Royal Mail
COLLECTIVE PENSION PLAN

TASKFORCE ON CLIMATE-RELATED FINANCE DISCLOSURES (TCFD) STATEMENT - YEAR ENDED 31 MARCH 2025

Royal Mail Collective Pension Plan

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A summary of the report for members

Climate and your pension: what you need to know

This summary explains how the Royal Mail Collective Pension Plan ("the Collective Plan" or "the Plan") is responding to climate change. It's designed to help you understand what's being done to protect your pension from climate-related risks and how your money is being invested responsibly.

Why does climate change matter for your pension?

Climate change is already affecting the world around us. Rising temperatures, extreme weather and new government policies are changing how companies operate. That affects the value of investments, including those held by pension schemes like the Collective Plan.

There are two main types of climate-related risks:

- **Transition Risk**: As the world moves to a low-carbon economy, some industries may struggle (like fossil fuels), due to new climate policies, changing technologies and shifting market demands. Others may benefit (like renewable energy).
- **Physical Risk**: This includes damage from extreme weather events or long-term environmental changes (such as rising sea levels or shifting rain patterns) that could affect the companies your pension is invested in.

But it's not just about risk - climate change also presents opportunities for investors. These include the potential financial or strategic benefits for companies that adapt well or contribute to tackling climate change.

It's now widely understood that climate-related risks and opportunities can have a real impact on investments. That's why the Trustee considers these factors when reviewing the Plan's investments.

What's unique about the Collective Plan?

The Plan has two parts:

- **Collective Defined Contribution (CDC) Section**: This pays an income for life and has a long-term focus.
- **Defined Benefit Lump Sum (DBLS) Section**: This pays a lump sum at retirement, so has a relatively shorter-term focus.

Because of these differences, the Trustee tailors its climate strategy for each section.

As of March 2025, the Plan had around £250 million in assets and is growing quickly - about £50 million is added each month from employee and employer contributions. As the Plan grows, the Trustee will have more options to manage climate risks effectively and take advantage of opportunities.

What is the Trustee's approach to managing climate risks and opportunities?

The Collective Plan Trustee (who is responsible for managing the Plan) is taking climate change seriously. Here's what the Trustee is doing on your behalf:

1. Measuring climate impact

The Trustee tracks four key climate measures:

- Total greenhouse gas emissions from the Collective Plan investments
- Emissions per £1 million invested (carbon footprint)
- How much is invested in climate-friendly assets (called "transition investing")
- How closely the investments align with global climate goals (measured by "Implied Temperature Rise")

2. Planning for the future

The Trustee looks at different climate scenarios, like what might happen if the world acts quickly to cut emissions, delays action or does nothing. This helps them understand how your pension could be affected under different futures and take action accordingly.

This year's analysis suggests the Plan's investments are less exposed to climate-related risks than the wider investment market, which is a positive sign. That said, the Trustee is aware of the limitations of this complex analysis and is working closely with its advisers with the aim of improving the analysis, so they can make informed decisions that help protect the value of your benefits over the long term.

The Trustee recognises the global transition is not on track to achieve the limiting of global warming to well below 2ºC when compared to pre-industrial levels with greenhouse gas emissions halved by 2030 and at zero by 2050. Therefore, the Trustee is spending time to understand the best way to measure risk and allocate capital given these developments, including making sure enough focus is given to adapting to physical risks. The Trustee remains very supportive of rapid decarbonisation to net zero, believing this is in the best long-term interests of members. Ultimately, delivering a more sustainable future will depend on coordinated

global action from policymakers, and the Trustee is working closely with its advisers to ensure the Plan is well-prepared for a range of possible outcomes.

3. Making climate-aligned investment choices

The Trustee works with expert advisers and its investment manager to:

- Invest in assets that align with its Responsible Investment objectives
- Avoid investments that don't align with these objectives
- Engage with companies to encourage better climate practices

What's next?

The Trustee is committed to continually improving how it manages climate risks. This includes:

- Enhancing the quality of climate data and analysis
- Continuing to monitor how investments perform under different climate scenarios
- Reporting progress against its transition investing target each year in its TCFD report

If you have questions or want to learn more, please get in touch via: collectiveplanhelpline@royalmail.com.

Introduction to main report

This report has been produced by the Trustee of the Royal Mail Collective Pension Plan ("the Collective Plan" or "the Plan") and its advisers under the requirements of the Occupational Pension Schemes (Climate Change Governance and Reporting) regulations 2021. As part of these regulations, the Plan is legally required to produce formal disclosures in line with the recommendations of the Taskforce on Climate-related Financial Disclosures ("TCFD").

The Royal Mail Collective Pension Plan welcomed its first members on 7th October 2024. Therefore, this inaugural annual report formally covers the period from this inception date to the year-end date, 31st March 2025. However, as the purpose of this report is to explain how the Trustee identifies, assesses and manages climate-related risks and opportunities for the Plan, the Trustee's related activity prior to members joining the Plan is also discussed where relevant.

The Plan is a hybrid pension scheme comprising of two sections:

- The Collective Money Purchase ("CMP") or "Income for Life" Section, referred to as Collective Defined Contribution ("CDC") Section herein, and
- The Defined Benefit Lump Sum ("DBLS") or "Lump Sum" Section.

This report covers both sections of the Plan. In many areas, the approach to identifying, assessing and managing climate-related risks and opportunities is consistent or very similar for the two Sections. However, the two Sections do have their own unique characteristics which affect the Trustee's approach in some ways. This is outlined below:

- In the CDC Section, members share investment and longevity risk, and contribution rates for employers and employees are set in advance. One of the benefits of having everyone in the Plan together is that the Trustee is able to balance the risk profile of members close to, or already in, retirement with members who are still a long way from retirement. This means the Trustee can take a much longer-term view and target higher investment returns, accepting that returns might be negative in the short-term, but are estimated to deliver higher growth over the long-term.
- In the DBLS Section, members are guaranteed a lump sum at the point of retirement. The funding and investment strategy are managed correspondingly to reflect this obligation. The lump sum nature of the Section means it has a shorter time horizon than the CDC Section.

The Trustee's approach to climate risk management will evolve over time as the Plan's asset base grows and therefore management options available to them widen. As at 31 March 2025, the Plan's assets totalled around £250 million, comprising around £190 million in the CDC Section and £60 million in the DBLS Section. This asset base is fast-growing, with roughly £50 million of contributions into the Plan per

month. This context of growing scale is factored into the Trustee's climate risk management approach.

