has reviewed all elements across both Sections but has focussed in greater detail on the DB Section due to its relative size compared to the DC Section as well as the delegated authority nature of the DC Section. The Group Trustee confirms that the same process has been followed across both Sections.

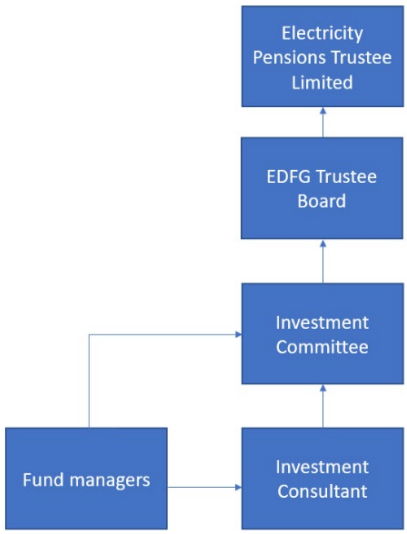
Part 1: DB Section

1. Governance

Oversight of climate-related risks and opportunities

The Group Trustee's Board is ultimately responsible for identifying, assessing, monitoring and managing climate-related risks and opportunities which are relevant to the Group. A sub-committee of the Board, the Investment Committee (IC), has been delegated the day-to-day responsibility for ensuring that the Group Trustee's policy for monitoring climate-related risks and opportunities is integrated into investment strategy, risk management and decision making. In keeping with this governance structure, this report has been reviewed by the IC and approved by the Group Trustee Board. There are no other persons undertaking governance activities in relation to the DB Section.

The diagram below shows the structure and associated groups/individuals with responsibilities for governance of climate-related risks and opportunities.



The Group Trustee's policy for monitoring climate-related risks and opportunities is included in the Group's Investment Decisions Policy, an extract of which is shown in Part 1: Appendix A. The policy includes monitoring the Group's climate-related metrics and the results of climate scenario analysis, as well as engaging with the Group's investment managers on climate-related matters.

The Group Trustee requires its appointed investment managers to be cognisant of climate-related risks and opportunities within their investment processes. The Group Trustee aspires to continuously improve the quality of engagement with its investment managers to ensure that appropriate steps are being taken to address climate-related risks and opportunities within the Group's funds.

The Group Trustee receives advice from its investment advisor (Gallagher, formerly called Redington), actuary (LCP), and covenant advisor (XPS) to effectively assess and monitor climate-related risks and opportunities associated with the Group's funding and investment strategy. This includes the use of climate scenario analysis to assess the potential resilience of the investment strategy and covenant to various future climate change scenarios.

Investment manager engagement and performance assessment

The Group Trustee maintains a Stewardship policy that is shared with its investment managers. The Policy sets out the Group Trustee's aim to use its influence as an asset owner to ensure the Group's investment managers follow ESG (Environmental, Social and Governance) and stewardship best practices. The policy is used to hold the Group's investment managers to account for the effective integration of ESG and stewardship in line with the Group Trustee's expectations.

Active engagement with the Group's appointed investment managers, specifically relating to climate-related risks and opportunities, is conducted by the Group Trustee with the assistance of Gallagher. Throughout this engagement process, investment managers are asked to provide details of how climate-related risks and opportunities have been incorporated into the investment process within the relevant manager's investment guidelines.

During the reporting period, examples of active engagement included inviting a selection of the Group's investment managers, including PIMCO, BlueBay, CQS, Aegon, and Janus Henderson, to attend IC and Group Trustee meetings and set out how they address ESG risks and opportunities within their funds. This direct engagement by the Group Trustee and IC provided a valuable opportunity to encourage the investment managers to improve the level of ESG integration and reporting transparency.

Active engagement with underlying companies in which the Group is invested, specifically relating to climate-related risks and opportunities, is delegated to the Group's investment managers on behalf of the Group Trustee, recognising that the nature of these engagements is likely to vary across the different asset classes in which the Group invests. Key takeaways from any active engagement are either reported to Gallagher, who raise them with the Group Trustee on an ad-hoc basis and during quarterly Group Trustee Board meetings, or brought directly for discussion with the Group Trustee.

To ensure that any issues regarding the identification and assessment of climate-related risks are addressed and/or noted in an orderly fashion, the Group Trustee reviews its investment advisor, Gallagher on an annual basis against their agreed strategic objectives (these include ESG-related objectives, capturing climate-related risks). Gallagher are responsible for monitoring the Group's investment managers to ensure they adequately identify and assess climate-related risks and opportunities, and any issues are reported to the Group Trustee.

The IC reports back to the Group Trustee on a quarterly basis regarding all key investment matters, including relevant detail on climate-related risks and/or opportunities. The Group Trustee receives annual reporting from Gallagher which contains information on the relevant metrics and targets, which have been selected for monitoring as outlined in section 4 - Metrics and Targets. The IC also reviews the Group's climate risk stress tests (referred to in section 2 – Strategy) on a quarterly basis. The Group Trustee reviews these when considering investment strategy changes, in particular with new asset class/investment manager investments.

Over the past year, the IC has continued to constructively engage and, where necessary, challenge the climate-related information provided by their advisors and investment managers, and has escalated this as appropriate.

Group Trustee knowledge and understanding of climate-related risks and opportunities

During the period, the Group Trustee received training on various aspects of stewardship including how their investment managers approach this (through the IC manager engagement discussions). In Q4 2025, the Group Trustee completed a horizon scanning session to reassess the potential forward-looking implications of climate change and sustainability factors on the investment strategy. The session focused on developments in the global climate transition, highlighting the increasing challenges associated with achieving net zero ambitions and the implications of a more volatile policy and regulatory environment for long-term investors. It also explored evolving approaches to decarbonisation targets, the limitations of emissions-based metrics, and the growing importance of biodiversity and nature-related risks alongside climate considerations.

Following the session delivered in Q4, in Q1 2026, the Group Trustee was provided with a refresher of the climate metrics and targets included in this report. The Group Trustee also discussed the practical limitations of medium-term net-zero targets, and the suitability of the Group's interim net-zero target in light of slower than expected global progress on the transition to net zero. Further detail is provided in Section 4 – Metrics and Targets.

During the next year, the Group Trustee will undertake a review of its stewardship priorities to ensure they continue to be aligned with the Group's long-term objectives, regulatory expectations and evolving best practice.

The Group Trustee deems the training it has received to be sufficient to provide it with the necessary knowledge and understanding of climate-related risks and opportunities.

2. Strategy

Overview of climate scenario analysis and climate-related considerations for the investment strategy

The Group Trustee considers climate-related risks and opportunities and their potential implications on the Group's investment and funding strategy over the short-, medium- and-long term. The consideration of these factors is incorporated throughout the investment process, from strategic asset allocation to manager selection and portfolio monitoring.

The Group Trustee acknowledges that each of its investments is exposed to climate-related risks to varying extents, and has identified two types of risks which could impact the Group's investment and funding strategy:

- Physical risks, i.e. those that arise from both gradual changes in climatic conditions and extreme weather events (e.g. a rise in sea levels could result in flooding and mass migration); and
- Transition risks, i.e. risk of re-pricing which would occur as part of the move to a low-carbon economy which may entail extensive policy, legal, technology and market changes.

Appropriate time horizons

The Group Trustee notes the impact of climate-related risks and opportunities may vary depending on the time horizon in question. The Group Trustee assesses climate risks and opportunities over the

following time horizons which it deems appropriate in light of the Group's existing strategic objectives (please note that the Group has not differentiated between the short- and medium-term risks due to both periods being in line with the Group's target self-sufficiency funding date of 2027, and the risks therefore being similar and applicable to both time horizons):

Time Horizon	DB Section	Key Risks
Short term **Medium term**	2 years (in line with the Group's target self-sufficiency funding date of 2027)	This allows the Group Trustee to consider the transition risks (such as changes in corporate behaviour driven by regulatory and technological change), that the Group will predominantly be exposed to over the short and medium term. Transition risks are expected to be the primary risk exposure, however the Group Trustee notes that the increasing frequency/severity of extreme weather events means that physical risk is likely to become more prominent.
Long term	10 years (in line with the Group's secondary de-risking objective)	The Group will be exposed to both transition and physical risks associated with climate change, over the longer-term, with physical risk expected to intensify further into the future, which may have pronounced effects on real assets such as property. Meanwhile, deteriorating resource availability may negatively impact the covenant's position in the long-term.

The Group Trustee continues to explore investment opportunities which are both appropriate for the Group from an investment perspective and aligned with the goals of the Paris Agreement. In Q4 2025, the Group Trustee evaluated two Direct Lending managers for a potential new allocation to the asset class. The Group Trustee considered the ESG capabilities of the managers as part of its manager assessment, and both managers were asked to provide information on the integration of ESG and climate risk management into their investment processes.

Impact of climate scenario analysis on Group assets

In order to assess the impact of potential future climate scenarios on the Group's assets, the Group Trustee undertakes detailed scenario analysis periodically (at least triennially, in line with the Group's triennial actuarial valuation). The Group's scenario analysis methodology is based on the Network for Greening the Financial System (NGFS) methodology. The scenario analysis was last performed for the Group's 2025 TCFD report. The analysis has not been recalculated or updated for this report given there have not been any significant changes to the Group's investment strategy since it was last completed (i.e. over the 12 months to 31 March 2026). This is in line with the regulatory requirements.

These scenarios were selected as they represent a range of possible future climate scenarios, which allow the Group Trustee to assess potential impacts on the funding strategy under different climate outcomes.

The scenarios provided by the NGFS are set to be updated on an annual basis and are designed to show what the impact on the value of the Group's invested assets would be in the following scenarios:

- *2 degrees Orderly Transition* – Gradually increases the stringency of climate policies, giving a 67% chance of limiting global warming to below 2°C.
- *2 degrees Disorderly Transition* – Assumes annual emissions do not decrease until 2030. Strong policies are needed to limit warming to below 2°C. CO_2 removal is limited.
- *Hot House World* (Nationally Determined Contributions) – Includes all pledged policies even if not yet implemented.

The results of these scenarios as at 31 March 2025 (on the Self Sufficiency basis) can be seen below and further details on the analysis can be seen in Part1: Appendix B.

Scenario	Impact on deficit (£m)	Impact on funding level via the investment strategy (%)
Scenario A: 2°C Orderly Transition	-£206m	-2.1%
Scenario B: 2°C Disorderly Transition	-£452m	-3.6%
Scenario C: Hot House World	-£288m	-3.6%

The results of the scenarios provide the Group Trustee with a clear overview of how resilient the current investment strategy is to various different climate change outcomes. The results above are based on the Group's current investment strategy, and as such the Group Trustee notes that as the Group continues to de-risk over time from return-seeking assets into liability driven investment (LDI), or "matching" assets, the results are expected to improve over time under the same scenario modelling. This de-risking journey has been formalised in the Group's Long Term asset allocation which allocates 60% into matching assets and 40% into growth assets.

The IC and the Group Trustee Board assess the results of a series of climate stress scenarios on the Group's investment and funding strategy and incorporate them (as well as the impact of any climate-related investment opportunities) into the investment decision-making process. These stress scenarios are also run on a quarterly basis and the results are reported in the Group's Funding and Risk Report prepared by Gallagher, for the Group Trustee's monitoring.

Impact of climate scenario analysis on Group liabilities

The Group Trustee notes that two of the three key liability-related risks (interest rates and inflation) are suitably hedged via the Group's LDI strategy and thus the Group is not overly exposed to changes in these metrics. The third liability-related risk facing the Group is longevity / mortality risk, which is not incorporated into the climate scenario analysis provided by Gallagher. To further understand the impact of climate change on the longevity of the Group, the Group Trustee engaged with the Group Actuary,

LCP, to understand how climate change could impact the longevity risk of the Group.

