Royal Mail

COLLECTIVE PENSION PLAN

Taskforce on Climate-Related Financial Disclosures (TCFD)

Year ending 31 March 2026



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What's the purpose of this Report?

Royal Mail COLLECTIVE PENSION PLAN

This report explains how the Royal Mail Collective Pension Plan (the Collective 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:** 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.

It's not just about risk…

Climate change also presents opportunities for investors, including the potential financial or strategic benefits for companies that adapt well or contribute to tackling climate change.

It's 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 Collective Plan's investments.

What's unique about the Collective Plan?

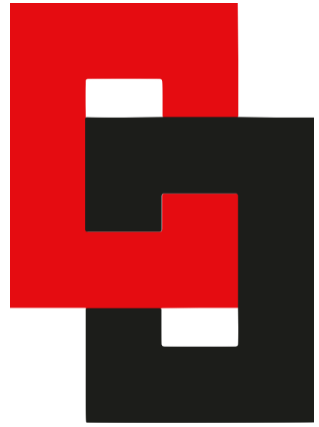
The Collective Plan has two parts:

- **Collective Money Purchase (CMP) Section:** Pays an income for life and has a long-term focus.
- **Defined Benefit Lump Sum (DBLS) Section:** Pays a lump sum at retirement, so has a relatively shorter-term focus.

Due to the differences, the Trustee tailors its climate strategy for each section.

As of 31 March 2026, the Collective Plan had increased to approximately **£1bn** in assets and continues to grow each year. Each month about **£50m** is added from employee and employer contributions.

As the assets continues to grow, the Trustee will have more options to manage climate risks effectively and take advantage of opportunities.



Chair's Introduction

Climate change continues to be a key focus for the Trustee. The Trustee has maintained the governance structure and responsibilities for the Committees and advisers, to ensure effective governance of climate risks and opportunities. The Trustee continues to receive training from its advisers to understand how climate risk and opportunities may affect the Collective Plan and implement required activities to identify and protect against such risks.

The Trustee has integrated climate-related risk management and opportunities into how it manages the Collective Plan, particularly the investment strategy.

The Trustee recognises the climate transition is not occurring at the expected pace and is actively challenging itself and focusing time on reassessing the approach.

Throughout the year, the Trustee received training from its investment consultant and Outsourced Chief Investment Officer (OCIO), and used this to inform the trustee agenda for the coming year

This report is prepared by the Trustee of the Collective Plan and published in accordance with its obligations under the Climate Change Governance and Reporting Regulations 2021.

Tegs Harding
Funding & Investment Committee (FIC) Chair

The Trustee views climate change to be a financially material factor for the Collective Plan, over the short-, medium and long-term. For identification and assessment of climate-related risks and opportunities, the Trustee has defined the following time horizons:

Time Horizon	Definition	Rationale
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 Collective Plan. This period is similar to the weighted average time-period to retirement for members, which is when DBLS Section benefits are received. Therefore, this is an important period in the delivery of these benefits.
Long-Term	50 years	As the Collective Plan 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 CMP benefits.

Trustee approach to climate risks & opportunities

When considering climate risks & opportunities, the Trustee considers:

Measuring climate impact

The Trustee tracks four key climate measures:

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

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

Trustee approach to climate risks & opportunities

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Planning for the future

To help the Trustee understand how your pension could be affected under different futures and take appropriate action, they consider different climate scenarios:

- What might happen if the world acts quickly to cut emissions
- What might happen if the world delays action
- What might happen if the world does nothing

The Global transition is not on track to achieve the limiting of global warming to well below 2ºC (compared to pre-industrial levels), with greenhouse gas emissions halved by 2030 and at zero by 2050. 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 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 Collective Plan is well-prepared for a range of possible outcomes.

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 this report
- ✓ Reviewing how its approach to climate risk management affects how the Collective Plan's assets are invested
- ✓ Reviewing its approach to engaging with companies on how they factor climate into their business plans

If you have questions, or want to learn more, please get in touch via email at **collectiveplanhelpline@royalmail.com** or by clicking the **icon**.



Governance

The Trustee is 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 Trust Deed & Rules. This includes how climate-related risks and opportunities are considered.

To support effective governance, the Trustee has established various sub-committees, as shown below.



The FIC is responsible for implementing, overseeing, and monitoring the investment and funding strategies. The FIC also oversees the performance of the investment consultant, OCIO, Custodian, and the Scheme Actuary.

