

CLIMATE CHANGE GOVERNANCE AND REPORTING IN LINE WITH THE RECOMMENDATIONS OF THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Reporting period: 12 months to 5 April 2026

May 2026

Contents

1. Chair’s Introduction	3
2. Governance	6
3. Strategy	10
4. Risk Management	22
5. Metrics	25
6. Targets	41
7. Summary and Next Steps	43
8. Appendix 1: Trustee’s advisers over the Scheme year	45
9. Appendix 2: Assumptions, Limitations and Further Detail	46
10. Appendix 3: 2024 and 2021 DB Data	51
11. Appendix 4: 2024 and 2021 DC Data	55
12. Appendix 5: Private Debt Manager Information	60
13. Appendix 6: Climate Change Glossary	65
14. Appendix 7: Important Notices from Data Providers	67

Chair's Introduction

Welcome to our fourth Climate Change Governance report, which has been prepared in line with the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD") and the statutory requirements prescribed by the Department of Work and Pensions¹.

The Trustee of the ABF Pension Scheme (the "Scheme") recognises climate change as a risk that could impact the financial security of Defined Benefit ("DB") members' benefits and the value of Defined Contribution ("DC") members' funds. Climate risk will be measured and therefore managed. It also presents a potential opportunity, by investing in companies or assets that are expected to perform well in an economy that is positioned to address climate change.

The Trustee's assessment of climate-related risks and opportunities has been carried out based on information that is available at the time of preparing this report. This data is subject to change as climate change reporting improves.

The ultimate responsibility of the Trustee is the investment of the Scheme's assets to pay the DB members their pension and other benefits as they fall due and make available a range of funds for members of the DC Section to choose from. Climate change is one risk amongst many that the Trustee measures, monitors and manages. To this extent, climate change needs to be considered alongside these other risks in a balanced and proportionate way and, for the DB Section, with consideration of the strong funding position of the Scheme. The Trustee may therefore continue to invest in companies that are exposed to climate risk, where there is a sufficiently attractive investment case and the relevant asset manager believes there is an opportunity to engage and influence changes in the behaviour and actions of a company.

This report is split into sections to help members understand:

Figure 1: TCFD Framework

Governance

The Scheme's governance around climate-related risks and opportunities.

Strategy

The actual and potential impacts of climate-related risks and opportunities on the Scheme's investment and funding strategies, and financial planning.

Risk Management

The processes used by the Scheme to identify, assess and manage climate-related risks.

Metrics and Targets

The metrics and targets used to assess and manage relevant climate-related risks and opportunities.



¹ UK Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 and the UK Occupational Pension Schemes (Climate Change Governance and Reporting) (Miscellaneous Provisions and Amendments) Regulations 2022 using the statutory guidance issued by the Department for Work and Pensions ("DWP")

The appendix covers the more technical aspects of the climate scenario modelling and climate metrics and sets out the methodology and assumptions used to produce the information contained in this report. The core policies and processes of the Trustee have not changed over the reporting period.

For this 2026 report the Trustee has reviewed its approach to metric collection and, to ensure a consistent methodology and data sources across managers, has engaged Mercer to calculate all metrics for both the DB and DC Sections of the Scheme. Mercer utilises MSCI (Morgan Stanley Capital International) in carrying out this data collation. MSCI is a leading provider of global financial indices, benchmarks and related data. MSCI analyses thousands of companies and gives them climate ratings or scores. These reflect things like:

1. How much carbon a company produces;
2. How exposed a company is to climate risk; and
3. How well a company is prepared for a low-carbon future.

To enable comparison with historical metrics the Trustee has restated metrics for 2024, and the 2021 base year, using the updated data source and methodology (data is included in Appendices 3 and 4). Metrics continue to be stated as at 30 September.

The data coverage for the climate-related metrics has improved over the 12-month period. The metrics analysis for Scope 1&2 emissions covers all public market assets within the DB Section which represents 71% of DB assets. Within the DC Section, the Trustee has continued to report on the metrics for all Target Date Funds, which represents 98% of the DC Section assets. Coverage of emissions in both the DB and DC Sections has improved over the 12 month period. The Trustee has continued to incorporate elements of reporting provided by the DB Section's private debt managers. Due to the inconsistency of the reporting and different levels of data provided, the metrics from the private debt managers have been reported separately within Appendix 5. The Trustee will continue to engage with the private debt managers to support improvements in data reporting going forward.