As longevity risk is predominantly unhedged, the variable life expectancy of members will have unmitigated effects on the Group's funding level. Subsequently, LCP have conducted a scenario analysis to assess the approximate impacts on the Group's liabilities. The three scenarios underpinning LCP's longevity analysis are broadly comparable to those used to assess the impact on the Group's assets based on the NGFS framework:

- *2 degrees Orderly Transition* – Assumes climate policies are introduced early and become gradually more stringent. The average global temperature is about 2°C above pre-industrial levels by 2050 and both global and UK GDP fall by c.8% by 2050.
- *2 degrees Disorderly Transition* – Assumes climate policies are delayed or divergent across countries and sectors. The average global temperature is about 2°C above pre-industrial levels by 2050 and both global and UK GDP fall by c.13% by 2050.
- *Hot House World* (Nationally Determined Contributions) – Assumes that some climate policies are implemented in some jurisdictions, but global efforts are insufficient to halt significant global warming. The average global temperature is about 5°C above pre-industrial levels by 2050 and both global and UK GDP fall by c.15% by 2050.

The scenario analysis considers the approximate impact on the Group's liabilities to 2027 (in line with the Group Trustee's target self-sufficiency funding date) and to 2035 (in line with the Group Trustee's secondary de-risking objective). In all scenarios, the impact on the Group's liabilities is uncertain due to uncertainty on both the timing of climate change to occur and for the effects of climate change to impact liability values. Further details on the analysis can be seen in Part1: Appendix B. The results (on the Self Sufficiency basis) can be seen below.

Scenario	Impact on funding level via the liabilities (%)	
	To 2027	To 2035
Scenario A: 2°C Orderly Transition	Nil	-1%
Scenario B: 2°C Disorderly Transition	Nil	-1%
Scenario C: Hot House World	Nil	+1%

** The scenarios and outputs being considered are generated by modelling. There is significant "model risk" – the risk that the model does not fully capture the way the world works, either economically or physically.*

The Group Trustee notes that the analysis indicates that there is expected to be a negligible impact on the funding level due to climate-related longevity impacts to 2027. It also indicates that there could be a modest impact to 2035. The Group Trustee notes that "Hot House World" scenario indicates a 1% improvement to the funding level to 2035. This is not a desired outcome as lower longevity risk as a result of decreased life expectancy is clearly not in the interest of members.

The degree of funding level impact due to climate-related mortality changes is highly sensitive to the assumptions built into each of the scenarios. In practice, there are a multitude of unconstrained climate-

related risk factors which can affect mortality to varying degrees, materialising in predominantly unhedged longevity risk exposure for the Group. While the Group Trustee has determined that its current strategy remains appropriate and robust against the relevant climate scenarios, the Group Trustee will continue to monitor mortality-related risks relative to the Group's asset allocation.

Impact of climate scenarios on Group's sponsoring employer and the support provided by EDF SA

Similar to the work conducted for the previous iteration of the TCFD report, the Group Trustee has again engaged with the covenant advisor, XPS, in order to understand how the Group's sponsoring employer and the formal support from the significant guarantee provided by EDF Energy Lake Limited and ultimately backed by EDF SA, which together support the Group (known as its "covenant"), would be impacted by various climate scenarios.

The impact of the chosen climate scenario is focused on the EDF group of companies given the reliance that the Group places on the covenant support from EDF SA as a whole and the extent of public disclosure. The assessment provided by XPS as part of this engagement is as follows:

Given EDF's business, it is at the forefront of facilitating and managing the transition to a lower carbon economy; indeed its "raison d'être" is about managing the risks and opportunities borne from climate change. EDF continues to be rated above its peers by a number of ESG ratings providers. XPS note that Standard and Poor's and Moody's consider ESG factors as having a moderately negative impact on EDF's creditworthiness; however, there is limited impact on their assessment of EDF's creditworthiness and the ESG credit impact score assigned to EDF by Moody's is broadly in line with peers.

EDF faces a number of physical and transitional risks. In the most negative scenario considered as part of its analysis for its 2025 Universal Registration document, EDF estimated that the financial impact of transitional risks would be for "EBITDA [to be] down over €5 billion" in 2035 (c.17% of 2025 EBITDA) vs. a baseline scenario. A quantitative estimate of the impact of physical risks is not provided, although EDF's qualitative comments remain in line with the previous year suggesting limited change.

Given the risks to which it is subject, EDF is seeking to mitigate the potential impact of climate change related risks through the adoption of globally recognised initiatives and periodic reviews of climate change adaptation plans. XPS note that Moody's has given EDF a 1.5 °C Net Zero Assessment, and the SBTi rates EDF as being on a "Well Below 2 °C" reduction pathway. Furthermore, given the nature of EDF's business, EDF continues to believe there are a number of opportunities from which it can benefit in terms of the transition to a low carbon economy.

As part of its covenant monitoring programme, XPS will continue to monitor the financial impact on the covenant of transitional and physical risks, including those arising from regulatory and governmental changes. It will also continue to monitor EDF's ESG ratings and how they develop, as well as the progress towards, and evolution of, EDF's targets. (Source XPS, May 2026).

Summary of the impact of climate scenarios on Group's investment and funding strategy

In light of the scenario analysis conducted on the Group's assets, the assessment of the impact on liabilities and the qualitative assessment of the impact on the covenant, the Group Trustee believes the

Group's funding strategy is resilient to the various risks presented by climate change. EDF, whilst exposed to the risks of climate change, is well positioned to take advantage of the opportunities that climate change will bring. The Group's investment strategy is well diversified across a number of different risk factors, and the initial estimate of the impact of climate change on the Group's membership profile, indicates little/no impact to funding, although the Group Trustee notes the range of outcomes for the Group does vary when looking at alternative more extreme scenarios. The Group Trustee will continue to monitor the Group's exposure to climate-related risks via climate scenario analysis.

The Group Trustee acknowledges the growing scrutiny of current climate scenario analysis models, which has revealed that current methodologies may not accurately reflect the threat climate change poses to the planet and society, such as overlooking climate tipping points and underestimating the likely implied temperature rise and physical impacts of climate change. Consequently, the analysis currently has limited reliability and usefulness as a decision-making tool. As such, the Group Trustee does not rely solely on this analysis to inform its strategic decision-making. Nonetheless, the scenario analysis does help to highlight that climate change risks do exist and the Group Trustee therefore believes that appropriate risk management steps should be taken to address and limit their potential impacts.

3. Risk Management

Climate-related risks and opportunities are considered in terms of the physical risks to assets that are expected to result from climate change, and in terms of the transition risks associated with the global shift to a low-carbon economy.

Processes to identify, assess and manage climate-related risks

As set out in section 2 - Strategy, the Group Trustee faces climate-related risks, in the form of transition and physical risk.

The Group Trustee takes both a 'top-down' and 'bottom-up' approach to identifying climate-related risks. In practise, this approach is conducted through two primary methods:

- The use of portfolio-level scenario analysis – as outlined in the previous section; and
- Fund specific climate metrics analysis – further detail of which is included in the final section of this report.

To address these, the Group Trustee annually conducts and reviews climate-related stress tests on all invested assets, as detailed in the Group's ESG report prepared by Gallagher. The ESG report is used to identify which funds the Group Trustee should engage with, based on where the largest climate risks in the portfolio could be and/or if any of the investment managers' carbon footprints have materially increased over the year.

It has been noted that many of the Group's investment managers do not have specific fund level ESG data feeding through to the Group's ESG reports. This is a result of the nature of the Group's investments, which do not always facilitate assessment based on line-by-line underlying holdings data. As a result, climate-related risks are assessed on a proxy basis, supplemented by ongoing engagement by the Group Trustee and its advisers with investment managers to ensure climate risk is appropriately considered within the Group's climate governance and stewardship processes.

Additionally, the Group Trustee has integrated climate change into the Group's wider risk management framework and receives additional climate-related reporting from Gallagher on a quarterly basis which is included in the Funding and Risk Report. This report contains relevant climate metrics as set out under the DWP's adoption of the recommendations of the TCFD (and as further discussed under section 4 - Metrics and Targets). The Group Trustee has also incorporated climate risk as an explicit risk within its

risk register. This allows the Group Trustee to better identify and manage the climate-related risks which are relevant to the Group on an ongoing basis.

For all appointed investment managers, evaluation of ESG risk management, which includes climate-related risks, is an explicit part of both the selection process and continued due diligence or monitoring that the Group Trustee undertakes. The Group Trustee also relies on the manager research capabilities of Gallagher to effectively assess climate-related risks and opportunities.

Group Trustee actions to manage climate-related risks using overall risk management framework

As per the engagement policy set out in Part 1: Appendix A, the Group Trustee believes that engagement with the Group's investment managers is one of the main ways in which the Group Trustee is able to manage climate-related risks and opportunities. Some of this engagement is carried out on behalf of the Group by Gallagher through their research meeting discussions which incorporate both qualitative and quantitative elements of engagement as an agenda item, where applicable.

In Q3 2025, the Group Trustee revised the Group's engagement framework for the investment managers to prioritise ESG integration and stewardship considerations, with a particular focus on case studies demonstrating the managers' engagement process in practice. This provides greater opportunity for the Group Trustee to understand how ESG and climate-related considerations are applied to the management of the Group's assets.

4. Metrics and Targets

Metrics used to assess climate-related risks and opportunities faced by the Group

In line with the regulatory requirements, the Group Trustee has adopted four climate metrics to monitor and report on:

DWP Suggested metric	Metric selected	Rationale
Absolute Emissions	Total greenhouse gas emissions of the Group's assets	This is the absolute emissions metric recommended by the DWP.
Emissions Intensity	Carbon Footprint	This is the emissions intensity metric recommended by the DWP. This metric is the total emissions divided by the total assets under management in the portfolio. It useful as an indication of carbon emissions per £m invested.
Portfolio Alignment	Science-based target initiative (SBTi)	This metric examines whether a voluntarily disclosed company decarbonisation target is aligned with a relevant science-based pathway.

DWP Suggested metric	Metric selected	Rationale
Additional Metric	Data Quality	This metric provides insight into the reliability of underlying climate data, thereby enhancing the reliability of the output from the Group's other metrics.

The chosen metrics are reviewed at least annually to ensure they remain relevant and appropriate for the Group. At the March 2026 Group Trustee Board meeting the Group Trustee agreed to maintain the same metrics for the 2026 TCFD report.

The Group Trustee noted that the *Portfolio Alignment* metric, which relies on voluntary targets set by corporations is to some extent dependent on a supportive policy environment. Given the weakening global policy environment, this will be reconsidered by the Group Trustee ahead of publication of the next TCFD report.

Further information on these metrics is set out in the "Portfolio Alignment" section of Appendix C.

Group Trustee's target(s)

The Group Trustee has set an explicit climate target for the Group. In particular, the Group Trustee has agreed to align the Group's investment strategy with the goals of the Paris Agreement. This aims to reduce total greenhouse gas emissions of the Group's DB assets to net zero by 2050. Given this is a long-term target, the Group Trustee has also set an interim target of a 50% reduction of the Group's Scope 1 and 2 carbon footprint by 2030 compared to the baseline as at 30 September 2021. These targets are embedded in the governance, strategy and risk management processes via their inclusion in the quarterly reporting provided to the Group Trustee by Gallagher.

These targets were reviewed over the year, and the Group Trustee continues to believe that they are complementary to the Group's wider objectives. However, the Group Trustee notes that these targets were originally set on the assumption that the low-carbon transition would occur at a reasonable pace, supported by the implementation of necessary climate policies and regulations. Given the slow progress on the transition to date, the Group Trustee recognises that these targets may need to be recalibrated. As such, the Group will reassess the targets within the next year in line with fiduciary duty.

Group Trustee assessment of metrics and targets as at 31 March 2026

The full results of the climate metrics analysis as at 31 March 2026 are shown in Part 1: Appendix C. The Group Trustee notes that the Group's scope 1&2 carbon footprint is 72 tCO2e / £m invested, a reduction from the 77 tCO2e / £m invested recorded last year. This can largely be explained by asset allocation changes away from more carbon intensive funds rather than uniform decarbonisation across the Group's portfolio. The Group's estimated total scope 1 & 2 financed emissions is 222,773 tCO2e, a small reduction from the 255,717 tCO2e last year.

The Group Trustee reports the emissions from return-seeking assets separately from sovereign assets, rather than at an aggregated level recognising that there is likely to be a degree of double counting

between the two. The carbon emissions intensity of the LDI portfolio are reported on a Production (scope 1) and Import (scope 2&3) basis, in line with guidance from the PCAF. The scope 1 carbon emissions intensity of the LDI portfolio is 120 tCO2e/£m, and the scope 2&3 carbon emissions intensity is 93 tCO2e/£m, as at 31 March 2026. While the scope 1 carbon emissions intensity of the LDI portfolio has decreased this year, the scope 2&3 carbon emissions intensity has increased slightly, from 90 tCO2e/£m last year.