The Trustee and 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 investment strategy, funding strategy, and broader risk assessment framework.

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, both available on the Collective Plan Website.

Outsourced Chief Investment Officer (OCIO)

- ✓ Integrate climate-related risk management & opportunities into investment processes, in line with the objectives outlined in its Investment Management Agreement (IMA).
- ✓ Report on voting activity on at least an annual basis.
- ✓ Engage on Environmental, Social and Governance (ESG) matters when they are considered material and relevant to the investment.

Investment Consultant

- ✓ 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

- ✓ Advises on the possible effects on the funding strategy and liabilities (particularly due to mortality trend changes) due to climate change risks and opportunities.

Governance (continued)

The Trustee allocates time within the regular meeting cycle to consider and discuss climate-related risks and receive 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 investment strategy and ensuring continued alignment with its climate-related objectives.

The Trustee and FIC continue to receive training related to the identification, assessment, and management of climate-related risks and opportunities. Training was delivered by the investment consultant and OCIO and some examples of these are as follows:

- **May 2025:** Training on the differences between Strategic Asset Allocation (SAA), Dynamic Asset Allocation (DAA), and Tactical Asset Allocation (TAA).
- **September 2025:** Revisiting the differences between different voting and stewardship policies, including the potential implications for engaging and voting on climate-related business strategy matters
- **March 2026:** Revisiting how the Paris Agreement is factored into the Collective Plan's equity investment approach and what developments have occurred since this approach was set
- **March 2026:** Understanding the 'impact' of exercising equity voting rights by considering how often the majority votes against management's recommendation
- **March 2026:** Preparing for this year's TCFD report



Strategy

The Trustee has a primary responsibility to act in the best financial interests of 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, 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 Collective 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 Collective Plan (i.e. pre- and post-retirement for the CMP 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	Rationale
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 Collective Plan. This period is similar to the weighted average time-period to retirement for members, which is when DBLS Section benefits are received. Therefore, this is an important period in the delivery of these benefits.
Long-Term	50 years	As the Collective Plan 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 CMP benefits.

Strategy (continued)

The Trustee considered the OCIO's responsible investment practices and regard for ESG factors during the appointment process. The Trustee agreed an IMA with the OCIO, which sets out:

- Expectations in integrating the identification
- Assessment and management of climate-related risks
- Opportunities in the respective investment strategy for each Section.

The Trustee, supported by its investment consultant, reviews the OCIO in this context and more widely on an ongoing basis.

The Trustee is committed to being an active steward of the investments, entailing:

- Selectively investing in assets thematically aligned with Responsible Investment objectives
- Engaging with underlying investee companies where they have scope to improve with respect to these objectives
- Exercising voting rights
- 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.

The Trustee actively recognises global developments since the Responsible Investment policy and actively review and assess developments at each Funding and Investment Committee (FIC). The Trustee noted that the global transition is not on track to achieve the limiting of global warming to sub-2ºC when compared to pre-industrial levels with greenhouse gas emissions halved by 2030 and at zero by 2050.

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

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In line with regulatory requirements, the Trustee must a 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 Collective Plan's assets and liabilities, considering investment, funding and covenant aspects. The Trustee agreed the current scenario analysis did not need to be refreshed, and that metrics and analysis is based on data as at 31 March 2026.

The Trustee remains compliant with these requirements and with the aim of obtaining useful decision-making information, whilst recognising that the approach to modelling the impact of climate risks is fast evolving and will require review.

The Trustee recognises the following limitations of current climate scenario methodologies:

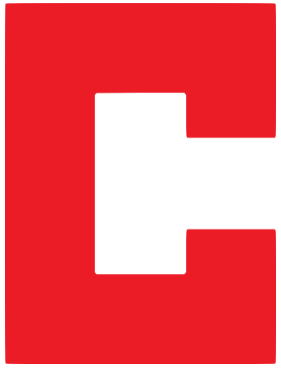
- Any climate pathway reflects just one possible way to achieve a certain temperature goal, whilst many different pathways are possible for the same temperature outcome.
- Different models lead to different results, due to different model structures and assumptions.
- Uncertainty around assumptions adopted (e.g., ambitious scenarios depend on future (negative emissions) technologies such as carbon capture and storage).
- Recognition of the gaps in assumptions (e.g., certain necessary changes to achieve zero emissions, such as changes in lifestyle or economic systems, are currently not included).
- Asset allocation is assumed to remain constant throughout the modelling period, which is unlikely to happen in practice.
- Scenarios are intended to provide an indication of the risks to which the Collective Plan might be exposed. They are not centralised cases and are intended to be reflective of one of the many possibilities that may transpire.
- 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 the 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.