1. Governance

The Trustee is ultimately responsible for all investment matters, including setting the strategic investment direction of the Collective Plan, and must adhere to the investment rules laid out in the Collective Plan's Trust Deed & Rules. This includes how climate-related risks and opportunities are considered. Recognising the complexity and evolving nature of this area, the Trustee acknowledges the means of achieving these goals are not an exact science. Its approach is guided by a set of investment beliefs, as outlined in the Statement of Investment Principles ("SIP") and is further detailed in a separate Responsible Investment ("RI") Policy.

To support effective governance, the Trustee has established a number of sub-committees, as shown in the diagram below.

One of these committees is the Funding and Investment Committee ("FIC"), which operates under defined terms of reference. The FIC is responsible for implementing, overseeing and monitoring the Plan's investment and funding strategies on an ongoing basis. The FIC also oversees the performance of the investment consultant, Outsourced Chief Investment Officer ("OCIO") and Custodian.

The Trustee and its committees are supported by expert advice from a range of advisers, each with clearly defined responsibilities. These responsibilities include identifying, assessing, and managing climate-related risks and opportunities, as well as integrating these considerations into the Plan's investment strategy, funding strategy, and broader risk assessment framework. A summary of these roles is outlined below:

- **OCIO (BlackRock):**
    - Integrate climate-related risk management and opportunities into investment processes, in line with the objectives outlined in its

Investment Management Agreement ("IMA"), which reflect the Trustee's RI beliefs.

- Report on voting activity on at least an annual basis.
- The Trustee has chosen to delegate engagement activity to its OCIO and expects it to engage on Environmental, Social and Governance ("ESG") matters when they are considered material and relevant to the investment.

- **Investment Consultant (Redington):**
  - Advises on the possible effects on the assets due to climate change risks and opportunities.
  - Provides training on climate-related risks and opportunities.
  - Supports compliance with relevant regulatory requirements.
  - Provides oversight of the OCIO's role in identifying and managing climate-related risks and opportunities.
- **Scheme Actuary (WTW):**
  - Advises on the possible effects on the Plan's funding strategy and liabilities (particularly due to mortality trend changes) due to climate change risks and opportunities.

The Trustee allocates time within its regular meeting cycle to consider and discuss climate-related risks and also receives ad hoc updates from its advisers. The Trustee receives quarterly updates from the investment consultant and OCIO on climate-related risks and opportunities. These updates are followed by practical guidance to assist the Trustee in evaluating potential implications for the Plan's investment strategy and ensuring continued alignment with its climate-related objectives.

The Trustee Board and FIC have received training related to the identification, assessment and management of climate-related risks and opportunities on several occasions, both before and after welcoming members to the Plan. Training was delivered by the investment consultant and OCIO and some examples of these are as follows:

- **March 2023**: Overview of the latest statutory and non-statutory guidance issued by the Department for Work and Pensions ("DWP"), along with recommended actions to align the Plan with this guidance. The Trustee also agreed a Stewardship Policy, supported by the consultant.
- **March 2023**: Introduction to the regulatory requirements of TCFD reporting, including guidance on the selection of Metrics 3 and 4 and the establishment of the Plan's climate-related target.

- **September 2024**: Training by the OCIO on the integration of climate and broader ESG factors into the investment strategy, including their intended approach to voting and stewardship.

- **March 2025**: Revisiting the suitability of the Trustee's RI beliefs and how effectively the OCIO has integrated them into implementation (see Case Study below). This session also covered the latest TCFD reporting requirements to ensure continued alignment.

Case study: Establishing Responsible Investment ("RI") Beliefs

The Trustee, supported by its investment consultant, created the Plan's RI Policy in 2022. This policy defined the Trustee's RI objectives and how they will be achieved, and it guides the Trustee's approach to climate and other RI matters. It is reviewed periodically, as appropriate. Central to the Trustee's beliefs is the view that investing for the benefit of both people and planet is of utmost importance, and climate-related risks and opportunities were a key focus from the outset.

Following this, the investment consultant and the OCIO worked closely to ensure the delegated investment mandate and implementation approach were aligned with the Trustee's RI beliefs. The Trustee has an IMA in place with the OCIO, which reflects the RI beliefs outlined in the policy.

In March 2025, the Trustee revisited its RI beliefs in light of a changing market and regulatory environment. The review reaffirmed the relevance of the existing beliefs and provided an opportunity for the Trustee to challenge the OCIO on how they were adapting their approach in response to evolving expectations.

The Trustee maintains ongoing oversight of the implementation of its RI beliefs through regular engagement with its investment consultant, who provide ongoing advice and independent assessment of the OCIO's alignment with the Trustee's climate-related objectives.

The Trustee takes active steps to regularly assess the climate-related competence of its advisers and those supporting the Trustee in managing climate risks and opportunities. ESG and climate risk advice and training form part of the investment consultant's formal objectives, which are reviewed at least annually. In addition, climate-related expectations are explicitly embedded within the mandate set for the OCIO, who are held to account for this on a quarterly basis. The investment

consultant also provides independent commentary on the OCIO's alignment with these mandate guidelines.

2. Strategy

The Trustee has a primary responsibility to act in the best financial interests of the Plan's members and the Trustee believes incorporating financially material ESG factors (including the risks and opportunities arising from climate change) into investment decision making is part of this responsibility. This is based on a belief that incorporating ESG factors helps reduce investment risk, and, in some cases, enhances long term investment returns. This is particularly important given the long investment horizon of the Collective Plan, and the Trustee strongly believes that investing for the benefit of planet and people is of central importance.

The Trustee recognises two primary forms of climate-related risk to the Plan, as outlined below. However, it also acknowledges that additional risks may emerge over time, some of which are currently difficult to quantify or aren't yet known.

- Transition Risk:
    - Transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change.
    - These changes could impact asset values through fluctuations in carbon prices and increased renewable energy adoption. This could impact investment performance, particularly where portfolios have exposure to carbon-intensive sectors.
    - The energy transition is also expected to produce opportunities in areas aligned with decarbonisation, such as clean energy and sustainable infrastructure.
- Physical Risk:
    - This refers to an impact on economic activity resulting from the physical impacts (e.g. damage and disruption from extreme weather events) of climate change.
    - Physical risks may have financial implications for organisations, such as direct damage to assets and indirect impacts from supply chain disruption.