With the exception of two mandates; LGIM World Equity Index and M&G Sustainable Total Return Credit Investment Fund, which have c.98% and c.78% coverage on scope 1&2 emissions respectively, the metrics have been modelled at an asset class level. This is due to limitations in the availability of robust and credible emissions data for the underlying securities in the funds. The expectation is that the output will evolve over time as data availability improves following the implementation of global sustainability accounting standards and more widespread disclosure of emissions data.

To date the Group Trustee has used the results to identify the funds with higher emissions, which has informed discussions with the investment managers. Subject to at least maintaining the overall investment characteristics of the Group's portfolio, the Group Trustee will continue to explore low-carbon alternative investment options and update investment guidelines for investment managers where the Group Trustee has discretion to make such changes.

Note: All analysis is provided by the Group's DB investment adviser, Gallagher (Administration & Investment) Limited (Gallagher), and the data in the report is sourced from MSCI ©. Please refer to the data disclaimer in Part 1: Appendix C.

Part 1: Appendix A - Monitoring Climate-Related Risks and Opportunities Policy

Monitoring climate-related risks and opportunities

- Whilst the Group Trustee believes that climate change is likely to be a financial risk affecting all of the Group's investments to some degree, the Group Trustee understands its limitations of governance time and resources available to them and so ensures monitoring of certain climate-related risks are appropriately delegated to the Group's investment advisor and/or investment managers where needed.
- The Group Trustee integrates the monitoring of climate risk metrics into its risk management framework and considers these when making investment decisions.
- The Group Trustee is open to exploiting the investment opportunities that climate change may bring.
- The Group Trustee does not believe that it can rely solely on markets to price in climate-related risks quickly or accurately enough. The risks arising from climate change should therefore also be actively managed by investment managers where this is possible and appropriate.
- The Group Trustee believes that climate change risk needs to be considered alongside and balanced against the other relevant investment risks and considerations when evaluating investments. The Group Trustee therefore acknowledges that it may not always be able to minimise climate-related risk if doing so would be to the disproportionate detriment of wider strategic objectives.
- The Group Trustee will seek to invest in a way that is aligned with the goals of the Paris agreement.

Engagement

- The Group Trustee believes that engagement (including the exercise of voting rights) is an effective means of helping to manage the Group's climate-related risks. Engagement with underlying companies (as well as other relevant organisations) is carried out primarily by investment managers on behalf of the Group Trustee.
- The Group Trustee will consider disinvesting from businesses or investment managers who are inadequately managing their climate-related risks if attempts to engage with these parties to address this are not successful.
- The Group Trustee will work collaboratively with investment managers and relevant industry stakeholders to set Group-wide objectives for the engagement activities that are carried out on the Group Trustee's behalf.
- The current approach being taken by the Group in relation to engagement is disclosed under section 1 - Governance of the DB Section of this report, and further developments will continue be disclosed in the future TCFD-aligned reports.

TCFD: Climate risk management and governance

- The processes for identifying, assessing and managing climate-related risks are in line with the overall Risk Management Framework. The ultimate responsibility for identifying, assessing and monitoring climate-related risks and opportunities sits with the Group Trustee; however, the Group Trustee has delegated the day-to-day responsibilities to the IC.

- In order to effectively carry out this responsibility, the IC monitors the full ESG report including fund-by-fund data provided to it on an annual basis by its DB Investment advisor. This contains relevant climate metrics as set out under the DWP's adoption of the recommendations of the TCFD.
- In addition to the full report, the IC also monitors a series of climate stress tests received on a quarterly basis in the Group's risk report, which is prepared by its DB Investment advisor. The IC also relies on the manager research capabilities of its DB Investment advisor in order to effectively assess climate-related risks and opportunities within individual fund manager mandates. Finally, active engagement with companies in which the Group is invested, specifically relating to climate-related risks and opportunities, is delegated to the Group's investment managers. Key takeaways from this day-to-day monitoring are reported back to the Group Trustee periodically and examples are highlighted within the Group's annual implementation statement.

TCFD: Strategy

- Climate-related risks and opportunities are assessed by the Group Trustee in the setting of the Group's investment and funding strategy. For example, the results of various climate scenarios are incorporated when setting the investment strategy, and the impact of various climate scenarios on the liabilities and sponsor strength are also considered with the help of the Group's advisors. The results of these climate scenarios are aligned where possible to ensure a consistent approach is taken across the Group's entire strategy.

Part 1: Appendix B - Scenario Analysis

The Network for Greening the Financial System (NGFS) is a group of 145 central banks and supervisors and 22 observers committed to sharing best practices and developing environment related risk management in the financial sector and mobilising mainstream finance to support the transition.

The NGFS scenarios have been developed to provide a common starting point for analysing climate risks to the economy and financial system and incorporate important themes including increasing electrification and a spectrum of new technologies to tackle remaining hard-to-abate emissions.

NGFS explores scenarios consistent with the framework (see figure below) published in the First NGFS Comprehensive Report covering:

- *2 degrees Orderly Transitions* – Gradually increases the stringency of climate policies, giving a 67% chance of limiting global warming to below 2°C.
- *2 degrees Disorderly Transition* – Assumes annual emissions do not decrease until 2030. Strong policies are needed to limit warming to below 2°C. CO2 removal is limited.
- *Hot House World* (Nationally Determined Contributions) – Includes all pledged policies even if not yet implemented.

Modelling approach and limitations

The Group Trustee acknowledges the growing scrutiny of current climate scenario analysis models, which has revealed that current methodologies may not accurately reflect the threat climate change poses to the planet and society, such as overlooking climate tipping points and underestimating the likely implied temperature rise and physical impacts of climate change. Consequently, the analysis currently has limited reliability and usefulness as a decision-making tool. As such, the Group Trustee does not rely solely on this analysis to inform its strategic decision-making. Nonetheless, the scenario analysis does help to highlight that climate change risks do exist, and the Group Trustee therefore believes that appropriate risk management steps should be taken to address and limit their potential impacts.

Part 1: Appendix C - Carbon footprint analysis, Data Quality and Portfolio Alignment

Carbon footprint analysis

- Climate reporting as at 31 March 2026 can be found on pages 19 to 24. As per the tables on the following pages, this reporting includes the chosen first and second metric as described under section 4 - Metrics and Targets in the DB Section of this report. The third metric is the PCAF Data Coverage and Quality Score: This metric monitors the reliability of companies' emissions data. The scoring system ranges from one to five, with one representing the highest data quality, which involves independently verified emissions data, and five indicating the lowest quality, characterized by estimated emissions data derived from industry averages. The metric is only available for funds where line-by-line data is available for listed and publicly traded instruments, and is displayed in the ESG report at the end of Appendix C.
- Where possible and where there is reasonable data coverage, the Group Trustee monitors 'line-by-line' emissions reporting for funds. These tend to be more generic, long-only asset classes such as listed equity and corporate credit. However, for funds with less than 50% coverage and illiquid assets, the Group Trustee monitors 'asset class level' carbon estimates in the absence of reliable, reported line-by-line emissions data from MSCI. The Group Trustee notes using asset class modelling of emissions for assets where this data is not available enables a more holistic view of the Group's total portfolio emissions, albeit recognising that the modelled data is not perfect.
- The asset class modelling of emissions has been provided by Gallagher and is based on asset class 'building blocks'. These are either calculated directly using a given index's underlying holdings emissions (such as using MSCI ACWI as a proxy for a broad equity fund) or in some cases these indices are used and extrapolated to other asset classes based on given assumptions (such as using the emissions of infrastructure firms within an index to proxy an infrastructure fund).
- The Group Trustee recognises that there is some degree of double counting in including scope 3 emissions. For this reason, scope 3 emissions figures have been adjusted for double counting based on the methodology of the Group's ESG data provider, Gallagher. This is intended to reduce the portfolio's aggregated scope 1, 2 and 3 emissions to more closely reflect real-world emissions. The climate metrics reporting the Group Trustee receives from Gallagher reports "scope 1 & 2" and "scope 3" data separately as per industry best practice.
- Corporate and sovereign emissions are disclosed separately, noting that they do not form part of the Group's net zero targets, due to a revised approach in reporting these emissions. Sovereign emissions takes into account "purchasing power parity adjusted GDP" rather than EVIC, which provides a measure of market capitalisation of a country.

Portfolio Alignment

The Group Trustee has agreed to adopt the SBTi as its chosen fourth metric, which examines whether a voluntarily disclosed company decarbonisation target is aligned with a relevant science-based pathway.

As part of SBTi, a company or issuer will sign a commitment to self-develop a single or multiple pathways to reduce GHG emissions, with 24 months to develop this pathway, submit it for SBTi validation and publish the approved target. The Company/Issuer's chosen decarbonisation target can be aimed at one or all of; the short term, long term or Net Zero, with each company being scored with a binary yes or no assessment on the following target categorisations: "SBTi Approved 1.5 C", "SBTi

Approved Well Below 2 C" or "SBTi Approved 2 C", each of which signify the implied global temperature increases that coincide with the decarbonisation target. Should a company/issuer's decarbonisation pathway not comply with either of the Paris-aligned targets, it will be assigned a 'Not Committed' rating. On the contrary, should a company/issuer's decarbonisation pathway comply with at least one of the categories, a 100% SBTI rating score would be allocated to that holding.

Using line-by-line data, Gallagher can calculate the proportion of assets invested within each fund the Group is invested in, that correspond to each SBTi score classification, ignoring negative allocations. Where line-by-line data is not available, investment managers can also provide these proportions if they have access to the data. A scheme-level score is calculated as the value weighted average of the fund level scores (i.e. for an example scheme XYZ, that is 50% invested in Fund X with an SBTi score of 20% and 50% invested in Fund Y with an SBTi score of 40%, the scheme-level aggregate SBTi score (30%) is calculated through a weighted-average of the fund's weight within the portfolio and SBTi score).

The results of this metric as at 31 March 2026 are set out at the bottom of the appendix. The Group Trustee will continue to monitor this each quarter.

Data Quality

The Group has agreed to adopt PCAF data quality as its third metric. The PCAF data quality score monitors the reliability of emissions data with a scoring system which ranges from 1 to 5, with 1 representing the highest data quality, which involves independently verified emissions data, and 5 indicating the lowest quality, characterised by estimated emissions data derived from industry averages. MSCI does not currently assign a score 1 to any emissions, therefore the best available score is 2. Where data is unavailable for funds or underlying holdings, these have been estimated using asset class proxies and they have been assigned a data quality score of 5. A full breakdown of the scores is included below:

- 1 - Reported emissions, based on the Greenhouse Gas Protocol, that have been verified by a third-party auditor.
- 2 - Unverified reported emissions or estimates based on the company's energy consumption, in line with the GHG Protocol.
- 3 - Estimated emissions based on the company's production data.
- 4 - Estimated emissions based on economic data – e.g. revenue, company value and amount lent/invested.
- 5 - Estimated emissions based on economic data – e.g. sectoral revenues and asset turnover ratios.