Climate Scenario Analysis: Investments

The asset-side scenario analysis was carried out on 31 March 2025, using the assumptions set out in the 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 (%)		CMP Portfolio	DBLS Portfolio	MSCI ACWI Climate Paris Aligned Index	MSCI All Country World Index (ACWI)
Physical Risk	Net Zero 2050	-3.4%	-2.3%	-3.4%	-3.5%
	Delayed Transition	-3.6%	-2.4%	-3.6%	-3.7%
	Current Policies	-3.8%	-2.6%	-3.9%	-4.0%
Transition Risk	Net Zero 2050	-4.0%	-4.4%	-1.4%	-7.1%
	Delayed Transition	-3.0%	-2.7%	-1.7%	-4.4%
	Current Policies	0.0%	0.0%	0.0%	0.0%
Combined[1]	Net Zero 2050	-7.5%	-6.8%	-4.8%	-10.6%
	Delayed Transition	-6.6%	-5.2%	-5.4%	-8.1%
	Current Policies	-3.9%	-2.7%	-3.9%	-4.0%

[1] Due to different methods, physical and transition risk adjusted values cannot be added to provide a total climate risk adjusted value.

The table above shows the analysis results under the different climate scenarios, followed by the Trustee's evaluation on the next page.

To support its evaluation, the Trustee asked its OCIO to carry out the analysis not only for both Section's 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.

Scenario Analysis: Trustee Assessment

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The potential impact of the Collective Plan's scenario analysis on an example member's benefit, based on the Combined asset impact, is illustrated in the table. The results illustrated offer the Trustee an insight into the resilience of the 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.

CMP Section

Modelling suggests a minimal difference in physical risk under each scenarios, with differences in overall risk being predominantly driven by differences in transition risk. The Net Zero 2050 scenario is modelled as the highest risk and the Current Policies scenario is as the lowest risk.

The modest 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.

The portfolio is modelled as lower risk than the non-Paris Aligned index, as the portfolio is benchmarked against the Paris Aligned index and 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.

DBLS Section

The Section displays a similar pattern to the CMP 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.

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

[1] Benefit adjustment impacts have been rounded to the nearest 0.1% and £ amounts to the nearest £10

[2] The impact on benefit adjustments have been calculated assuming that the % asset impact occurs immediately at 31 March 2026. 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 2026 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).

Scenario Analysis: Summary & Funding

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Summary

The Trustee view is that climate risk is being managed within the investment strategies, though recognising the global climate transition is an evolving area and requires regular consideration. The climate scenario analysis reported supports this view, with the portfolios' climate risk being modelled as lower than broad equity markets. However, 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 actuarial adviser to understand qualitatively how different climate scenarios could affect the membership, thereby affecting the benefits to be paid. The main funding implication is the potential impact of climate change on members' life expectancy, which impacts the two Sections differently:

CMP 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 CMP Section, an assumption will be made for the current life expectancy of Collective Plan members, and how this may change in the future. However, under the design of the CMP 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.

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 CMP Section, this does not negatively affect the ability 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 paying CMP 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 valuations.

DBLS Section

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 Collective Plan's retirement age of 67.

However, a factor for the DBLS Section which is less of a factor for the CMP 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.

Covenant

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

The DBLS Section does 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 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.

Risk Management

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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. Climate-related risks are integrated into the overall risk management framework and are considered alongside other financial risks.

Climate risk is embedded in the risk register, which ranks the likelihood of a risk occurring, alongside the potential impact and is referenced at every Trustee meeting and reviewed at least annually. It is used to ensure that emerging risks are identified, assessed, and monitored. 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.

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 Collective Plan.