Regulatory guidance requires the Trustee to consider climate-related risks and opportunities for the Plan's investment and funding strategy over short, medium and long term time horizons. The selected time horizons are required to reflect the periods of time during which members are at risk through the Plan (i.e. pre- and post-retirement for the CDC Section, but only pre-retirement for DBLS). As such, the Trustee considers climate-related risks and opportunities over the following time horizons:

Time Horizon	Definition	Why was this date selected?
Short term	3 years	This period focuses on short-term investment shocks, which could have longer-term implications on outcomes. A period of c.3 years considers the effects of immediate/imminent political and market effects on climate. This time horizon is relevant for both Sections.
Medium term	15 years	This reflects an interim period between the short- and long-term horizons, which is important to consider for the ongoing future viability of the Plan. This period is similar to the weighted average time period to retirement for Plan members, which is when DBLS Section benefits are received. Therefore, this is an important time period in the delivery of these benefits.
Long term	50 years	Given the nature of the Plan, i.e. it is expected to be open to new members and accrual in the long-term, considering a long-term horizon is important where climate risks are concerned. 50 years represents a period covering both pre- and post-retirement for many members. The post-retirement period is important for the delivery of CDC benefits.

As outlined earlier, the Trustee has appointed a OCIO to facilitate the investment of the Plan's assets. The selection of this OCIO, conducted by the Trustee, included consideration of the OCIO's responsible investment practices and regard for ESG factors. Having taken advice from its investment consultant, the Trustee agreed an IMA with the OCIO, which sets out expectations in integrating the identification, assessment and management of climate-related risks and opportunities into the respective investment strategy for each of the CDC and DBLS Sections. The Trustee, supported by its investment consultant, reviews the OCIO in this context and more widely on an ongoing basis.

In line with the Trustee's objectives around RI, the Trustee is committed to being an active steward of the Plan's investments. This stewardship entails selectively investing in assets it considers to be thematically aligned with the Trustee's RI objectives, engaging with underlying investee companies where they have scope to improve with respect to these objectives, exercising voting rights (see Section 3 – Risk Management for a case study), and excluding certain assets or asset classes that are incompatible with the Trustee's commitment to RI.

The Trustee previously decided its investment decisions, including those delegated to its OCIO, would be informed by Paris-alignment, where possible. This means investing with the goal in mind of limiting global warming to well below 2ºC, preferably

to 1.5ºC, when compared to pre-industrial levels. Part of achieving this is for the global economy to have net zero greenhouse gas emissions by 2050 at the latest and halve by 2030.

The Trustee requires the OCIO to adhere to its own exclusionary screens, and where practicable, Article 12 exclusions for EU Paris-aligned benchmarks across the whole portfolio. The Trustee set a belief that exclusions have the potential for reducing investment risk.

It is noted, however, that the Trustee actively recognises that global developments since the RI policy was set mean these objectives may be suitable to reassess in the short-term. In particular, the global transition is not on track to achieve the limiting of global warming to well below 2ºC when compared to pre-industrial levels with greenhouse gas emissions halved by 2030 and at zero by 2050. Therefore, the Trustee is spending time to understand the best way to measure risk and allocate capital given these developments, including making sure enough focus is given to adapting to physical risks. The Trustee remains very supportive of rapid decarbonisation to net zero, believing this is in the best long-term interests of members. Nevertheless, the Trustee is bound by its fiduciary duty and the prevailing policy environment.

Part of this work by the Trustee is climate scenario analysis, as outlined below. However, the Trustee recognises that, at the time of writing this report, further development of such analysis is required before it produces information which is viewed as useful to the Trustee in making investment decisions.

Climate scenario analysis

In line with regulatory requirements, the Trustee must undertake scenario analysis at least every three years, considering a minimum of two climate scenarios, one of which must reflect a 1.5-2°C global warming pathway. The analysis should assess the potential impact of climate change on the Plan's assets and liabilities, considering investment, funding and covenant aspects.

The Trustee has undertaken analysis to comply with these requirements and with the aim of obtaining information which is useful in the Trustee's decision-making. However, the Trustee recognises that the approach to modelling the impact of climate risks is fast evolving and will keep this under review. Notably, the Trustee recognises the following limitations of current climate scenario methodologies:

- Any climate pathway reflects just one possible way to achieve a certain temperature goal while, in reality, many different pathways are possible for the same temperature outcome.
- Different models lead to different results, due to different model structures and assumptions.
- There is uncertainty around assumptions adopted; for example, ambitious scenarios depend on future (negative emissions) technologies such as carbon capture and storage.

- It is recognised that there are gaps in assumptions; for example, certain necessary changes to achieve zero emissions, such as changes in lifestyle or economic systems, are currently not included.
- The asset allocation is assumed to remain constant throughout the modelling period, which is unlikely to happen in practice.
- The scenarios are intended to provide an indication of the risks to which the Plan might be exposed. They are not centralised cases, and are instead intended to be reflective of one of the many possibilities that may transpire as a result of climate change.
- The scenarios are not directly comparable between one year and the next as the impact of changes in assumptions can dwarf that of changes to a portfolio.

Due to these limitations, the Trustee considers scenario analysis in its current form to have limited reliability and usefulness as a decision-making tool. Reflecting the Trustee's ambition to be a market leader in managing climate-related risks, it is actively engaging with its investment consultant and OCIO to explore the latest developments in scenario analysis and climate modelling approaches.

Nevertheless, the Trustee has undertaken climate scenario analysis in line with regulatory requirements. This includes:

- **Investments:** quantitative asset-side analysis produced by the OCIO and assessed by the investment consultant.

- **Funding:** qualitative commentary produced by the actuary.

Investments

The asset-side scenario analysis was carried out as at 31st March 2025, using the assumptions set out in the Network for Greening the Financial System ("NGFS") stress framework.

The modelled scenarios are as follows:

- **Net Zero 2050**: this scenario limits global warming to 1.5°C through implementation of ambitious climate policies and technological innovation, achieving global net zero CO_2 emissions c.2050.

- **Delayed Transition**: this scenario assumes global annual emissions do not fall until 2030, after which stringent climate policies are introduced to limit warming to below 2°C. The policy ambition is a temperature rise of 1.8°C.

- **Current Policies**: this scenario assumes only existing climate policies remain in place. Analysing this scenario assists in assessing the potential impact of continued inaction, leading to a "hot house world" trajectory. The scenario assumes a temperature rise of 3.3°C.