Absolute Emissions and Emissions Intensity

Fund	Fund Value (£m)	Carbon Emissions (tCO2e)				Carbon Intensity (tCO2e / EVIC £m)			
		Current - Scope		Previous – Scope		Current - Scope		Previous - Scope	
		1 & 2	3	1 & 2	3	1 & 2	3	1 & 2	3
Liquid Markets (Equities)									
L&G World Equity Index (MSCI) Fund - GBP Currency Hedged	356.6	14,331	204,293	12,291	160,647	40.2	572.9	41.2	538.3
Liquid Markets (Multi-Asset)									
Amundi Multi-Strategy Growth Fund	173.2	3,822	36,471	3,331	34,381	22.1	210.6	21.1	217.6
Man AHL Target Risk Fund	259.5	4,055	131,101	4,318	147,457	15.6	505.3	18.3	625.8
Ruffer Absolute Return Fund (Segregated Account)	205.7	8,811	79,829	10,167	100,388	42.8	388.0	39.1	386.4
Liquid & Semi-Liquid Credit									
Aegon European ABS Fund	212.9	17,389	120,863	7,213	73,302	81.7	567.7	36.4	370.1
Beach Point SCF X Fund	10.4	1,556	10,241	1,943	9,906	149.0	980.6	181.2	923.8
BlueBay Leveraged Finance Total Return Fund	199.6	27,319	200,211	35,815	212,936	136.9	1,002.9	151.5	900.8
CQS Credit Multi Asset Fund	196.7	26,913	197,235	37,681	224,029	136.9	1,002.9	151.5	900.8
Janus Henderson UK & Europe ABS	211.0	17,231	119,765	7,294	74,122	81.7	567.7	36.4	370.0
M&G Sustainable Total Return Credit Investment Fund	198.0	6,051	97,741	6,695	97,655	30.6	493.6	35.2	512.9
PIMCO Low Duration Opportunities Fund	85.9	6,832	51,968	5,006	40,477	79.6	605.3	61.5	497.3
Schroders Alternative Securitised Income Fund	224.5	19,880	139,640	13,310	118,765	88.6	622.1	64.5	575.2
Illiquid Credit									
GSAM Loan Partners IV (Levered) Fund	13.1	5,456	35,921	7,693	42,288	415.3	2,734.0	504.9	2,775.3
GSAM Loan Partners IV (Unlevered) Fund	11.8	1,477	9,726	2,779	15,274	124.7	821.0	166.6	915.9
M&G Illiquid Credit Opportunities Fund II	39.9	5,938	39,087	14,921	76,084	149.0	980.6	298.1	1,520.0
M&G Illiquid Credit Opportunities Fund V	46.2	6,876	45,263	17,572	89,607	149.0	980.6	298.1	1,520.0
M&G Real Estate Debt Fund VI	22.3	1,769	12,524	4,740	29,940	79.3	561.7	110.1	695.6
Illiquid Markets									
CBRE Satellite Portfolio	73.4	572	7,464	1,779	7,869	7.8	101.7	19.2	84.7
CBRE UK Property PAIF	120.7	1,223	4,701	1,276	5,643	10.1	38.9	10.6	47.1
Partners Group Fund	451.5	45,270	401,159	59,392	501,845	100.3	888.5	107.3	906.3
Totals	**3,112.8**	**222,773**	**1,945,203**	**255,717**	**2,064,833**	**71.6**	**624.9**	**77.0**	**621.6**

Absolute Emissions and Emissions Intensity - Sovereigns

Fund	Fund Value (£m)	Carbon Emissions (tCO2e)				Carbon Intensity (tCO2e / PPP-adjusted GDP £m)			
		Current		Previous		Current		Previous	
		Production (Scope 1)	Import (Scope 2 & 3)	Production (Scope 1)	Import (Scope 2 & 3)	Production (Scope 1)	Import (Scope 2 & 3)	Production (Scope 1)	Import (Scope 2 & 3)
LDI and Overlay									
L&G Segregated LDI	2,158.4	477,691.4	368,228.1	509,980.8	358,835.3	120.1	92.6	127.9	90.0

[1] Totals figures are not a sum of individual asset figures due to asset allocation changes over the year.

All "Current Total Portfolio" figures in this table are weighted averages with the exception of "Fund Value" and "Absolute Carbon Emissions (tCO2e)".
"Absolute Carbon Emissions (tCO2e)" is calculated using the notional value of the fund. "Fund Value (£m)" shows the mark-to-market value of the fund.
"Previous" figures show climate metrics from 12 months prior to "Current" figures. Fund-level "Previous" figures may not sum to the "Previous Total Portfolio" figures because the "Total Portfolio" values may contain funds that have now been divested from and not reported in this table.
Carbon metrics are proxied where there is insufficient data for funds. In these instances, no figure is shown for MSCI Climate Metrics Coverage.
ESG and MSCI Carbon Metrics meet the current minimum UK DWP's TCFD-aligned "Metrics and Targets" regulations. However, regulations are subject to change. Redington monitors developments closely.
Please note that, as countries do not have an EVIC, we attribute sovereign emissions based on PPP-adjusted GDP. As a result, they are not comparable with corporate emissions.
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Portfolio Alignment

Fund	Fund Value (£m)	Science Based Targets initiative Rating (Asset Weighted)	
		Current	Previous
Liquid Markets (Equities)			
L&G World Equity Index (MSCI) Fund - GBP Currency Hedged	356.6	54.6%	45.8%
Liquid Markets (Multi-Asset)			
Amundi Multi-Strategy Growth Fund	173.2	-	26.0%
Man AHL Target Risk Fund	259.5	-	-
Ruffer Absolute Return Fund (Segregated Account)	205.7	-	4.6%
Liquid & Semi-Liquid Credit			
Aegon European ABS Fund	212.9	-	-
Beach Point SCF X Fund	10.4	-	-
BlueBay Leveraged Finance Total Return Fund	199.6	-	16.5%
CQS Credit Multi Asset Fund	196.7	-	19.9%
Janus Henderson UK & Europe ABS	211.0	-	-
M&G Sustainable Total Return Credit Investment Fund	198.0	21.2%	15.4%
PIMCO Low Duration Opportunities Fund	85.9	-	23.2%
Schroders Alternative Securitised Income Fund	224.5	-	-
Illiquid Credit			
GSAM Loan Partners IV (Levered) Fund	13.1	-	-
GSAM Loan Partners IV (Unlevered) Fund	11.8	-	-
M&G Illiquid Credit Opportunities Fund II	39.9	-	-
M&G Illiquid Credit Opportunities Fund V	46.2	-	-
M&G Real Estate Debt Fund VI	22.3	-	-
Illiquid Markets			
CBRE Satellite Portfolio	73.4	-	-
CBRE UK Property PAIF	120.7	-	-
Partners Group Fund	451.5	-	-
Totals	**3,112.8**	**7.6%**	**9.8%**

All “Current Total Portfolio” figures in this table are weighted averages with the exception of “Fund Value” and “ITR” (where it is presented).
“Previous” figures show climate metrics from 12 months prior to “Current” figures. Fund-level “Previous” figures may not sum to the “Previous Total Portfolio” figures because the “Total Portfolio” values may contain funds that have now been divested from and not reported in this table. Where presented, “Science Based Target initiative (SBTi)” are based on look through data where it is available and never proxied. The SBTi score reflects only the long positions within a portfolio. ESG and MSCI Carbon Metrics meet the current minimum UK DWP's TCFD-aligned “Metrics and Targets” regulations. However, regulations are subject to change. Redington monitors developments closely. Certain information ©2025 MSCI ESG Research LLC. Reproduced by permission

Additional Metric - Data Quality - Scope 1 & 2

Fund	Fund Value (£m)	Grade 1 – Verified	Grade 2 – Unverified or estimated from energy consumption	Grade 3 – Estimated from company production	Grade 4 – Estimated from company revenue and sector	Grade 5 – Other estimated
Liquid Markets (Equities)						
L&G World Equity Index (MSCI) Fund - GBP Currency Hedged	356.6	77.8%	15.8%	0.0%	4.6%	1.8%
Liquid Markets (Multi-Asset)						
Amundi Multi-Strategy Growth Fund	173.2	0.0%	0.0%	0.0%	0.0%	100.0%
Man AHL Target Risk Fund	259.5	0.0%	0.0%	0.0%	0.0%	100.0%
Ruffer Absolute Return Fund (Segregated Account)	205.7	0.0%	0.0%	0.0%	0.0%	100.0%
Liquid & Semi-Liquid Credit						
Aegon European ABS Fund	212.9	0.0%	0.0%	0.0%	0.0%	100.0%
Beach Point SCF X Fund	10.4	0.0%	0.0%	0.0%	0.0%	100.0%
BlueBay Leveraged Finance Total Return Fund	199.6	0.0%	0.0%	0.0%	0.0%	100.0%
CQS Credit Multi Asset Fund	196.7	0.0%	0.0%	0.0%	0.0%	100.0%
Janus Henderson UK & Europe ABS	211.0	0.0%	0.0%	0.0%	0.0%	100.0%
M&G Sustainable Total Return Credit Investment Fund	198.0	43.5%	28.2%	0.0%	6.3%	21.9%
PIMCO Low Duration Opportunities Fund	85.9	0.0%	0.0%	0.0%	0.0%	100.0%
Schroders Alternative Securitised Income Fund	224.5	0.0%	0.0%	0.0%	0.0%	100.0%
Illiquid Credit						
GSAM Loan Partners IV (Levered) Fund	13.1	0.0%	0.0%	0.0%	0.0%	100.0%
GSAM Loan Partners IV (Unlevered) Fund	11.8	0.0%	0.0%	0.0%	0.0%	100.0%
M&G Illiquid Credit Opportunities Fund II	39.9	0.0%	0.0%	0.0%	0.0%	100.0%
M&G Illiquid Credit Opportunities Fund V	46.2	0.0%	0.0%	0.0%	0.0%	100.0%
M&G Real Estate Debt Fund VI	22.3	0.0%	0.0%	0.0%	0.0%	100.0%
Illiquid Markets						
CBRE Satellite Portfolio	73.4	0.0%	0.0%	0.0%	0.0%	100.0%
CBRE UK Property PAIF	120.7	0.0%	0.0%	0.0%	0.0%	100.0%
Partners Group Fund	451.5	0.0%	0.0%	0.0%	0.0%	100.0%
Totals	**3,112.8**	**11.7%**	**3.6%**	**0.0%**	**0.9%**	**83.8%**

Additional Metric - Data Quality - Scope 3

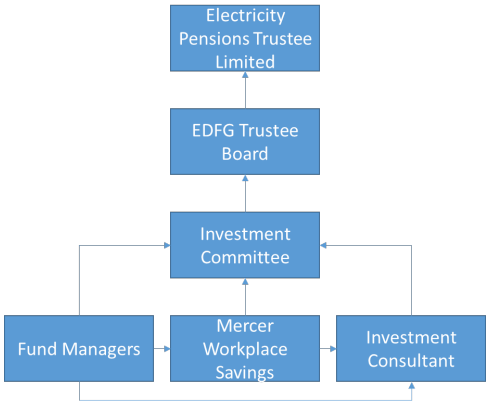
Fund	Fund Value (£m)	Grade 1 – Verified	Grade 2 – Unverified or estimated from energy consumption	Grade 3 – Estimated from company production	Grade 4 – Estimated from company revenue and sector	Grade 5 – Other estimated
Liquid Markets (Equities)						
L&G World Equity Index (MSCI) Fund - GBP Currency Hedged	356.6	0.0%	89.6%	0.0%	8.6%	1.8%
Liquid Markets (Multi-Asset)						
Amundi Multi-Strategy Growth Fund	173.2	0.0%	0.0%	0.0%	0.0%	100.0%
Man AHL Target Risk Fund	259.5	0.0%	0.0%	0.0%	0.0%	100.0%
Ruffer Absolute Return Fund (Segregated Account)	205.7	0.0%	0.0%	0.0%	0.0%	100.0%
Liquid & Semi-Liquid Credit						
Aegon European ABS Fund	212.9	0.0%	0.0%	0.0%	0.0%	100.0%
Beach Point SCF X Fund	10.4	0.0%	0.0%	0.0%	0.0%	100.0%
BlueBay Leveraged Finance Total Return Fund	199.6	0.0%	0.0%	0.0%	0.0%	100.0%
CQS Credit Multi Asset Fund	196.7	0.0%	0.0%	0.0%	0.0%	100.0%
Janus Henderson UK & Europe ABS	211.0	0.0%	0.0%	0.0%	0.0%	100.0%
M&G Sustainable Total Return Credit Investment Fund	198.0	0.0%	68.2%	0.0%	10.7%	21.1%
PIMCO Low Duration Opportunities Fund	85.9	0.0%	0.0%	0.0%	0.0%	100.0%
Schroders Alternative Securitised Income Fund	224.5	0.0%	0.0%	0.0%	0.0%	100.0%
Illiquid Credit						
GSAM Loan Partners IV (Levered) Fund	13.1	0.0%	0.0%	0.0%	0.0%	100.0%
GSAM Loan Partners IV (Unlevered) Fund	11.8	0.0%	0.0%	0.0%	0.0%	100.0%
M&G Illiquid Credit Opportunities Fund II	39.9	0.0%	0.0%	0.0%	0.0%	100.0%
M&G Illiquid Credit Opportunities Fund V	46.2	0.0%	0.0%	0.0%	0.0%	100.0%
M&G Real Estate Debt Fund VI	22.3	0.0%	0.0%	0.0%	0.0%	100.0%
Illiquid Markets						
CBRE Satellite Portfolio	73.4	0.0%	0.0%	0.0%	0.0%	100.0%
CBRE UK Property PAIF	120.7	0.0%	0.0%	0.0%	0.0%	100.0%
Partners Group Fund	451.5	0.0%	0.0%	0.0%	0.0%	100.0%
Totals	**3,112.8**	**0.0%**	**14.6%**	**0.0%**	**1.7%**	**83.7%**

Part 2: DC Section

1. Governance

Whilst the Group Trustee maintains the ultimate responsibility for ensuring effective governance of climate-related risks and opportunities, within the DC Section of the Group the Group Trustee delegates day-to-day management and governance oversight of the funds to the DC Delegated Investment Manager, Mercer. For the purpose of this report, the Group Trustee will refer to the DC Delegated Investment Manager as "MWS" (Mercer Workplace Savings). As day-to-day management is delegated to MWS, the Group Trustee maintains a level of oversight by receiving regular updates on climate-related queries relevant to the Group including both the risks to investments and opportunities available. There are no other persons undertaking governance activities in relation to the DC Section.