	Strategy	Fund	ESG Adjusted Score	Environmental Score	Social Pillar Score	Governance Score
CMP Section	Public Markets	Global PAB Equities	7.2	6.7	5.0	6.0
		Global Small-Cap Equities	6.1	5.1	4.8	6.2
		World Enhanced Active Equity	6.9	6.5	5.1	5.9
		EM Sustainable Equity	6.9	6.0	5.4	5.6
		EM Enhanced Active Equity	6.6	6.0	5.5	5.4
		Global Listed Infrastructure	7.7	7.1	6.0	6.7
DBLS Section	Public Markets	Sustainable Factor Equities	7.1	6.3	5.2	6.0
		Matching Strategy	6.6	6.3	7.5	6.8
		EM Enhanced Active Equity	6.6	6.0	5.5	5.4
		Diversified Strategy	7.4	6.9	5.4	6.2

Scores provided by the OCIO as at 31 March 2026

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 the next page)

The OCIO provides ESG ratings for each investment, which indicates how well an issuer manages material ESG risks relative to sector peers, allowing 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. Monitoring these scores provides the Trustee with a lens to consider ESG risk management trends across the portfolio.

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 members, leading to sustainable benefits for the economy, the environment and society. The Trustee believes that to deliver good stewardship, they must use cost-effective tools, within a well-managed framework. To do this, the Trustee will use influence as an owner or part-owner of assets to ensure that 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 an effective way of implementing positive change and an important part of protecting value for members. As companies with strong governance are more likely to be sustainable over the long-term, engagement is an important tool for managing climate-related risks and opportunities.

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

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 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.



Metrics & Targets

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The Trustee has selected the same metrics to monitor for both the CMP and DBLS Sections (as shown in the table). During March 2026, the Trustee discussed and agreed that the selected metrics and targets remain appropriate.

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 Collective Plan.

Metric	Selected metric	Explanation
1: Absolute Emissions	Total Absolute GHG Emissions (tCO2e)	Recommended by the DWP.
2: Emissions Intensity	Carbon Footprint (tCO2e/EVIC £m)	Recommended by the DWP.
3: Additional Climate Change	% of the private markets assets invested in "Transition Investing" assets	Linked to a Trustee objective set for the OCIO following agreement to introduce a private markets portfolio during 2026/27.
4: Portfolio Alignment	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.

Target

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

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

The Trustee recognises that the target was set in the context of expectations for a reasonably orderly transition to a low-carbon economy. However, progress towards the net zero transition has been slower than anticipated, particularly in light of the prevailing policy environment. In this context, the Trustee has considered the ongoing appropriateness of the target and agreed that it remains appropriate to retain it for this report, while keeping it under review.

The target aligns with the Trustee's Responsible Investment beliefs, which recognise the importance of investing for the benefit of both people and planet. The Trustee's primary responsibility is to act in the best financial interest of members and will ensure this target is kept under review in that context to ensure supportive of member outcomes

The Trustee has agreed to implement the private markets portfolio in 2026/27, and reporting will be available in the next report.

Metric Analysis: CMP Section

Royal Mail COLLECTIVE PENSION PLAN

The Trustee has selected four metrics to assess the investment portfolio for the CMP Section and has assessed the investment portfolio against these metrics in the commentary below. The following pages detail each investment individually separately for both Scope 1 & 2 emissions and Scope 3 emissions.

The weighted average data coverage across the investment portfolio has been estimated* to be 95.6% for scope 1 and 2 emissions combined. The weighted average data coverage across the portfolio has been estimated to be 95.6% for scope 3 emissions.

The Trustee acknowledges that as coverage improves over coming years (in line with the wider industry), it is likely that the Schemes' absolute measure of emissions (total GHG emissions) may rise before it falls. This may be as the result of steps taken to improve the ESG characteristics of the investment portfolio.

Metric	Scope 1 & 2	Scope 3
Total GHG emissions (MtCO2e)	23,178	235,833
Carbon footprint (tCO2e/£M)	32	202

Source: BlackRock and MSCI 31 March 2026
**We have determined the overall data coverage of the total portfolio as the weighted average of the data coverage across asset classes. For asset classes where the data is not yet available and / or best practice is still being developed, we have assumed that data coverage is nil.*
For scope 3 emissions, the emissions data is based on estimated data only.

Metric 1 (Absolute Emissions) & Metric 2 (Emissions Intensity)
There are three scopes of carbon emissions:

- ❑ **Scope 1:** Direct emissions from an entity's owned or operationally controlled sources
- ❑ **Scope 2:** Those from the use of electricity purchased by an entity
- ❑ **Scope 3:** Indirect emissions from the use of company's products, or any other emissions across its supply chain

The Global Small-Cap Equities was the largest contributor to the absolute emissions, with the Global Listed Infrastructure allocation reporting the highest carbon footprint.