Asset Impact (%)	Physical Risk			Transition Risk			Combined[1]		
	Net Zero 2050	Delayed Transition	Current Policies	Net Zero 2050	Delayed Transition	Current Policies	Net Zero 2050	Delayed Transition	Current Policies
CDC Portfolio	-3.4%	-3.6%	-3.8%	-4.0%	-3.0%	0.0%	-7.5%	-6.6%	-3.9%
DBLS Portfolio	-2.3%	-2.4%	-2.6%	-4.4%	-2.7%	0.0%	-6.8%	-5.2%	-2.7%
MSCI ACWI Climate Paris Aligned Index	-3.4%	-3.6%	-3.9%	-1.4%	-1.7%	0.0%	-4.8%	-5.4%	-3.9%
MSCI All Country World Index (ACWI)	-3.5%	-3.7%	-4.0%	-7.1%	-4.4%	0.0%	-10.6%	-8.1%	-4.0%

The analysis results under the different climate scenarios tested are shown below, followed by the Trustee's evaluation. To support its evaluation, the Trustee asked its OCIO to carry out the analysis not only for the CDC and DBLS Section portfolios, but also for the Paris-aligned global equity index used as a benchmark for large portions of the portfolios, and a comparable global equity index without Paris-alignment, for comparison. Further details on the methodology used in the analysis are provided in Appendix A, including key assumptions and limitations that may impact the results.

The Trustee's assessment of the Plan's scenario analysis:

Approximate impact on member benefits of the combined asset impact:

The potential impact of the Plan's scenario analysis on an example member's benefit, based on the Combined asset impact, is illustrated in the table below.

Example member benefits in 20 years' time[2]	Net Zero 2050		Delayed Transition		Current Policies	
	Approximate impact on benefit adjustments[3]	Approximate impact on an example member benefits in 20 years' time	Approximate impact on benefit adjustments	Approximate impact on an example member benefits in 20 years' time	Approximate impact on benefit adjustments	Approximate impact on an example member benefits in 20 years' time
CDC Portfolio - £10,000 p.a.	-0.3% p.a.	- £560 p.a.	-0.3% p.a.	- £490 p.a.	-0.1% p.a.	-£290 p.a.
DBLS portfolio - £30,000	-0.4% p.a.	- £2,500	-0.3% p.a.	- £1,920	-0.2% p.a.	- £1,000

[1] Due to different methods, physical and transition risk adjusted values cannot be added to provide a total climate risk adjusted value.
[2] Benefit adjustment impacts have been rounded to the nearest 0.1% and £ amounts to the nearest £10
[3] The impact on benefit adjustments have been calculated assuming that the % asset impact occurs immediately as at 31 March 2025. Furthermore, these impacts are based on the asset impact only and do not make any allowance for any changes in member life expectancy that may also occur under each scenario (which could increase or offset the benefit adjustment change depending on the scenario). The resulting impact on the example member's benefits has been calculated by looking at the cumulative impact of benefit adjustments over a period of 20 years, assuming the member has already left service before 31 March 2025 and reaches Normal Retirement Age in 20 years' time. The figures are all quoted in today's money terms (i.e. before the impact of future inflation).

The scenario analysis results illustrated in the figure above offer the Trustee an insight into the resilience of the Plan's investment strategy under a range of climate change pathways. The Trustee will review these outcomes annually as part of the TCFD reporting cycle, using them to inform strategic decisions aimed at mitigating climate-related risks and capturing potential opportunities.

CDC Section:

The modelling suggests a minimal difference in physical risk under the three scenarios, with differences in overall risk being predominantly driven by differences in transition risk. Therefore, the Net Zero 2050 scenario is modelled as the highest risk and the Current Policies scenario is as the lowest risk. However, some of this is down to the modelling approach.

The relatively low losses modelled under the Current Policies scenario is partly because the physical effects on assets are expected to be experienced over the longer term, with the impact therefore being discounted over a longer period. The current global trajectory is closer to a Hot House World than any transition scenario, and there is a chance physical risks could occur sooner than models currently predict. Therefore, the Trustee plans to investigate portfolio resilience to physical climate risks during the upcoming scheme year.

Comparing the two equity indices, it can be observed that the physical risks are modelled as similar but with materially lower transition risk for the Paris-Aligned index, and particularly so for the Net Zero 2050 scenario. This reflects the nature of the index, being designed to invest in the transition to a net zero economy.

The CDC Section portfolio is also modelled as lower risk than the non-Paris Aligned index, which reflects the fact that the portfolio is benchmarked against the Paris Aligned index and therefore managed in a manner which is cognisant of this. It's modelled as higher risk than the Paris Aligned index itself, however, given the portfolio is not managed exactly in line with its benchmark and the OCIO takes account of other financial factors in its management of the portfolio. For example, the CDC Section portfolio includes an allocation to global listed infrastructure, which is not in the Paris Aligned equity index and increases climate risks relative to the index, but is used to reduce investment risk more broadly via diversification.

DBLS Section:

The DBLS Section displays a similar pattern to the CDC Section in terms of the relative risk modelled between the three climate scenarios. However, the overall risk levels are lower, driven by lower physical risk.

This lower risk is due to the Diversified Strategy being modelled as exhibiting relatively less risk than listed equities, due to the diversified range of asset classes accessed.

Summary:

The Trustee is of the view climate risk is being managed within the investment strategies, though it recognises the global climate transition is an evolving area and climate risk management is an area which needs regular consideration. The climate scenario analysis reported above supports this view, with the portfolios' climate risk being modelled as lower than broad equity markets. However, as outlined earlier, the Trustee recognises limitations to this scenario analysis and is actively exploring potential approaches to undertaking improved climate scenario analysis.

Funding

The Trustee also engaged the Plan's actuarial adviser, WTW, to understand qualitatively how different climate scenarios could affect the Plan's membership, thereby affecting the benefits to be paid by the Plan. The main funding implication is the potential impact of climate change on Plan members' life expectancy, which impacts the two Sections quite differently:

- CDC Section:
    - Longevity, i.e. how long members live. The longer members live, the longer a member's benefit is to be paid out for. When undertaking annual valuations of the CDC Section, an assumption will be made for the current life expectancy of Plan members, and how this may change in the future. However, under the design of the CDC Section, the funding level will always be 100% (i.e. the Section's assets will always be equal to the Section's liabilities). Each valuation then calculates the annual benefit adjustment that the Section can afford to give to members. As a result, if climate changes causes actual longevity to differ from these expectations, the funding level of the Section is not impacted, however the resulting benefit adjustment that can be awarded to members could be higher or lower.
- DBLS Section:
    - Longevity is much less of a factor here, given benefits are a lump sum at retirement, rather than an income for life. Where a member dies prior to age 67, an enhanced benefit is payable, however only in cases where a member also has an eligible dependant. The Section would therefore only be impacted by changes to longevity expectations where the scenario is so severe that it causes a significant number of deaths prior to the Plan's retirement age of 67. However, a factor for the DBLS Section which is less of a factor for the CDC Section is the valuation of DBLS Section benefits based on government bond yields. If climate change affects these yields, that would affect (either upwards or downwards) the valuation of DBLS Section liabilities. However, this risk is partially hedged within the investment portfolio already and it is expected that, in the medium-long term, this risk will be mostly or fully hedged within the investment portfolio.