Diagram showing responsibilities for governance of climate-related risks and opportunities.



The Group Trustee is responsible for oversight of all strategic matters relating to the Group and is ultimately responsible for oversight of the Group. This includes approval of the governance and management framework relating to ESG considerations and climate related risks and opportunities.

The Group Trustee expects its advisors and investment managers to bring important climate-related issues and developments to its attention in a timely manner. The Group Trustee also expects its advisors and investment managers to have the appropriate knowledge on climate-related matters and assesses the DC Investment advisor (Mercer) annually as part of the monitoring of the investment advisor's objectives.

The Group Trustee seeks to ensure that any investment decisions appropriately consider climate-related risks and opportunities within the context of the Group's wider risk and return requirements and are consistent with the climate change policy as set out in the Statement of Investment Principles (SIP).

In line with the DB Section, the Group Trustee maintains a SIP, which details its key beliefs, identified risks and approach to ESG integration which includes the importance of ESG factors (including but not limited to climate risk). The IC (as above) also has day-to-day responsibility for the DC investment policy. The Group Trustee has also incorporated climate risk (both physical and transitional) as an explicit risk within its risk register, which is reviewed and updated annually.

The Group Trustee and IC undertake training on an annual basis (or more frequently if required) around ESG topics to ensure their understanding and knowledge are up to date with regulatory requirements and evolving market developments and practice and also receive regular updates from MWS on its approach to climate

change-related risks and opportunities. For example, the Group Trustee received training around the Group's output from Mercer's "Responsible Investment Total Evaluation" (RITE) tool during the year under review.

The DC investment advisor attends the quarterly IC meetings to run through any material provided by MWS and details the impact and relevance this has to the Group specifically. This will include quarterly carbon metrics and fund ratings (which incorporate ESG considerations), along with the MWS annual strategy review (inclusive of climate change analysis), ESG report and voting and engagement data annually. The Group Trustee sets objectives for its DC investment advisor which are assessed annually (these objectives include climate-related risks and opportunities). At each quarterly IC meeting the DC investment advisor reports that all stated processes for those managing / advising the Group on climate governance remain appropriate or highlights otherwise.

The key activities undertaken by the IC, with the support of the Group Trustee's advisors, are to:

- Ensure the investment strategy or any implementation proposals consider the impact of climate risks and opportunities
- Engage with the Group's investment managers to understand how climate-related risks are considered in their investment approach
- Work with the investment managers to disclose relevant climate-related metrics as set out in the TCFD recommendations
- Ensure stewardship activities are being carried out appropriately by the investment managers on the Group's behalf.

MWS actively monitors and manages the funds used by the Group, including by the following means:

- The day-to-day investment activities (including the selection, retention and realisation of investments) are delegated by MWS to underlying investment managers ("sub-investment managers"). These sub-investment managers are expected to have consistent processes in place to incorporate the assessment of ESG risks and opportunities (including climate change) in their security selection and portfolio construction. MWS uses Mercer's proprietary ESG framework for investment managers to identify those sub-investment managers that meet these requirements. Mercer Manager Research considers, where relevant, the extent to which they believe financially material ESG factors are integrated into the investment manager's investment process and decision-making across asset classes. ESG factors are incorporated into the investment due diligence process on the basis that these issues can potentially impact revenue, operating costs, competitive advantage and the cost of capital. MWS will engage with sub-investment managers where they are perceived to be lagging behind peers for ESG integration and/or voting behaviour and disclosures.
- MWS clients benefit from the oversight of the Mercer Workplace Savings Investment Governance Committee (MWS IGC). The MWS IGC is made up of senior individuals within Mercer's investments business. The MWS IGC meets at least quarterly and is responsible for ensuring that the investment arrangement is suitable and that it reflects Mercer's best ideas, including research from Mercer's dedicated sustainable investment team. The MWS IGC has its own Responsible Investment & Voting Policy.
- The MWS IGC includes the integration of sustainability at the strategic asset allocation (in the case of multi-asset funds) and investment manager selection level and monitors performance and investment managers on an ongoing basis. The MWS IGC annual investment strategy review considers the output of climate scenario analysis in relation to the strategic asset allocation of the multi-asset funds (e.g. Mercer Growth).

In order to monitor the activities in this area, including how MWS identifies and assesses any climate-related risks and opportunities, the following reporting and actions are carried out:

- The Group Trustee receives quarterly performance reporting from their DC investment advisor, Mercer. The reports provide details of Mercer's ESG assessment on integration and relevance for each of the underlying sub-investment managers (this assesses how well the manager has integrated ESG and active ownership into their investment philosophy). Reports also include carbon metrics for the active equity funds. It is expected that these reports will be expanded to include carbon metrics for more funds as data becomes available. These assessments are monitored by the MWS IGC at their regular meetings. Any changes in assessments by Mercer Manager Research team will be highlighted for discussion along with rationale behind the relevant upgrades/downgrades.
- The Group Trustee receives the remaining metric data annually but expects this may be available on a more frequent basis in the future.
- The Group Trustee has access to the MWS IGC Responsible Investment & Voting policy which provides information about climate change management and the engagement priorities of the MWS IGC. One such engagement priority is climate change. This policy is reviewed annually and any changes are highlighted to the Group Trustee by the DC Investment advisor.
- The Group Trustee considers the outcome of the annual MWS strategy review and expects this to have considered climate scenario analysis considerations made with regard to the strategic asset allocation of the multi-asset funds and any developments between reviews.
- Voting and engagement data on Mercer funds, this includes significant voting information. Significant votes are identified by holding size and association with engagement priorities (including climate change). Data is available on a quarterly basis if required. This data is also considered by the MWS IGC at their regular meetings.
- The Group Trustee expects the MWS IGC to make available scenario analysis and metrics as required by the TCFD.
- The Group Trustee reviews targets and progress against targets at least annually. Progress to date is shown later in this report in section 4 - Metrics and Targets.
- An annual MWS ESG report is prepared which considers, amongst other things, climate change metrics for the underlying funds used within the multi-asset funds. This report also provides an update on progress towards these funds' net-zero commitments. This report is presented by the DC investment advisor and considered by the IC at one of its quarterly meetings. This report also includes information on stewardship data and feeds into the targets set by MWS, which the Group Trustee reviews annually.
- The IC meets with a member of the MWS Investment Team annually to discuss and question the reporting provided to them, including the ESG report. Excepting this meeting and the analysis undertaken for this report, the IC has not explicitly considered Climate Change Risk within the DC Section due to the delegated nature of the arrangement.

2. Strategy

The Group Trustee sets and reviews the investment strategy for the lifestyle solution which the Group is currently aligned to. MWS undertakes an annual strategy review of the strategic asset allocation of the multi-asset funds made available to members.

The IC undertakes a triennial strategy review, the purpose of which is to ensure suitability of the default target (in terms of retirement destination) and to ensure the ongoing suitability of the funds available through the MWS arrangement that are used by the members. The Group Trustee last completed a full strategy review in 2025, with the next strategy review due during 2028, or sooner if there are significant changes to the Group's demographics.

This report aims to include scenario analysis and metrics for the funds deemed the Group's "popular arrangements"; as required by statutory guidance. The statutory guidance defines a popular arrangement as one in which £100m or more of the Group's assets are invested, or which accounts for 10% or more of the assets used to provide money purchase benefits. Within the DC Section, the popular arrangements as at 31 March 2026 have been identified as the Cash Retirement Strategy and the Annuity Retirement Strategy. The Funds that make up these strategies are as follows:

- EDFG Growth Fund – the underlying fund is the Mercer Growth Fund
- EDFG Diversified Retirement Fund – the underlying fund is the Mercer Diversified Retirement Fund
- EDFG Cash Fund – the underlying fund is the BlackRock Institutional Sterling Liquidity Fund
- EDFG Annuity Retirement Fund – the underlying funds are 75% L&G Future World Annuity Aware Fund & 25% Mercer Cash

The Group Trustee is aware that as part of the regulatory guidance they are required to disclose metrics data for all popular DC arrangements. The Lifestyle arrangements detailed above are defined as popular arrangements with assets over 10% of the DC Section of the Group. The EDFG Growth Fund constitutes c.64.1% of total DC assets; as such, the Group Trustee has focused on the data from this Fund in regard to reviewing and setting targets.

The time horizons identified by the Group Trustee for the purposes of the scenario analysis are detailed below. Further information on the climate-related risks that are expected to materialise over these timeframes is set out below. These are in line with the likely time horizons over which the average DC member's benefits will be invested to and through retirement, although the Group Trustee notes that their members are mostly deferred in nature and therefore will likely be invested for only the Short to Medium term.

	DC Section
Short term	10 years (Representative of a member approaching retirement age)
Medium term	25 years (Representative of a member in the mid-career stage)
Long term	40+ years (Representative of a member in the 'early career' stage)

The climate scenarios are 40-year projections. This is the longest time horizon considered for scenario analysis. In practice a member could be invested for 35 years or more (based on being able to access their pension at age 57 and auto enrolment starting at age 22), though the majority of the Group's members are likely to be within 30 years of retirement.

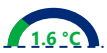
The Group Trustee considers scenario analysis as part of strategic decision-making on an ongoing basis. The Group Trustee must undertake scenario analysis no less than every three years and in each of the two years following analysis, must review whether refreshed scenario analysis is required to adequately assess climate-related risks to the Group. In practice the most recent scenario analysis carried out was during 2023; as such, the Group Trustee has carried out scenario analysis for the DC Section for the purposes of this report. Full details in respect of the scenarios assessed are set out in Part 2: Appendix A.

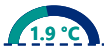
The climate scenario analysis has been completed on the lifestyle strategies: Cash Retirement Strategy and Annuity Retirement Strategy as at 31 December 2025. An expert team within Mercer has conducted the following analysis to highlight the additional climate change impact on return p.a. over 10 years, 25 years and 40 years based on the strategic asset allocation of these strategies. For the Group, the majority of its members are likely to be within 25 years of retirement, though there is potential for a small number of its youngest members to remain invested in 40 years' time.

The analysis illustrates that a failed transition is by far the worst in terms of asset values.

This supports the view that long term investors collectively trying to bring about an effective transition is aligned to their fiduciary duty to seek the best return within risk, liquidity and complexity restraints.

Impact on Asset Value









Climate Scenarios	Rapid Transition			Delayed Transition			Limited Transition			Failed Transition		
Strategy	Year 10	Year 25	Year 40	Year 10	Year 25	Year 40	Year 10	Year 25	Year 40	Year 10	Year 25	Year 40
The Cash Retirement Strategy	0.6%	7.3%	11.7%	-3.8%	-0.4%	-0.9%	-2.3%	-16.4%	-21.7%	-5.8%	-31.0%	-39.6%
The Annuity Retirement Strategy	0.6%	7.3%	11.5%	-3.8%	-0.4%	-0.9%	-2.3%	-16.4%	-21.3%	-5.8%	-31.0%	-38.9%

RAG status for overall score	Relative to the baseline
🔴	Worse than -10%
🟡	-10% to 0%
🟢	Positive (greater than +0%)

- **1.6^{0}C Rapid Transition**: A rapid decarbonisation of the economy where high transition risk feeds into financial markets creating both risks and opportunities
- **1.9^{0}C Delayed Transition**: A sudden step-up in policy action in 2030, with both transition risk and physical risks being experienced
- **2.9^{0}C Limited Transition**: Insufficient progress being made regarding the transition to a low-carbon economy so physical risks of climate change accelerate causing significant market disruption and a drag on global GDP
- **3.7^{0}C Failed Transition**: Backsliding on climate commitments by governments and companies with severely negative impacts on human wellbeing and wealth.