In assessing the data quality of the emissions data for the Public Markets Strategy Scope 1 & 2 emissions, 90% of the data was reported, 6.4% was estimated and 3.6% was not reported. The Trustee will continue to monitor this. For Scope 3 emissions, 96.4% of the data was estimated and 3.6% was not reported.

Metric 3 (Additional Climate Change)
The Private market allocation was reassessed and agreed by the Trustee and implementation will begin in the reporting year 2026/2027.

Metric 4 (Portfolio Alignment)
This metric supports Trustee assessment of how closely investments align with the goals of the Paris Agreement, to limit global temperature increases to well below 2°C, and ideally to 1.5°C. The selected 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.

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.

CMP Section Emissions: Scope 1 & 2

Royal Mail COLLECTIVE PENSION PLAN

Asset	NAV (£)	Allocation	Total GHG Emissions (MtCO2e)	Carbon Footprint (tCO2e/£M)	Data quality reported	Data quality estimated	Data quality not reported	Comments	Implied Temperature Rise
Public Markets Strategy	**705,688,800**	**98.6%**	**23,093**	**32**	**90.0%**	**6.4%**	**3.6%**		
Global PAB Equities	524,094,262	73.2%	1,629	3	93.9%	3.5%	2.6%		1.78°C
Global Small-Cap Equities	61,651,434	8.6%	7,236	119	72.0%	26.6%	1.4%		2.99°C
EM Sustainable Equity	16,598,694	2.3%	620	40	83.5%	13.6%	2.9%		3.20°C
EM Enhanced Active Equity	45,560,368	6.4%	5,888	132	84.2%	13.9%	1.8%		3.03°C
Global Listed Infrastructure	20,978,749	2.9%	6,167	299	95.9%	2.5%	1.7%		2.28°C
World Equity Enhanced Active	34,382,471	4.8%	1,376	40	93.8%	6.2%	0.1%		2.66°C
TAA, Cash and unrealised FX	2,422,822	0.3%	176	2	49.6%	0.4%	49.9%		N/A
Total Return-Seeking Strategy	**705,688,800**	**98.6%**	**23,093**	**32**	**90.0%**	**6.4%**	**3.6%**		
Client-Driven Cash Strategy	270,008	0.0%	2.20	19	45.4%	0.1%	54.5%		3.87°C
Total Main Portfolio	**705,958,808**	**98.7%**	**23,095**	**32**	**90.0%**	**6.4%**	**3.7%**		
CMP Operational Expense Reserve	4,961,726	0.7%	43	19	45.4%	0.1%	54.5%		3.87°C
CMP Continuity Expense Reserve	4,654,851	0.7%	40	19	45.4%	0.1%	54.5%		3.87°C
CMP Employer Reserve	-	0.0%	N/A	N/A	N/A	N/A	N/A	Data & proxies not available	N/A
Total Portfolio	**£715,575,385**	**100.0%**	**235,833**	**202**	**0.0%**	**95.6%**	**4.4%**		
Benchmarks									
MSCI ACWI Climate Paris Aligned Index			308,240,865	8	94.6%	5.3%	0.0%		1.98°C
MSCI All Country World Index			3,767,428,287	57	92.8%	6.9%	0.2%		2.85°C

Source: BlackRock and MSCI, data as of 31 March 2026

CMP Section Emissions: Scope 3

Royal Mail COLLECTIVE PENSION PLAN

Asset	NAV (£)	Allocation	Total GHG Emissions (MtCO2e)	Carbon Footprint (tCO2e/£M)	Data quality reported	Data quality estimated	Data quality not reported	Comments
Public Markets Strategy	**705,688,800**	**98.6%**	**160,920**	**204**	**0.0%**	**96.4%**	**3.6%**	
Global PAB Equities	524,094,262	73.2%	33,835	80	0.0%	97.4%	2.6%	
Global Small-Cap Equities	61,651,434	8.6%	46,391	822	0.0%	98.8%	1.4%	
EM Sustainable Equity	16,598,694	2.3%	12,654	250	0.0%	97.1%	2.9%	
EM Enhanced Active Equity	45,560,368	6.4%	24,411	602	0.0%	98.0%	1.8%	
Global Listed Infrastructure	20,978,749	2.9%	5,703	312	0.0%	98.3%	1.7%	
World Equity Enhanced Active	34,382,471	4.8%	14,270	486	0.0%	99.9%	0.1%	
TAA, Cash and unrealised FX	2,422,822	0.3%	23,656	0	0.0%	50.1%	49.9%	
Total Return-Seeking Strategy	**705,688,800**	**98.6%**	**160,920**	**204**	**0.0%**	**96.4%**	**3.6%**	
Client-Driven Cash Strategy	270,008	0.0%	26,059.08	113	0.0%	45.5%	54.5%	
Total Main Portfolio	**705,958,808**	**98.7%**	**186,979**	**204**	**0.0%**	**96.4%**	**3.7%**	
CMP Operational Expense Reserve	4,961,726	0.7%	24,426.74	113	0.0%	45.5%	54.5%	
CMP Continuity Expense Reserve	4,654,851	0.7%	24,426.74	113	0.0%	45.5%	54.5%	
CMP Employer Reserve	-	0.0%	N/A	N/A	N/A	N/A	N/A	Data & proxies not available
Total Portfolio	**£715,575,385**	**100.0%**	**235,833**	**202**	**0.0%**	**95.6%**	**4.4%**	
Benchmarks								
MSCI ACWI Climate Paris Aligned Index			2,753,073,707	79	0.0%	100.0%	0.0%	
MSCI All Country World Index			26,759,149,599	460	0.0%	99.8%	0.2%	