Qualitatively, most of the scenarios detailed in this report would be expected to lead to a deterioration in life expectancy relative to the current base case. By nature of the design of the CDC Section, this does not negatively affect the ability of the Plan to pay benefits (and benefit adjustments might even increase as a result), but it of course is not a positive outcome. As noted above, longevity is not expected to have a material impact on the DBLS Section.

Higher life expectancy is viewed as more likely under a scenario in which there is an orderly and co-ordinated transition to a world with global warming below 2°C. This would increase the time horizon for the Plan in paying CDC benefits and annual benefit adjustments would reduce accordingly but would be positive in terms of a climate change outcome.

The actuary will factor in potential changes to life expectancies on an ongoing basis and reflect this in advice when the Trustee sets its longevity assumptions as part of Plan valuations.

Covenant

The nature of the CDC Section means it does not have direct exposure to the strength of the employer covenant.

The DBLS Section does, as it has defined benefit liabilities, but analysis undertaken by the actuary and OCIO suggests this is relatively remote. It was modelled as there being only a roughly 1/1000 chance of an investment market shock large enough over the next six years to cause the DBLS Section to become dependent on the employer's covenant.

Taking a proportionate approach, the Trustee considers this to be a relatively remote enough risk that it has not commissioned a direct assessment of the potential implications of climate change on the strength of the employer's covenant.

3. Risk Management

As outlined in the Strategy section of this report, the Trustee considers climate-related risks through the lenses of both transition and physical risks and uses climate scenario analysis as one approach to identify and assess such risks. However, as outlined in the Strategy section, the Trustee has not found this analysis in its current form particularly useful for identifying or assessing specific physical or transition risks. The Trustee has challenged its investment consultant and OCIO to develop a more useful approach to climate scenario analysis.

Climate risk is explicitly embedded in the Plan's risk register, which is referenced at every Trustee meeting and reviewed at least annually. The framework ranks the likelihood of a risk occurring, alongside the potential impact. It is used to ensure that emerging risks - including climate-related risks - are appropriately identified, assessed and monitored. As set out in the Strategy section, the management of ESG

risks (including climate risks) was a key component in the selection of the OCIO and is incorporated directly into the IMA between the Trustee and OCIO. Along with an expectation for the OCIO to take steps to ensure ESG factors are implicitly incorporated into the investment decision-making process and that all aspects of stewardship (monitoring, engagement and voting) are employed, there are a range of specific objectives detailed in relation to climate risk set out in the IMA.

The objectives and expectations in the IMA include areas such as:

- Reducing portfolio emissions intensity over time relative to the inception intensity, and reducing it relative to a comparable market benchmark
- Seek for at least 80% of the portfolio to be invested in funds or strategies which meet particular ESG standards
- A range of exclusionary screens, which go beyond the baseline screens policy of the OCIO
- Higher ESG score than a reference comparator, based on data from a third-party ESG research provider
- Stewardship, including monitoring, engagement and voting (the approach to which is expanded on later in this section)

To assist in the monitoring of the fourth area above, the OCIO has provided the ESG rating for each investment fund across the Plan's investments (as at 31 March 2025). The score indicates how well an issuer manages its most material ESG risks relative to sector peers, which allows comparison across different industries. The best scoring company within a peer group is given a score of 10, and the worst a score of 0. Therefore, a higher score is better. Monitoring these scores provides the Trustee with a lens to consider whether ESG (including climate) risk management across the portfolio and individual funds is positive and improving.

CDC Section:

Strategy	Fund	ESG Adjusted Score	Environmental Score
Public Markets	Global PAB Equities	7.5	7.0
	Global Small-Cap Equities	6.6	5.5
	EM Sustainable Equity	7.0	6.3
	EM Enhanced Active Equity	6.4	6.3
	Global Listed Infrastructure	7.5	6.8

DBLS Section:

Strategy	Fund	ESG Adjusted Score	Environmental Score
Public Markets	Sustainable Factor Equities	8.4	7.3
	EM Enhanced Active Equity	6.4	6.3
	Diversified Strategy	7.0	6.8

A case study relating to the expectation for at least 80% of the portfolio to be invested in funds or strategies which meet particular ESG standards is set out below.

Case study: Integrating ESG in Emerging Markets Equity selection

Background

In November 2024, the OCIO introduced a second Emerging Markets Equity strategy to the CDC Section portfolio to improve diversification and reduce active risk.

Why was the strategy selected?

The chosen strategy aligns with the Trustee's broader investment objectives and supports the sustainability target set out in the IMA, including to allocate at least 80% of the portfolio to funds or strategies that meet defined ESG standards.

What are the fund's key ESG features?

The fund incorporates binding ESG criteria and measurable outcomes, including:

- A carbon emissions intensity lower than that of the benchmark index
- A minimum of 20% of assets allocated to Sustainable Investments
- ESG coverage for over 90% of issuers (excluding money market funds)
- Application of exclusionary screens to avoid investments in certain sectors or activities

This case study illustrates how embedding climate objectives in the OCIO's IMA is directly shaping fund selection and helping the Trustee manage climate-related risks.

The Trustee is supported by its investment consultant for the ongoing monitoring of how the OCIO identifies, assesses and manages climate-related risks and opportunities.

The Trustee receives quarterly reporting from its OCIO, which includes multiple climate-related metrics as well as wider investment metrics and information. This enables the Trustee to monitor how the OCIO is acting to identify, assess and manage climate-related risks for each Section of the Plan.

Stewardship

The Trustee has developed a Stewardship Policy to set out how the Trustee practises effective stewardship as part of its fiduciary duty to act in the best financial interests of its members.

The Trustee understands good stewardship to be the responsible allocation, management, and oversight of capital to create long-term value for the Plan's members, leading to sustainable benefits for the economy, the environment and society. The Trustee believes that, in order to deliver good stewardship, the Plan must use all of the cost-effective tools at its disposal, within a well-managed and appropriately resourced framework. To do this, the Trustee will use the Plan's influence as an owner or part-owner of assets to ensure that, as far as possible, best practices are reflected in terms of ESG factors. A key aspect of this is holding the OCIO to account for the effective use of their influence as owners or part-owners of assets.