By setting the shorter time horizon at 10 years, Mercer was able to assess the impact of transition risks; rapid transition risks are priced in at a c.3 year time horizon. All scenarios have priced in shocks relating to future physical damage from the end of the 2020s through to the late 2030s.

Physical risks are regionally differentiated, consider variation in expected temperature increase per region and increase dramatically with rising average global temperature. Physical risks are built up from:

- Gradual physical impacts associated with rising temperature (agricultural, labour and industrial productivity losses)
- Economic impacts from climate-related extreme weather events

The current modelling does not capture environmental tipping points or knock-on effects (e.g., migration and conflict).

As the delegated investment manager, MWS recognises that the risks and opportunities arising from climate change are diverse and continuously evolving. Climate change presents risks over the short, medium and long term, which the MWS strategy aims to better understand and mitigate where possible.

Over the short term (10 years), risks may present themselves through rapid market re-pricing relating to climate transition as:

- Scenario pathways become clearer. For example, the likelihood of a sub-2°C scenario occurring becoming higher and driving greater transition risk.
- Market awareness grows. For example, the implications of the physical impacts of climate change become clearer to markets and impact the asset valuations.
- Policy changes surprise markets. For example, if a carbon price or a significant regulatory requirement is introduced across key markets to which the portfolio is exposed, at a sufficiently high price to impact behaviour.
- Perceived or real increased pricing of greenhouse gas emissions/carbon.
- Substitution of existing products and services with lower emission alternatives.
- Litigation risk relating to dangerous warming becoming more prevalent.
- Increases in the energy/heat efficiency of buildings and infrastructure.

The ability of MWS to consider these short-term changes means it can position the investment arrangement favourably, for example aligning investments to the climate transition by avoiding and reducing investment (through both tilting and exclusions) in high-emitting carbon sensitive businesses that do not have a business plan that supports the transition to a low carbon economy.

Over the medium term (25 years), risks associated with the transition to a low carbon economy are still likely to dominate relative to the physical impacts of climate change. These include but are not limited to:

- The development of technology and low carbon solutions.
- Policy and regulation are also likely to play a key role at the international, national and subnational level.
- Technology and policy changes are likely to produce winners and losers both between and within sectors.
- Advancement of transition is likely to have started to crystallise stranded asset risks over the medium term.

The ability of MWS and its investment managers to understand these changes may position the funds favourably, for example by increasing investments in new emerging technologies. MWS seeks to select investment managers and indices that can identify potential emergence of low carbon opportunities and the decline of some traditional sectors.

Over the long term (40+ years), physical risks are expected to come to the fore. This includes, but is not limited to:

- Where the impact of natural catastrophes leading to physical damages through extreme weather events.
- Availability of resources is expected to become more important if changes in weather patterns (e.g. temperature or precipitation) affect the availability of natural resources such as water.

MWS and the underlying investment managers' ability to understand these changes may position the funds favourably in the future, for example increasing investments in infrastructure projects that display a high level

of climate resilience. A changing climate may directly impact the viability of some assets or business models (for example, flood risk for real estate and the availability and cost of insurance).

The strategic asset allocation of the multi-asset funds is well-diversified across asset classes, sectors and geographies in order to manage risks, including climate-related risks. Equally MWS believe that there are climate-related opportunities and these are also accounted for in the strategic asset allocation. Importantly, this does not necessarily mean the exclusion of all highly-emitting investments.

MWS considers other, bottom up, mechanisms to manage climate risks where necessary, these are detailed in section 3 - Risk Management.

MWS considers exposure to carbon risk in the context of its role in asset allocation and investment strategy setting. One of the key beliefs incorporated into the investment arrangement is that a sustainable investment approach creates and preserves long-term value. This includes the consideration that climate change is a systemic risk and that it is necessary to consider the potential financial risks.

The Mercer Growth Fund has explicit decarbonisation targets. More detail on this is provided in section 3 - Risk Management, below.

From the perspective of member impact, for younger members, downside risk is higher under the Limited and Failed Transition scenarios due to the long-term adverse impact of these scenarios on investment returns. For older members, downside risk is higher under the Rapid and Delayed Transition, which have shorter term projected adverse impact on projected returns ahead of a projected recovery versus the other scenarios.

3. Risk Management

The Group Trustee identifies investment strategy risks and includes these within the Group risk register which is reviewed quarterly. It is used to identify, prioritise, manage and monitor risks the Group is exposed to and managed through internal controls.

The Group Trustee seeks to identify and assesses climate-related risks at the total portfolio level and at the individual asset level. The Group Trustee recognises that the tools and techniques for assessing climate-related risks in investment portfolios are imperfect but are rapidly evolving. The Group Trustee therefore aims to use the best available information and tools to assess climate-related risks and will receive regular training in order to understand the latest trends in climate science.

The table below summarises the primary climate-related risk management processes and activities of the Group Trustee and its committees:

	Activity	Approach	Comments
Governance	Training	Receive training on climate-related issues, including the physical and transition risks of climate change, to ensure that the Group Trustee has the appropriate degree of knowledge and understanding on climate-related issues to support good decision-making.	During 2025 the IC received training around the Group's output from Mercer's "Responsible Investment Total Evaluation" (RITE) tool. RITE covers a broad range of ESG factors, including climate change. The RITE output provides an overview of the Group's integration of ESG factors in its policies and processes and portfolio for the DC Section, comparing this against other, similar, DC arrangements.

	Advisors	Review advisor objectives to ensure advisors have appropriate climate capability and bring important, relevant and timely climate-related issues to the Group Trustee's attention.	Advisor objectives are set and formally reviewed at least on a triennial basis. In addition, the IC carries out an annual assessment of the advisor against those objectives, which is performed as part of the investment advisor's objectives in Q4 each year.
	Risk register	The Group Trustee maintains a risk register to monitor and mitigate financially material risks.	As noted above, the Group Trustee has incorporated climate risk as an explicit risk within its risk register, covering both transition and physical risks. This allows the Group Trustee to better identify and manage the climate-related risks which are relevant to the Group on an ongoing basis.
	Investment Managers	Review the ESG policies and strategies of the Group's investment managers to understand how ESG themes including climate risks are implemented in their investment approach.	The Group Trustee receives quarterly performance reporting from Mercer. The reports provide details of Mercer's Manager Research ESG framework for each of the underlying investment managers (this assesses how well the investment manager has integrated ESG and active ownership into their investment philosophy) and carbon metrics for the active equity funds. It is expected that these reports will be expanded to include carbon metrics for more funds when the data becomes available. If an investment manager is considered to be 'lagging the market', MWS will engage with the relevant underlying investment manager(s) to strongly encourage that they improve their policies and practices in these areas. Any activity will be reported to the Group Trustee in ongoing reporting.
Strategy	**Scenarios** **Scenario appropriateness**	Undertake quantitative scenario analysis to understand the impact of climate related risks on the assets. Review of scenarios in light of changes to data availability of climate science and/or in response to investment strategy change	Scenario analysis will be undertaken on a triennial basis; noting that in the event that significant changes have occurred in the data or the investment strategy this may occur more frequently.
	Risks and opportunities	Identify and obtain specific advice on the climate-related risks and opportunities within the investment strategy and assess their likelihood and impact.	The Group Trustee considers the formal investment strategy review undertaken by MWS annually, which incorporates climate change risks and opportunities.
Risk Management	**Risk prioritisation**	Consider the prioritisation of identified risks and the management of those that represent the most significant potential for loss and those that are the most likely to occur.	Both climate change related risks and wider investment risks are considered as important by the Group Trustee. The Group Trustee recognises the challenges with various metrics, tools and modelling techniques used to assess climate change risks. The Group Trustee aims to work with the DC investment advisor and MWS on a regular basis with the aim of improving its approach to assessing and managing risks over time. Climate change scenario analysis is strategic in nature and thus will be taken into consideration within wider strategy discussions by MWS in the design and construction of the investment solutions.
	Group documentation	Include climate-related risks and opportunities in the Group's documents such as the SIP and regularly review these.	Group documents are reviewed annually and include information on climate-related risks and opportunities as appropriate.

	Stewardship	Climate change is a stewardship priority and through stewardship the Group seeks to improve the risk characteristics of its existing investments.	The Group Trustee receives an annual ESG report from MWS which includes a section on stewardship to identify how underlying investment managers choose to vote and engage on climate issues (among other key engagement priorities). The Group Trustee has adopted MWS' key stewardship priorities for the purposes of assessing the significant votes undertaken on its behalf in its annual implementation statement.
Metrics and targets	**Metrics**	Obtain data for metrics.	The Annual ESG report includes carbon metrics for the Mercer Growth Fund. The Group Trustee will engage with MWS through its DC investment advisor to understand the activities undertaken with regard to climate change risk management. Annually, a formal investment strategy review is undertaken by MWS which incorporates climate change metrics and assesses progress against stated targets (as detailed in section 4 - Metrics and Targets, below). In addition to the scenario analysis conducted as part of the annual strategy review, MWS has set a target of net-zero absolute carbon emissions for the Mercer Growth Fund by 2050. The aim is to reduce emissions for Mercer Growth Fund by 45% from their 2019 baseline level by 2030 (considering Scope 1 and 2 emissions).
	Targets	Review progress against climate targets	
	Review	Review continued appropriateness of metrics and progress against climate-related target.	

MWS will be working closely with its appointed investment managers to identify and manage a staged emissions reduction plan, oversee allocations to climate solutions and steward an increase in transition capacity across the funds.

This target has been set to manage members' exposure to climate-related risks. Progress on reductions will be monitored on an annual basis. Mercer's Analytics for Climate Transition (ACT) tool is used to help to set a transition pathway for the funds. The output from this tool outlines companies' current emissions but also their transition capacity and will allow MWS to manage high carbon risk and to engage with companies on their ability to support a zero emissions target.

Climate change-related risks are identified both from a bottom-up and a top-down perspective. Scenario analysis, such as that discussed in section 2 - Strategy and in Part 2: Appendix A, analyses climate risks from a top-down perspective – identifying which asset classes are most exposed to climate change-related risks.

From a bottom-up perspective, the carbon intensity or implied temperature rise of component funds can be considered. These carbon metrics are included in Part 2: Appendix B. This identifies the key sources of company / geographic / sector level risks.

The risks identified from a top-down perspective are managed through the setting of the strategic asset allocation of the funds. Other mechanisms for managing climate-related risks from a bottom-up perspective are:

- Investment manager selection – active investment managers can incorporate ESG factors into their investment decision making process. Mercer's proprietary ESG framework assesses the integration and relevance of ESG factors within each strategy. ESG integration and relevance are reported in quarterly investment performance reports.

- Stewardship – Investment managers are expected to use active ownership to protect long term shareholder value, this will include engaging on climate change management (one of the MWS IGC's engagement priorities). Mercer's ESG framework consider investment managers' stewardship processes (in quarterly investment performance reports) and more detailed stewardship reporting is provided for implementation statements and within the Annual ESG Report that MWS provides to the Group Trustee. Voting and engagement data is available on a quarterly basis if required.

- Index selection – a number of passive allocations within our multi-asset fund track ESG tilted indices which tilt away from carbon intense companies. Details of this are included within the Annual ESG Report.

- Exclusion – climate-based exclusions will be considered and reviewed annually. Standard exclusions are applied, where possible across the Mercer fund range and within the multi-asset funds are: controversial weapons, tobacco companies and specified fossil fuel activities (1% revenue cap on thermal coal extraction, oil tar sands mining and arctic drilling). The list of excluded activities is reviewed on a regular basis by the MWS IGC.