Source: BlackRock and MSCI, data as of 31 March 2026

Metric Analysis: DBLS Section

Royal Mail COLLECTIVE PENSION PLAN

The Trustee has selected four metrics to assess the investment portfolio for the DBLS Section and has assessed the investment portfolio against these metrics in the commentary below. The following pages detail each investment individually separately for both Scope 1 & 2 emissions and Scope 3 emissions.

The weighted average data coverage across the investment portfolio has been estimated* to be 82% for scope 1 and 2 emissions combined. The weighted average data coverage across the portfolio has been estimated to be 82% for scope 3 emissions.

The Trustee acknowledges that as coverage improves over coming years (in line with the wider industry), it is likely that the Schemes' absolute measure of emissions (total GHG emissions) may rise before it falls. This may be as the result of steps taken to improve the ESG characteristics of the investment portfolio.

Metric	Scope 1 & 2	Scope 3
Total GHG emissions (MtCO2e)	3,965	104,154
Carbon footprint (tCO2e/£M)	30	290

Source: BlackRock and MSCI 31 March 2026
**We have determined the overall data coverage of the total portfolio as the weighted average of the data coverage across asset classes. For asset classes where the data is not yet available and / or best practice is still being developed, we have assumed that data coverage is nil.*
For scope 3 emissions, the emissions data is based on estimated data only.

Metric 1 (Absolute Emissions) & Metric 2 (Emissions Intensity)
The Diversified Strategy remained the largest contributor to the Section's absolute emissions. However, this was driven by it being the largest allocation (c.60%) rather than its carbon footprint. The EM Enhanced Active Equity allocation had the highest carbon footprint.

The Trustee also assessed the data quality of the emissions data. For the Public Markets Strategy Scope 1 & 2 emissions, 78% of the data was reported, 4.4% was estimated and 17.6% was not reported. The Trustee will continue to monitor this. For Scope 3 emissions, 82.3% of the data was estimated and 17.7% was not reported.

Metric 3 (Additional Climate Change)
The Private market allocation was reassessed and agreed by the Trustee and implementation will begin in the reporting year 2026/2027.

Metric 4 (Portfolio Alignment)
Where applicable, 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).

The EM Enhanced Active Equity fund has the highest Implied Temperature Rise (ITR) at 3.0°C. This highlights a potential area for improvement, given the Trustee's aim to inform investment decisions through Paris Alignment where possible.