Engagement is viewed by the Trustee as an effective way of implementing positive change and an important part of protecting value for the Plan's members. Companies with strong governance are more likely to be sustainable over the long-term; therefore, engagement is an important tool for managing climate-related risks and opportunities.

The OCIO is expected to engage with issuers to maintain or enhance the long-term value of the Plan's investments and to mitigate negative externalities on the planet or society. The Trustee periodically reviews engagement activities undertaken by its OCIO as part of its broader monitoring activity.

A key aspect of stewardship is voting. The case study below outlines how the Trustee has aimed to implement voting to align with its approach to managing climate risk and its wider Responsible Investment Policy.

Case study: Establishing ESG-Aligned Voting Policies

The Trustee, supported by its investment consultant, undertook a review of the OCIO's approach to voting, with a focus on its voting on climate issues. Based on this review, the Trustee chose, where possible, to delegate responsibility for exercising voting rights to a different third-party rather than the OCIO.

For investment funds where it is possible, the Trustee employs Institutional Shareholder Services (ISS) to exercise voting rights in line with its Socially Responsible Investment (SRI) policy.

Where delegation to ISS is not possible due to the available implementation routes for some strategies, the Trustee opts to apply the OCIO's Climate and Decarbonisation voting policy where possible, rather than its standard policy.

In all cases, the Trustee will periodically review the approach to voting, with the intent to support alignment with its wider Responsible Investment Policy and approach to managing climate risk.

The Trustee recognises that climate-related risk management is a fast-developing area and new tools or adaptations of existing tools are likely to be required to support the management of risks. It expects both its investment consultant and OCIO to continuously refine their approaches in this area, in line with industry best practice. The Trustee maintains ongoing challenge of its advisers' approach.

4. Metrics and Targets

The Trustee has selected the same metrics to monitor for both the CDC and DBLS Sections. These metrics are as follows:

Metric	Selected metric	Explanation
Metric 1 – absolute emissions metric	Total Absolute GHG Emissions (tCO2e).	This is the absolute emissions metric recommended by the DWP.
Metric 2 – emissions intensity metric	Carbon Footprint (tCO2e/EVIC £m).	This is the emissions intensity metric recommended by the DWP.
Metric 3 – additional climate change metric	% of the Plan's private markets assets invested in "Transition Investing" assets.	This is linked to an objective the Trustee has set for the OCIO once, assuming it is implemented as planned, a private markets portfolio is introduced for each Section.
Metric 4 – portfolio alignment metric	Implied Temperature Rise (ITR).	This metric estimates the global temperature increase implied by a company's or portfolio's emissions trajectory, based on comparison with a Paris-aligned carbon budget.

Further detail on each of the adopted metrics is set out in Appendix B.

The Trustee will review its selected metrics at least annually to ensure they remain relevant and appropriate for the Plan.

Target

The Trustee is required under DWP guidance to set a target against at least one of the four selected climate-related metrics. Progress against this target must be measured and reported annually, to the extent possible, along with a review of the target's ongoing suitability.

For both the DBLS and CDC Sections, the Trustee has selected a target relevant to Metric 3 - the additional climate change metric - to allocate at least 25% of the private markets portfolio to "Transition Investing" assets. This reflects the Trustee's view that by directing capital toward solutions supporting the net zero transition, it can meaningfully contribute to real-world decarbonisation.

Given the Collective Plan's asset allocation is expected to evolve as it scales, the Trustee considers this target more practical than setting one against a DWP statutory metric, which would fluctuate significantly with changes in asset allocation. As the private markets allocation is yet to be implemented, this also presents a timely opportunity to embed a strong focus on "Transition Investing" from the outset.

The target strongly aligns with the Trustee's Responsible Investment beliefs, which recognise the importance of investing for the benefit of both people and planet.

As the private markets portfolio is not implemented as at 31 March 2025, the target cannot be reported against yet. Whilst subject to change, implementation of this portfolio is expected to begin in 2025. Therefore, the Trustee expects to begin reporting against the target in next year's TCFD report.

CDC Section results

The below tables outline the results of each of the Trustee's chosen metrics, broken down by underlying strategy and asset class. The results are shown as at 31 March 2025. The results are shown for the Public Markets Strategy.

Strategy	Asset	Asset Allocation	Metric 1: Total Absolute GHG Emissions (tCO2e)		Metric 2: Carbon Footprint (tCO2e/EVIC £m)		Metric 4: Implied Temperature Rise (°C)
			Scopes 1&2	Scope 3	Scopes 1&2	Scope 3	
Public Markets [4]	Global PAB Equities	77%	450	194,673	5	105	1.8
	Global Small-Cap Equities	9%	1,257	9,489	101	725	2.5
	EM Sustainable Equity	3%	97	815	27	242	2.3
	EM Enhanced Active Equity	6%	549	71,501	110	598	2.5

[4] The Global PAB Factor Equities emissions and ITR are not reported as the data and proxies were not available.

	Global Listed Infrastructure	5%	1,849	1,261	261	206	2.1
Total		**100%**	**4,203**	**277,739**	**33**	**200**	**N/A**

Metrics 1 & 2:

The absolute carbon emissions reported above show the total share of direct and indirect emissions attributable to the assets the Section is invested in. There are three scopes of carbon emissions:

- **Scope 1** emissions are direct emissions from an entity's owned or operationally controlled sources;
- **Scope 2** emissions are those from the use of electricity purchased by an entity;
- **Scope 3** emissions are indirect emissions from the use of company's products, or any other emissions across its supply chain.

The Section's carbon footprint allows the Trustee to compare the emissions of portfolios of different sizes, by showing how carbon efficient the portfolio is per million pounds invested. This measure provides an insight into the carbon intensity of the Plan's assets.

As at 31 March 2025, the Global Paris-Aligned Equity allocation had the lowest carbon footprint for both Scope 1 & 2 and Scope 3 emissions. This is due to the Paris-Aligned nature of the mandate, aiming to reduce emissions. The largest carbon footprint for Scope 1 & 2 emissions was the Global Listed Infrastructure allocation, however the largest for Scope 3 emissions was the Global Small-Cap Equities allocation.

At a single point in time, there are limited useful observations to be drawn from this emissions data. The data will become more useful over time, particularly at the total portfolio level, as the Trustee can monitor the evolution of the portfolio's emissions profile over time and draw conclusions on what this means for the management of climate-related risks.