4. Metrics and Targets

This report presents carbon data analysis for the Group's popular arrangements (the Annuity Retirement Strategy and the Cash Retirement Strategy) as at 31 December 2025. The data is based on the current allocations of the funds, i.e. including dynamic asset allocation. This is shown in Part 2: Appendix B along with metric analysis.

Measuring Green House Gas (GHG) emissions is a key way for pension schemes to assess their exposure to climate change. GHGs are produced by burning fossil fuels, meat and dairy farming and some industrial processes. When GHGs are released into the atmosphere, they trap heat in the atmosphere causing global warming and contributing to climate change.

GHGs are categorised into three types or 'scopes' by the GHG Protocol, the world's most used GHG accounting standard.

Scope 1	**Scope 2**	**Scope 3**
All direct emissions from the activities of an organisation which are under their control; these typically include emissions from their own buildings, facilities and vehicles	These are the indirect emissions from the generation of electricity purchased and used by an organisation	All other indirect emissions linked to the wider supply chain and activities of the organisation from outside its own operations – from the goods it purchases to the disposal of the products it sells

Scope 3 emissions are often the largest proportion of an organisation's emissions, but they are also the hardest to measure. The complexity and global nature of an organisation's value chain make it hard to collect accurate data

With regard to quantitative metrics, the Group Trustee, on an annual basis, monitors and reports:

	Metric	Description
Absolute emissions	Total Greenhouse Gas Emissions	Represents each company's reported or estimated greenhouse gas emissions, where available. At a fund level it represents the total greenhouse gas emissions attributable to the fund.
Emissions intensity	Carbon Footprint	Measures the carbon emissions (in metrics tons) per million £ sterling invested. This is the TCFD's recommended metric for measuring carbon emission intensity.
	Weighted Average Carbon Intensity (WACI)	This is an alternative carbon emission intensity metric and measures the carbon emissions (in metric tons) generated per million US dollars of revenue generated. For sovereign assets, this is normalised by Gross Domestic Product (GDP) rather than revenue. It is currently common for this to be reported in US dollars irrelevant of domicile.
Portfolio Alignment	Implied Temperature Rise	Analyses the warming scenario that the investment is aligned with on a forward looking basis. Measured in °C. As a reminder, the 2015 Paris Agreement was to keep global temperature rises to below 2°C above pre-industrial levels.
Additional non-emissions based	Aggregated 1p5 Climate VaR	Measures the potential future cost and/or profit relating to the holding's exposure to future climate change impacts. This looks at the aggregate of transition and physical cost and profit projections until the end of the century 2100. Measured in %.
	Data quality	A measure of the proportion of the portfolio that the Group Trustee has high quality data for (i.e., data which is based on verified, reported, or reasonably estimated emissions, versus that which is unavailable). This has been selected on the basis that it provides a consistent and comparable measure of the level of confidence in the data.

The Group Trustee receives these metrics on an annual basis from the DC investment advisor on behalf of MWS, although carbon metrics for active equities are also included in quarterly reports. MWS will periodically review its selection of metrics to ensure they remain appropriate.

Due to practical data availability, the figures quoted in the report assume that the metrics of the companies not covered by the analysis are representative of the range of companies that have been covered in the analysis – the 'pro-rata' approach (i.e. it is not assumed that companies not covered have zero emissions) in line with

statutory guidance. The Group Trustee recognises that the availability of accurate data for some asset classes is an industry-wide issue and will look to MWS to encourage underlying managers, and the companies in which they hold these assets, to improve their climate (and carbon) reporting as quickly as possible.

The Group Trustee will adopt the targets as set by the delegated investment manager, MWS. The Group Trustee and MWS are committed to reducing the overall WACI over time.

The target for the Mercer Growth Fund has been set against WACI and is aligned with the funds' net-zero commitment.

What is the commitment?

- In March 2021[1], Mercer committed the Mercer Growth Fund (and other multi-client multi-asset funds) to **achieving net-zero absolute portfolio carbon emissions by 2050**[2]. To achieve this, Mercer expects to **reduce portfolio carbon emissions intensity (as measured by WACI) by at least 45 per cent from 2019 baseline levels by 2030**. The commitment is consistent with targeting a 1.5°C limit on global temperature increases and the Paris Agreement's ambitions.
- Robust analysis informed Mercer's view that this carbon reduction target, supported by a climate transition plan, is possible while remaining consistent with investment objectives and risk/return profiles to deliver on both short and long term expectations and best interests.
- The goal is to reduce both Absolute Emissions and WACI to net zero by 2050 (considering only Scope 1 and Scope 2) i.e. focused on emissions reductions but likely with some carbon removals included in due course.
- WACI figures are based on listed assets only and does not include sovereign assets. For sovereign exposures, Mercer will be tracking what portion of countries have made net zero commitments and at what date – the weighted average year for reaching net zero should move to 2050 or sooner. Metrics used for country/sovereign exposures are not directly comparable with listed figures, as such the two are not compared, aggregated or otherwise mixed.

Progress to date is as follows (WACI: tCO2e/$m revenue):

	Mercer Growth	Progress towards target
31 Dec 2019 (Baseline)	329.6	
31 Dec 2025 (Target)	*248.7*	
31 Dec 2025 (Actual)	91.6	-72% (below)

MWS will be working closely with its appointed investment managers to identify and manage a staged emissions reduction plan, oversee allocations to climate solutions and steward an increase in transition capacity across the funds. It is evident that the Group is making good progress for the Mercer Growth Fund, as the

[1] The commitment was announced March 2021, but uses a **31 December 2019** baseline.

[2] Defined as: absolute carbon emissions (Scope 1&2) per $M of AUM. Note that absolute emissions are the priority for real world emissions outcomes, however, Weighted Average Carbon Intensity (WACI) remains an important measure from a portfolio perspective for decision making in the shorter term.

current WACI figure is below the target threshold for the year. Significant progress was made during 2025 as a result of strategic asset allocation changes. These changes altered the equity and fixed income portfolio construction methodology to align more with that of global index weightings. The Group Trustee is comfortable maintaining the current target and will continue to monitor progress against the target annually.

In order to ensure that the target is met, the MWS IGC has updated its responsible investment four pillar framework. While retaining the four pillar structure, the refreshed wording and emphasis ensure the Committee's sustainability priorities, and in particular climate related risks and opportunities, are clearly reflected and integrated across the investment arrangements. The four pillar framework covers the following four key areas:

- **Invest**: MWS increases exposure to companies with stronger sustainability credentials and those delivering solutions to the climate challenge. When selecting managers and constructing allocations, the MWS IGC favours strategies that demonstrate clear sustainability objectives and measurable outcomes, using Mercer's manager research to identify managers who integrate ESG and climate considerations into security selection and portfolio construction.

- **Influence**: MWS actively uses engagement and voting to influence investee companies to improve practices and manage climate risks. The MWS IGC expects managers to engage on the Committee's priorities (including climate change), monitors engagement activity and voting behaviour, and seeks evidence that engagement is driving improved long-term outcomes rather than being purely descriptive.

- **Align**: MWS proactively aligns the multi asset funds to pathways consistent with the Committee's climate objectives. This includes allocating to Paris aligned or ESG tilted benchmarks, setting and tracking decarbonisation targets (for example WACI reductions and net zero commitments), and working with managers on transition aligned strategies and staged emissions reduction plans to reduce portfolio carbon intensity over time. Since 2019 the carbon emission intensity, as measured by WACI, of the Growth Fund has reduced by 63% and the Diversified Retirement Fund has reduced by 52%. As such, these funds have already hit their 2030 interim target.

- **Limit**: MWS applies targeted limits and exclusions to reduce exposure to activities or issuers with lower sustainability credentials where appropriate. The MWS IGC regularly reviews exclusions and threshold limits (for example on specified fossil fuel activities and other standard exclusions), and considers screening and allocation constraints as part of the wider toolkit to manage climate-related risks across the investment arrangement.

The Group Trustee is satisfied that good progress is being made with integrating climate considerations into the Mercer Growth Fund, which is reflected in the reduction shown above and ESG Framework assigned to the appointed underlying investment strategies by the Group Trustee's advisors. The Group Trustee also notes that allocations are being introduced (where feasible) to funds that have a dedicated sustainability focus in terms of exclusions applied and significantly lower carbon emissions compared to global equities.

Part 2: Appendix A - Scenario Analysis conducted for the 2026 report

Climate shock stress tests:

In reality, sudden changes in return impacts are more likely than neat, annual averages. Stress testing changes in scenario probability, market awareness and physical damage impacts help to prepare for this eventuality.

Climate Scenario Analysis Assumptions:

	Rapid Transition	Delayed Transition	Limited Transition	Failed Transition
Summary	Highly ambitious low-carbon policy and rapid technology transition. Sudden divestments in 2026 to align with the Paris Agreement goals have disruptive effects on financial markets with sudden repricing followed by stranded assets and a sentiment shock.	Limited additional action until 2030, at which point a highly ambitious set of low-carbon policies is introduced. Financial markets price in transition and physical risk in 2030 to align with the ambitious policy change, associated with stranded assets and a sentiment shock.	Emissions targets and commitments are not fully met. Financial markets price in climate-related risks in 2030 and 2039 as the scale of future risks become more widely accepted and understood.	No new climate policies are enacted, but transition progresses on economic grounds. Financial markets price in climate-related risks in 2030 and 2039 as the scale of future risks become more widely accepted and understood.
Cumulative emissions to 2064	500 GtCO2e	940 GtCO2e	1,490 GtCO2e	1,750 GtCO2e
Key policy and technology assumptions	A highly ambitious low-carbon policy and rapid technology transition. Higher carbon prices, larger investment in energy efficiency and faster phase out of coal-fired power generation.	Limited additional action until 2030, when a highly ambitious set of low-carbon policies is introduced. The world is faced with moderate impacts from extreme weather events and temperature change.	Moderate policy steps taken to increase climate action including working towards 2030 targets but commitments are not fully met because policy actions are too weak and not urgent enough.	Existing policy regimes are continued with the same level of ambition, with no new policies enacted.
Financial climate modelling	Pricing in transition and physical risks over the coming 40 years occurs within one year in 2026. As a result of this aggressive market correction, a confidence shock to the financial system takes place in the same year.	Pricing in transition and physical risks occurs in 2030. As a result of this aggressive market correction, a confidence shock to the financial system takes place in the same year.	Pricing in transition and physical risks occurs at two different timepoints: 2030 (risks of first 40 years) and 2039 (risks of 40-80 years).	Physical risks are priced in two different timepoints: 2030 (risks of first 40 years) and 2039 (risks of 40-80 years).

	Rapid Transition	Delayed Transition	Limited Transition	Failed Transition
Physical risk impact on GDP	Physical risks are regionally differentiated and increase dramatically with rising global temperature. Physical risks are built up from: • Gradual physical impacts associated with rising temperature (agricultural, labour, and industrial productivity losses) • Economic impacts from climate-related extreme weather events The Failed Transition incorporates the adverse effects of hitting multiple climate tipping points (e.g. collapse of the Greenland and West Antarctic ice sheets, the collapse of East Antarctic subglacial basins, loss of mountain glaciers, Amazon rainforest dieback, and boreal permafrost collapse). Risks such as climate-related migration and conflict are not captured.			
Physical risk impact on inflation	Transition risk is associated with inflationary pressures over the short-term. Transition costs, including policy costs (e.g. carbon pricing) and costs associated with deployment of new low-carbon technologies, modestly increase short-term inflation under the Rapid and Delayed Transition scenarios.		Chronic physical risk is associated with inflationary pressures over the medium- to long-term. Higher projected temperatures reduce agricultural yields and drive up food prices, increasing medium- to long-term inflation under the Limited and Failed Transition scenarios (Kotz et al., 2024).	

Source: Mercer and Ortec. Climate scenarios as at December 2025.

The return impacts of the climate scenarios represented in this report are relative to the 'baseline'. The baseline represents what we are assuming the market is currently pricing in. The baseline includes a 5% weight to a **Rapid Transition**, 35% weight to a **Delayed Transition**, 15% to a **Limited Transition**, 10% to a **Failed Transition** and 35% to a range of **no/low impact scenarios**.