DBLS Section Emissions: Scope 1 & 2

Royal Mail COLLECTIVE PENSION PLAN

Asset	NAV (£)	Allocation	Total GHG Emissions (MtCO2e)	Carbon Footprint (tCO2e/£M)	Data quality reported	Data quality estimated	Data quality not reported	Comments	Implied Temperature Rise
Public Markets Strategy	**172,808,471**	**78.0%**	**3,728**	**30**	**78.0%**	**4.4%**	**17.6%**		
Sustainable Factor Equities	37,501,361	16.9%	897	24	96.3%	4.7%	-1.0%		2.5°C
EM Enhanced Active Equity	4,116,561	1.9%	532	132	84.2%	13.9%	1.8%		3.0°C
Cash and Unrealised FX	54,050	0.0%	1	34	47.0%	0.4%	52.6%		N/A
Diversified Strategy	131,136,499	59.2%	2,298	28	72.1%	3.9%	23.9%		N/A
Matching Strategy	**35,575,696**	**16.1%**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**Data & proxies not available**	
Total Main Portfolio	**208,384,166**	**94.1%**	**3,728**	**30**	**78.0%**	**4.4%**	**17.6%**		**N/A**
DBLS Risk Reserve	**13,134,176**	**5.9%**	**237**	**28**	**73.04%**	**3.9%**	**23.0%**		**N/A**
- GILT Index +15YR	977,605	0.4%	N/A	N/A	N/A	N/A	N/A	Data & proxies not available	N/A
- GILT Index 5-15YR	1,283,798	0.6%	N/A	N/A	N/A	N/A	N/A	Data & proxies not available	N/A
- Strategic Growth	8,197,025	3.7%	173	29	65.5%	3.7%	30.8%		N/A
- Sustainable Factor Equities	2,656,083	1.2%	64	24	96.3%	47.7%	-1.0%		N/A
- Cash Fund	9,664	0.0%	0	19	45.4%	0.1%	54.5%		N/A
- Cash	10,000	0.0%	N/A	N/A	N/A	N/A	N/A	Data & proxies not available	N/A
DBLS Employer Reserve	**-**	**0.0%**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**Data & proxies not available**	**N/A**
Total Portfolio	**£221,518,342**	**100.0%**	**3,965**	**30**	**77.7%**	**4.3%**	**18.0%**		

Source: BlackRock and MSCI, data as of 31 March 2026

DBLS Section Emissions: Scope 3

Royal Mail COLLECTIVE PENSION PLAN

Asset	NAV (£)	Allocation	Total GHG Emissions (MtCO2e)	Carbon Footprint (tCO2e/£M)	Data quality reported	Data quality estimated	Data quality not reported	Comments
Public Markets Strategy	**172,808.471**	**78.0%**	**91,380**	**289**	**0.0%**	**82.3%**	**17.7%**	
Sustainable Factor Equities	37,501,361	16.9%	12,579	344	0.0%	101.0%	-1.0%	
EM Enhanced Active Equity	4,116,561	1.9%	2,206	575	0.0%	98.0%	2.0%	
Cash and Unrealised FX	54,050	0.0%	352	172	0.0%	47.4%	52.6%	
Diversified Strategy	131,136,499	59.2%	76,244	262	0.0%	76.0%	24.0%	
Matching Strategy	**35,575,696**	**16.1%**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**Data & proxies not available**
Total Main Portfolio	**208,384,166**	**95.1%**	**91,380**	**289**	**0.0%**	**82.3%**	**17.7%**	
DBLS Risk Reserve	**13,134,176**	**5.9%**	**12,773**	**302**	**0.0%**	**77.0%**	**23.0%**	
- GILT Index +15YR	977,605	0.4%	N/A	N/A	N/A	N/A	N/A	Data & proxies not available
- GILT Index 5-15YR	1,283,798	0.6%	N/A	N/A	N/A	N/A	N/A	Data & proxies not available
- Strategic Growth	8,197,025	3.7%	11,883	288	0.0%	69.2%	30.8%	
- Sustainable Factor Equities	2,656,083	1.2%	891	344	0.0%	101.0%	-1.0%	
- Cash Fund	9,664	0.0%	0	108	0.0%	45.5%	54.5%	
- Cash	10,000	0.0%	N/A	N/A	N/A	N/A	N/A	Data & proxies not available
DBLS Employer Reserve	**0**	**0.0%**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**Data & proxies not available**
Total Portfolio	**£221,518,342**	**100.0%**	**104,154**	**290**	**0.0%**	**82.0%**	**18.0%**	

Source: BlackRock and MSCI, data as of 31 March 2026

Appendix A: Scenario Analysis Methodology

Royal Mail COLLECTIVE PENSION PLAN

To assess the potential financial implications of climate-related risks and opportunities, the Trustee undertakes scenario analysis using industry-standard frameworks developed by the Network for Greening the Financial System (NGFS). This analysis integrates transition and physical climate risks into asset- and portfolio-level assessments. The purpose 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.