The Trustee also assessed the data quality of the emissions data. For the Public Markets Strategy Scope 1 & 2 emissions, 87% of the data was reported, 12% was estimated and 1% was not reported. Whilst the majority of emissions data is reported, the presence of estimated and unreported data introduces a degree of uncertainty. For Scope 3 emissions, 99% of the data was estimated and 1% was not reported, reflecting the broader challenges in obtaining high-quality Scope 3 disclosures. The Trustee recognises the need for robust data and will continue to

monitor data quality closely, expecting its investment consultant and OCIO to support ongoing efforts to improve data coverage across both Sections.

Metric 3

As the private markets portfolio was not implemented as at 31 March 2025, this metric cannot be reported against yet. Whilst subject to change, implementation of this portfolio is expected to begin in 2025. Therefore, the Trustee expects to begin reporting this metric in next year's TCFD report.

Metric 4

The portfolio alignment metric supports the Trustee in assessing how closely the Plan's investments align with the goals of the Paris Agreement, namely, to limit global temperature increases to well below 2°C, and ideally to 1.5°C. The selected metric, Implied Temperature Rise (ITR), estimates the global temperature increase implied by a company's or portfolio's emissions trajectory, based on comparison with a Paris-aligned carbon budget.

The Trustee has chosen to report ITR at the level of underlying funds, as data coverage limitations currently prevent aggregation at the total portfolio level. The Trustee is committed to improving data quality over time and intends to report at the portfolio level when feasible.

As at 31 March 2025, the ITR results across the Public Markets strategy show a range of temperature alignment outcomes. The Global Paris-Aligned Equity allocation - the largest within the strategy - is aligned to a 1.8°C pathway, which is below the 2°C threshold and broadly consistent with the goals of the Paris Agreement. In contrast, the Global Small-Cap Equity and EM Enhanced Active Equity allocations are aligned to a 2.5°C pathway, highlighting areas for potential engagement and improvement. When compared against a broad market, non-Paris-Aligned index with an Implied Temperature Rise (ITR) of 2.6°C, all the underlying Public Markets funds demonstrate lower ITRs. This suggests that CDC's assets may be better aligned with the goals of the Paris Agreement than the broader market.

DBLS Section Results

Strategy	Asset	Public Markets Asset Allocation	Metric 1: Total Absolute GHG Emissions (tCO2e)		Metric 2: Carbon Footprint (tCO2e/EVIC £m)		Metric 4: Implied Temperature Rise (°C)
			Scopes 1&2	Scope 3	Scopes 1&2	Scope 3	
Public Markets	Sustainable Factor Equities	22%	159	1681	22	264	2.1
	EM Enhanced Active Equity	2%	49	316	110	598	2.5
	Cash and Unrealised FX	0%	0	2	1	167	N/A
	Diversified Strategy	76%	624	4424	40	269	N/A
Total		**100%**[5]	**832**	**6423**	**37**	**274**	

Metrics 1 & 2

As at 31 March 2025, the Diversified Strategy was the largest contributor to the DBLS Section's absolute emissions. However, this was driven by it being the largest allocation (60%) rather than its carbon footprint. The EM Enhanced Active Equity allocation had the highest carbon footprint.

As for the CDC Section, this data will become more insightful over time as more data points become available to observe trends.

The Trustee also assessed the data quality of the emissions data. For the Public Markets Strategy Scope 1 & 2 emissions, 73% of the data was reported, 7% was estimated and 20% was not reported. This represents a significant reduction in data quality compared to the CDC Section, which is to be expected since the DBLS Section holds a more diverse range of asset classes than CDC. CDC comprises mostly listed equities, which tend to have the highest quality data. The Trustee will continue to monitor this. For Scope 3 emissions, 80% of the data was estimated and 20% was not reported.

[5] This table only covers Public Markets Strategy and not the Matching Strategy or the DBLS Risk and Employer Reserves.

Metric 3

As with the CDC Section, this metric could not be reported for the DBLS Section in the inaugural TCFD report.

Metric 4

As at 31 March 2025, the DBLS Section exhibited higher ITR values than the CDC Section. While all funds with reported ITRs were aligned to temperature pathways exceeding the 2°C threshold set by the Paris Agreement, the ITRs for all underlying funds still remained below that of the broad market equity index (2.6°C). Again, the EM Enhanced Active Equity fund has the highest Implied Temperature Rise (ITR) at 2.5°C. This highlights a potential area for improvement, given the Trustee's aim to inform investment decisions through Paris Alignment where possible.

Appendix A: Scenario Analysis Methodology

To assess the potential financial implications of climate-related risks and opportunities, the Trustee of the Collective Plan undertakes scenario analysis using industry-standard frameworks developed by the Network for Greening the Financial System (NGFS). This analysis is conducted through BlackRock's Aladdin Climate platform, which integrates both transition and physical climate risks into asset- and portfolio-level assessments. The purpose of this analysis is to provide a forward-looking view of how climate-related risks could affect asset valuations under different policy and temperature pathways, in alignment with the recommendations of the TCFD.

The Trustee has incorporated three NGFS-defined scenarios, each representing a distinct climate pathway with associated temperature outcomes and policy responses. The "Net Zero 2050" scenario models an early and orderly transition, consistent with limiting global warming to approximately 1.5°C by 2100. The "Delayed Transition" scenario reflects late and disruptive policy action, resulting in approximately 1.8°C of warming. The "Current Policies" scenario assumes no further climate-related policy interventions beyond those currently in place and is associated with a projected temperature rise of approximately 3.3°C. This final scenario also serves as the analytical baseline—or "counterfactual"—against which changes in asset values are measured.

Transition and physical risks are modelled separately, recognising that they arise from different drivers and exhibit distinct temporal and financial characteristics. Transition risk is associated with changes in policy, technology, and market sentiment as the global economy decarbonises. Physical risk, by contrast, relates to the direct physical impacts of climate change, such as extreme weather events and chronic environmental shifts. The Aladdin Climate platform does not attempt to combine these risks into a single figure, as the underlying methodologies differ significantly.

Results from the scenario analysis are expressed as climate-adjusted values: Transition Climate-Adjusted Value (TCAV) and Physical Climate-Adjusted Value (PCAV). These are derived using discounted cash flow (DCF) analysis for each scenario, comparing projected outcomes to those of the counterfactual scenario. This approach reflects the incremental valuation impact of each scenario over the modelled time horizon. Notably, the counterfactual assumes no additional warming for physical risk and no further policy changes for transition risk, resulting in more conservative (i.e., more adverse) valuations that are consistent with stress testing practices.