Limitations associated with climate modelling

Climate scenario modelling is a complex process. The Group Trustee is aware of the modelling limitations. In particular:

1. The further into the future you go, the less reliable any quantitative modelling will be.
2. Looking at average asset class returns over multi-decade timeframes leads to invariably small impacts. The results are potentially significantly underestimated.
3. There is a reasonable likelihood that physical impacts are grossly underestimated. Feedback loops or 'tipping points', like permafrost melting, are challenging to model particularly around the timing of such an event and the speed at which it could accelerate.
4. Financial stability and insurance 'breakdown' is not modelled. A systemic failure may be caused by either an 'uninsurable' 4oC physical environment, or due to the scale of mitigation and adaption required to avoid material warming of the planet.

Most adaptation costs and social factors are not priced into the models. These include population health and climate-related migration.

Part 2 : Appendix B - Carbon metric analysis

Climate reporting as of 31 December 2025 can be found on pages 41-46.

Coverage is defined as the proportion of the asset class that usable carbon emission and revenue data are available for, i.e. if we have a coverage value of 99.8% of an underlying fund / asset class this means 0.2% of the data is missing. For the basis of these calculations, it is assumed that the missing 0.2% behaves in a similar way to the available data and so the available data is pro-rated to account for the missing data. While this is an assumption, we believe this is a reasonable proxy to be used.

When calculating tonnes of carbon dioxide equivalent emissions (tCO2e) Scope 1 and 2 emissions are reported separately to scope 3 emissions. This is for two reasons; 1) coverage of scope 3 disclosure remains insufficient to use reliably and 2) inclusion may lead to double-counting at portfolio level. Scope 1, 2 and 3 emissions are as defined by the GHG protocol - Greenhouse Gas Protocol | (ghgprotocol.org). Please note that Carbon Footprint is provided in USD by the fund manager, we have converted to GBP using the following exchange rate, USD/GBP – 0.74347 as at 31 December 2025. Sourced from Refinitiv.

Data quality for Scope 1 and 2 is split between; not eligible, sovereigns, reported, estimated and not reported. Data quality for Scope 3 is split between; not eligible, sovereigns, estimated and not estimated. Whilst a level of reported data is available under scope 3, given the vast discrepancies in scope 3 calculation methodologies across underlying companies we are using estimated data where possible for consistency in reporting. This approach will be reviewed in future as scope 3 data becomes more reliable.

Upstream Scope 3 emissions: defined as indirect carbon emissions related to purchased or acquired goods and services; and Downstream Scope 3 emissions: defined as indirect carbon emissions related to sold goods and services.

All modelling provided by Mercer.

Absolute Emissions Metrics (Scope 1 and 2)

	Group Assets (£m)	Proportion in Listed Assets	Corporates		Sovereigns	
			Absolute Emissions (tonnes CO_2E)	Data coverage	Absolute Emissions (tonnes CO_2E)	Data coverage
The Annuity Retirement Strategy	**32.0**	93.6	749.0	98%	1,231.2	100%
The Cash Retirement Strategy	**21.1**	91.3	443.7	95%	621.5	100%

Notes: Data Source: MSCI Barra One, Mercer Calculations. Calculated figures are rebased for representative full coverage. Figures are based on best-available data at time of calculation. Calculation methodologies are subject to change based on evolving market standards. The absolute emissions data is Group specific and based on the AUM in both the Annuity and Cash Lifestyles.

Some of the underlying data has been provided by MSCI which is © MSCI ESG Research LLC. Reproduced by permission.

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Emissions Intensity, Portfolio Alignment and Non-Emission Based Metrics

The Annuity Retirement Strategy			Listed Assets (73% of fund)		Sovereign Assets (27% of fund)	Implied Temperature Rise (°C)	Aggregated 1p5 Climate VaR (%)
Fund	Fund Weight	Coverage for WACI and Carbon Footprint	WACI / $m Sales	Carbon Footprint / £m invested	Carbon Intensity tCO2e / $m PPP-Adjusted GDP		
Mercer Growth Fund	80.8%	98%	91.6	26.1	175.3	3.1	-8.0
L&G Future World Annuity Aware Fund	19.2%	98%	68.6	21.0	99.0	2.6	-12.5
Total Portfolio	**100.0%**	**98%**	**89.1**	**25.5**	**144.3**	**2.9**	**-8.6**

Note: Best practice & methodologies have changed for quoting sovereign metrics where sovereign metrics are now split between production (including and excluding 'land-use, land-use change and forestry'/ 'LULUCF') and consumption emissions. Due to these changes, no direct comparison of the sovereign outputs can be made to previously reported sovereign metrics prior to 30 June 2024. For the purposes of this report, we have included ex-LULUCF figures.

Data Quality	Non Eligible	Sovereigns	Verified	Reported	Estimated	Not Reported	Not Estimated
Scope 1 & 2	5.2%	26.7%		61.4%	5.4%	1.3%	
Scope 3	5.2%	26.7%			67.1%		1.0%

Scope 3 (total portfolio)	Upstream	Downstream
Carbon Footprint (tCO2e/£m invested)	83	177
WACI (tCO2e/$m revenue)	234	361
Estimated absolute emissions (metric tonnes)	2,649	5,674

The Cash Retirement Strategy			Listed Assets (83% of fund)		Sovereign Assets (17% of fund)	Implied Temperature Rise (°C)	Aggregated 1p5 Climate VaR (%)
Asset Class	Fund Weight	Coverage for WACI and Carbon Footprint	WACI / $m Sales	Carbon Footprint / £m invested	Carbon Intensity tCO2e / $m PPP-Adjusted GDP		
Mercer Growth Fund	67.1%	98%	91.6	26.1	491.3	3.1	-8.0
Mercer Diversified Retirement Fund	11.7%	95%	111.1	33.3	12.1	3.1	-11.1
BlackRock Institutional Sterling Liquidity	21.3%	87%	2.2	0.5	0.0	2.4	-2.6
Total Portfolio	**100.0%**	**95%**	**69.7**	**20.0**	**621.5**	**2.9**	**-6.9**

Note: Best practice & methodologies have changed for quoting sovereign metrics where sovereign metrics are now split between production (including and excluding 'land-use, land-use change and forestry'/ 'LULUCF') and consumption emissions. Due to these changes, no direct comparison of the sovereign outputs can be made to previously reported sovereign metrics prior to 30 June 2024. For the purposes of this report, we have included ex-LULUCF figures.

Data Quality	Non Eligible	Sovereigns	Verified	Reported	Estimated	Not Reported	Not Estimated
Scope 1 & 2	4.7%	17.1%		69.2%	5.0%	4.0%	
Scope 3	4.7%	17.1%			74.2%		4.0%

Scope 3	Upstream	Downstream
Carbon Footprint (tCO2e/£m invested)	53	114
WACI (tCO2e/$m revenue)	213	376
Estimated absolute emissions (metric tonnes)	1,505	3,229

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Data Source: MSCI Barra one and Mercer calculations

Calculated figures are rebased for representative full coverage.

Proxies are applied where appropriate.

Figures are based on best-available data at time of calculation. Calculation methodologies are subject to change based on evolving market standards

Coverage is defined as the proportion of the asset class that usable carbon emission and revenue data are available for, i.e. if we have a coverage value of 99.8% of an underlying fund / asset class this means 0.2% of the data is missing. For the basis of these calculations, it is assumed that the missing 0.2% behaves in a similar way to the available data and so the available data is pro-rated to account for the missing data. While this is an assumption, we believe this is a reasonable proxy to be used.

When calculating tonnes of carbon dioxide equivalent emissions (tCO2e) Scope 1 and 2 emissions are reported separately to scope 3 emissions. This is for two reasons; 1) coverage of scope 3 disclosure remains insufficient to use reliably and 2) inclusion may lead to double counting at portfolio level. Scope 1, 2 and 3 emissions are as defined by the GHG protocol - Greenhouse Gas Protocol | (ghgprotocol.org) Please note that Carbon Footprint is provided in USD by the fund manager, we have converted to GBP using the following exchange rate, USD/GBP – 0.74347 as at 31 December 2025. Sourced from Refinitiv.

Data quality for Scope 1 and 2 is split between; not eligible, sovereigns, reported, estimated and not reported. Data quality for Scope 3 is split between; not eligible, sovereigns, estimated and not estimated. Whilst a level of reported data is available under scope 3, given the vast discrepancies in scope 3 calculation methodologies across underlying companies we are using estimated data where possible for consistency in reporting. This approach will be reviewed in future as scope 3 data becomes more reliable.

Upstream Scope 3 emissions: defined as indirect carbon emissions related to purchased or acquired goods and services; and Downstream Scope 3 emissions: defined as indirect carbon emissions related to sold goods and services.

Important notices from data providers

Mercer

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Glossary of Terms (ESG and Carbon Metrics)

Enterprise Value Including Cash (EVIC): Defined as the sum of market capitalisation of shares and book values of total debts and minority interests at fiscal year end. No deductions of cash or cash equivalents are made to avoid potential negative enterprise values. This is the recommended denominator metric for carbon attribution according to the GHG Protocol, the global standard for carbon accounting endorsed by the European Union and the DWP.

Estimated Scope 3 Carbon Footprint (tCO2e / EVIC £m): Measurement of the estimated Scope 3 CO2e emissions of a fund per million pounds of EVIC. Scope 3 emissions refer to all those that are not in direct control of a company's productive activities. Namely, all those emissions from a company's upstream supply chains and downstream product use by the consumer. For a pension scheme, this is the emissions arising from their investments (scope 1,2 and 3).

Estimated Total Mandate Carbon Emissions (tons): Represents the total share of Scope 1, Scope 2 and Scope 3 carbon emissions a fund is responsible for. Please note the metric is sensitive to the investment holding size in the fund.

MSCI Climate Metrics Coverage: The proportion by value of a fund for which carbon metrics are available from MSCI.

Scope 1 & 2 Carbon Footprint (tCO2e / EVIC £m): Measurement of the Scope 1 & 2 CO2e emissions of a fund per million pounds of EVIC. Scope 1 emissions refer to those which are directly connected to the production of a company's product or service e.g., burning of fossil fuels to power the electricity grid. Scope 2 emissions refer to those from electricity used to power company facilities. For a pension scheme, scope 1 emissions include the use of gas fuel and refrigerants in the office whilst scope 2 emissions include the use of electricity in the office buildings.

Implied Temperate Rise: expressed as °C * portfolio weights. This metric uses MSCI methodology and analyses the warming potential or the contribution of a company's activities towards climate change. Signifies which warming scenario the company's activities are aligned with. Thereafter a 'portfolio warming potential' is calculated as a weighted aggregate of the company level warming potential.

Total Carbon Footprint (tCO2e / EVIC £m): Measurement of the CO2e emissions of a fund per million pounds of EVIC using Scope 1, Scope 2 and Scope 3 emissions. Given a company's direct Scope 1 emissions will inevitably be another company's indirect Scope 3 emissions, aggregating the individual Scope emissions results in a higher number of emissions than exists. To mitigate double-counting, we apply a scaling factor in accordance with MSCI's methodology. This metric may be used to assess a fund's contribution to global warming versus other funds. Previous Total Carbon Emissions (tCO2e / £m invested) are estimated by looking at the funds' respective holdings and emissions 12 months ago.

Tons of Carbon Dioxide Equivalents (tCO2e): Tons of greenhouse gases including methane, nitrous oxide, carbon dioxide and fluorinated gases. Given the abundance and prominence of carbon as a greenhouse gas, all the other gasses are considered carbon equivalents.

Weighted Average Carbon Intensity (tCO2e / sales £): A weighted average of the scope 1 & 2 emissions carbon intensity of companies, defined as a company's total emissions divided by its total sales. This metric can be interpreted as a measure of the relative carbon efficiency of a fund, can be used for sovereign assets and is not affected by movements in companies' valuation. However, it is sensitive to movements in price.

Carbon Footprint (tCO2e / EVIC £m) (DC table): Includes scope 1 and 2 emissions but does not include scope 3 emissions. This means that for some companies the assessment of their carbon footprint could be considered an understatement of their carbon footprint. Scope 3 emissions are currently reported separately.

Absolute emissions value (DC table): The total GHG emissions associated with the portfolio. It is an absolute measure of greenhouse gas output from the Group's investments and is measured in tonnes of carbon dioxide equivalent (tCO2e).