The Trustee has incorporated three NGFS-defined scenarios, each representing a distinct climate pathway with associated temperature outcomes and policy responses:

- **Net Zero 2050** scenario models an early and orderly transition, consistent with limiting global warming to approximately 1.5°C by 2100.
- **Delayed Transition** scenario reflects late and disruptive policy action, resulting in approximately 1.8°C of warming.
- **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 also serves as the analytical baseline 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 platform used 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)**
- **Physical Climate-Adjusted Value (PCAV)**

The TCAV and PCAV are derived using discounted cashflow (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 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:

- **Net Zero 2050** scenario is considered an “Orderly” scenario with relatively low transition and physical risks.
- **Delayed Transition** scenario introduces high transition risk due to late policy action.
- **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 and the Trustee’s broader climate risk governance framework.

Appendix B: Metrics & Targets Methodologies

Royal Mail COLLECTIVE PENSION PLAN

This appendix outlines the methodologies and assumptions used by the Trustee to calculate and interpret the four climate-related metrics selected for each Section. These methodologies are based on data and calculations provided by the OCIO and are aligned with DWP guidance.

Absolute Emissions Metric: Total Greenhouse Gas (GHG) Emissions

Total GHG emissions are calculated using MSCI sourced Enterprise Value Including Cash (EVIC) and Scope 1 and 2 emissions. This is an absolute emissions figure that is normalized using Market Value from BlackRock on the portfolio level. Equation outlined below:

$$\sum_{n}^{i}\left(\frac{Market\ Value_i}{EV\ Including\ Cash\ (\$m)_i} \times (\ Carbon\ Emissions\ Scope\ 1+2)_i\right)$$

Emissions Intensity Metric: Carbon Footprint

Carbon footprint is an emissions intensity measure utilizing MSCI sourced EVIC and Scope 1 and 2 emissions. BlackRock market value and Net Asset Value figures are integrated to normalize to the portfolio level. Equation outlined below:

$$\frac{\sum_{n}^{i}(Carbon\ Emissions\ Scope\ 1+2\ Intensity\ (EVIC_i) \times (Market\ Value_i))}{NAV}$$

Emissions Intensity Metric: Weighted Average Carbon Intensity (WACI)

WACI is an emissions intensity metric utilizing MSCI sources sales and Scope 1 and 2 emissions values. BlackRock market value and Net Asset Value figures are integrated to normalize to the portfolio level. Equation outlined below:

$$\frac{\sum_{n}^{i}(Carbon\ Emissions\ Scope\ 1+2\ Intensity\ (Sales_i) \times (Market\ Value_i))}{NAV}$$

Data Quality

MSCI Coverage as measured by Scope 1 and 2 emissions broken down by “Reported”, “Estimated” or “Not Reported” (represented as null values for Scope 1 and 2 emissions). Estimated values represent MSCI indication that the scope 1 and 2 emission data is estimated rather than officially reported.

Portfolio Alignment Metric: Binary Target Metric

The percentage market value of a portfolio where issuers have an approved SBTi target and investment is through a corporate bond or equity investment. Derivatives and other complex investment products are not captured

Emission Intensity Metric: Sovereign GHG Intensity (t/USD million GDP nominal)

This figure represents GHG intensity of an economy (in tons per USD million GDP nominal). The higher the value the more carbon intensive the economy is. Six greenhouse gases, considered under Kyoto Protocol, are considered for this data point. These gases are carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulphur hexafluoride. GDP is in nominal terms. Utilizes MSCI data.

Emissions Intensity Metric: GHG Emission per Capita (Sovereigns)

Tons CO2e per capita. Six greenhouse gases, considered under Kyoto Protocol, are considered for this data point. These gases are carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulphur hexafluoride. Utilizes MSCI data.

Total GHG Emissions Scope 3 Only

This figure represents the company’s most recently estimated Scope 3 total emissions normalized by the most recently available enterprise value including cash (EVIC) in million USD. This ratio facilitates portfolio analysis by allocating emissions across equity and debt. (t/million USD)

Carbon Footprint Scope 3 Only

This figure represents the company’s most recently estimated Scope 3 total emissions normalized by the most recently available enterprise value including cash (EVIC) in million USD. This ratio facilitates portfolio analysis by allocating emissions across equity and debt. (t/million USD)

MSCI Implied Temperature Rise (Celsius)

This is the primary ITR metric used across BlackRock reporting and consulting functions. It is:

- Forward-looking: Based on projected emissions (Scope 1, 2, and 3) and company targets.
- Portfolio-aligned: Aggregated to reflect the temperature alignment of a portfolio if the global economy behaved similarly

Appendix C: Glossary of Terms

Royal Mail COLLECTIVE PENSION PLAN

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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