The modelling incorporates several simplifying assumptions. It does not account for compounding or systemic economic effects, nor does it incorporate potential tipping points or irreversible climate feedback loops, such as polar ice melt or forest dieback. These limitations may understate the full scale of potential climate-related financial

risks. Furthermore, the scenarios represent instantaneous shocks or benchmark transitions, rather than detailed, time-evolving narratives.

The Aladdin Climate platform is designed to support long-term investment decision-making by enabling stress testing under plausible climate futures. It does not provide predictive forecasts of asset performance. Given the evolving state of climate science, policy, and market response, the Trustee recognises that both input data and modelling techniques will continue to improve, potentially leading to material changes in future scenario outcomes.

In terms of risk categorisation, the scenarios can also be mapped along axes of transition and physical risk severity. The Net Zero 2050 scenario is considered an "Orderly" scenario with relatively low transition and physical risks. The Delayed Transition scenario introduces high transition risk due to late policy action. The Current Policies scenario leads to high physical risks in a "Hot House World" outcome, due to minimal mitigation efforts.

Overall, this methodology enables the Trustee to adopt a structured and transparent approach to understanding and managing climate-related financial risks, consistent with the expectations of the TCFD and the Trustee's broader climate risk governance framework.

Appendix B: Metrics & Targets Methodologies

This appendix outlines the methodologies and assumptions used by the Trustee of the Collective Plan to calculate and interpret the four climate-related metrics selected for both the CDC and DBLS Sections. These methodologies are based on data and calculations provided by the Plan's OCIO, BlackRock, and are aligned with the Department for Work and Pensions (DWP) guidance.

1. Absolute Emissions

The absolute emissions metric measures the total greenhouse gas (GHG) emissions associated with the Plan's investments, expressed in tonnes of carbon dioxide equivalent (tCO_2e). This includes Scope 1 and Scope 2 emissions, which are calculated using data sourced from MSCI. Scope 1 emissions refer to direct emissions from owned or controlled sources, while Scope 2 emissions are indirect emissions from the generation of purchased electricity.

BlackRock calculates total GHG emissions by normalising MSCI-reported Scope 1 and 2 emissions using Enterprise Value Including Cash (EVIC). These emissions are then aggregated at the portfolio level using market value data provided by BlackRock. This approach ensures that emissions are proportionally attributed to the Plan's holdings based on their financial weight within the portfolio.

Scope 3 emissions, which represent all other indirect emissions in a company's value chain, are reported separately. These are also based on MSCI estimates and normalised using EVIC. Scope 3 emissions are not combined with Scope 1 and 2 emissions in the total figure to avoid double counting, in line with current best practice.

2. Emissions Intensity

The emissions intensity metric, or carbon footprint, measures the carbon efficiency of the portfolio by expressing emissions per £1 million invested (tCO_2e/£m). This metric allows the Trustee to assess the emissions impact of the portfolio relative to its size and to compare the carbon efficiency of different investments or strategies.

BlackRock calculates the carbon footprint using MSCI-sourced Scope 1 and 2 emissions and EVIC, normalised by the market value and Net Asset Value (NAV) of the portfolio. This provides a consistent and comparable measure of emissions intensity across different asset classes and investment strategies.

In addition to the carbon footprint, BlackRock also calculates Weighted Average Carbon Intensity (WACI), which uses MSCI sales data and Scope 1 and 2 emissions. This metric provides further insight into the emissions efficiency of the portfolio by weighting emissions by company revenue.

For sovereign bond holdings, emissions intensity is assessed using two additional metrics: GHG emissions per USD million of nominal GDP and GHG emissions per capita. These figures are based on MSCI data and reflect the carbon intensity of national economies.

3. Additional Climate Change Metric

The additional climate change metric selected by the Trustee is the percentage of the Plan's private markets portfolio invested in "Transition Investing" assets. These are defined as assets that contribute to climate mitigation or adaptation, in line with the Trustee's Responsible Investment objectives.

As at 31 March 2025, the private markets portfolio had not yet been implemented. Therefore, this metric is not currently reportable. However, the Trustee has set a target for at least 25% of the private markets portfolio to be allocated to Transition Investing assets once the portfolio is established. This target reflects the Trustee's belief in the importance of supporting the transition to a low-carbon economy and will be reported against in future TCFD disclosures.

4. Portfolio Alignment

The portfolio alignment metric adopted by the Trustee is the Implied Temperature Rise (ITR). This forward-looking metric estimates the global temperature increase implied by the emissions trajectory of the portfolio, based on comparison with a Paris-aligned carbon budget.

BlackRock calculates the ITR using MSCI's proprietary model, which incorporates projected Scope 1, 2, and 3 emissions and company-level decarbonisation targets. The ITR is aggregated at the portfolio level to reflect the temperature alignment of the Plan's investments, assuming the global economy followed a similar emissions pathway.

This metric is only applied to corporate equity and bond holdings, as these are the asset classes for which sufficient emissions and target data are available. Derivatives and other complex investment products are excluded from the calculation. Illiquid assets without company-level data are assigned a nil score.

Data Quality and Assumptions

The Trustee monitors the quality of emissions data using MSCI's data quality scoring system. This system categorises data as "Reported" (disclosed by the company), "Estimated" (modelled by MSCI), or "Not Reported" (no data available). Where line-by-line data is not available, asset class proxies are used, and the data quality score defaults to the lowest rating.

All metrics are calculated using the most recent data available as at 31 March 2025. The methodologies described above are subject to ongoing review and refinement. The Trustee recognises that climate data and modelling techniques are evolving

rapidly and is committed to adopting best practices as they emerge. The Trustee also works closely with its investment consultant and OCIO to ensure that the methodologies used remain robust, relevant, and aligned with regulatory expectations.

Appendix C: Glossary of Terms

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.

Estimated Total Mandate Carbon Emissions (tonnes): 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.

Implied Temperature Rise (ITR): A forward-looking metric estimating the global temperature increase implied by a portfolio's emissions trajectory, based on comparison with a Paris-aligned carbon budget.

Physical Risk: The risk of financial loss due to the physical impacts of climate change, such as extreme weather events and long-term environmental shifts.

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. For example, the burning of fossil fuels to power the electricity grid. Scope 2 emissions refer to those from the electricity used to power the facilities and machinery of a company.

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.

Tonnes of Carbon Dioxide Equivalents (tCO2e): Tonnes 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.

Transition Investing: Investments in assets that contribute to climate mitigation or adaptation, supporting the transition to a low-carbon economy.

Transition Risk: The risk of financial loss resulting from changes in policy, technology, or market sentiment as the global economy shifts toward lower carbon emissions.

Appendix D: Disclaimer

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