At the overall level, reported absolute emissions for the DB Section have increased over the year. This increase is primarily a result of positive investment returns, which has increased the total value of in-scope assets, and restructuring of the DB Section's asset allocation as part of the transition to a low-dependency portfolio. As such, the Trustee is comfortable that this rise in emissions does not reflect a rise in the underlying carbon intensity of the DB Section's assets. Indeed, carbon footprint has fallen for all but one of the public market managers held over the full course of the year to 30 September 2025.

Despite an increase over the year to 30 September 2025, largely due to a restructuring of the portfolio, the Equity portfolio's carbon intensity has reduced by 25% since the 2021 baseline and therefore remains on-track to achieve the Trustee's greenhouse gas emissions reduction target of 40% or more by 2030. Given the addition of three new managers to the DB Public Credit portfolio, the greenhouse gas emissions reduction target has been revised for this portfolio. More information on this is detailed in the Targets section of the report.

Within the DC Section of the Scheme, the carbon footprint has fallen for all of the target dated funds and the Trustee's DC Section's greenhouse gas emissions reduction target has been achieved. AllianceBernstein has confirmed that this has been driven by the implementation of various positive screens (e.g. carbon tilts) and negative screens (e.g. coal) across the allocations as well as the decarbonisation of the global equity universe. AllianceBernstein note that maintaining the current progress relative to the short-term target is not guaranteed and, given the passive methodologies used, the carbon intensity of the funds can be influenced by the continued alignment of companies in controlling their carbon emissions, and the underlying weights of companies within market indices. AllianceBernstein has therefore confirmed the current target remains appropriate.

This year's report includes updated funding and investment climate scenario analysis, in line with the Statutory Guidance, for both the DB and DC Sections. The analysis covers the funding and investment strategy, including mortality and covenant analysis (for the DB Section).

- While the results for the DB Section show that there is expected to be a negative impact on the funding level under certain scenarios and timeframes the impact is expected to be limited given the low-risk nature of the investment strategy. The DB Section is in a very strong position, and the Trustee would not expect climate risk (in isolation, over any timeframe) to result in a deficit emerging and therefore further reliance on the sponsor covenant.
- Within the DC Section, younger members may be significantly impacted by climate risk, under certain scenarios (in the form of lower investment returns and pot sizes), as physical damages impact economies and financial markets over the medium to long term. The potential risk to members that are de-risking as they approach retirement is materially lower.

Further details are included in the Strategy section of the report.

This report is available online at www.abfpensions.com/tcfd.

This year, the Trustee has also provided a summary of the report for members. The DC summary is available here: www.abfpensions.com/tcfd and the DB summary is available here: www.abfpensions.com/db/tcfd.

The Trustee is committed to keeping members informed about efforts to address climate-related risks and opportunities and members are encouraged to ask questions, provide feedback, and share perspectives on how the Trustee can further enhance the approach to climate change considerations.

Members are encouraged to contact the Trustee if there are comments they wish to raise. These can be raised by email at pensions.admin@abfoods.com or by calling **the Pensions Team on 0800 090 2267** (free to call from UK landlines and mobiles). For calls from outside the UK: +44 (0)20 7636 8111. The team are available Monday to Friday, from 9am to 5pm.

Colin Hately

Trustee Chairman, for and on behalf of the Associated British Foods Pension Trustees Limited as Trustee of the Associated British Foods Pension Scheme

Governance

The Trustee’s approach to climate-related risks and opportunities

The Trustee’s approach to the oversight and management of climate-related risks and opportunities is consistent with its approach to considering other financially material risks and opportunities facing the Scheme: the Trustee’s Statement of Investment Principles (the “SIP”) details the key objectives, risks and approach to considering environmental, social and corporate governance factors, including climate change and stewardship, as part of its investment decision making. The SIP is reviewed at least on a triennial basis or more frequently as required. The SIP was reviewed in Q1 2025 (dated May 2025) and is available on the Scheme’s website: www.abfpensions.com/dc/sip.

The Trustee holds the following responsible investment beliefs, which are set out in the SIP and were last reviewed in May 2025:

Environmental, Social, Governance (“ESG”) integration: good stewardship and environmental, social and governance issues may have a material impact on investment performance and risk, and that good stewardship can create and preserve the value of companies and markets.

Climate change risk: Long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

Stewardship (or active ownership): Good stewardship can create and preserve value for companies and markets as a whole, which has the potential to benefit Scheme members in the long term. Engagement and voting are influential and can be effective in changing behaviour and increasing returns. The Scheme’s investment managers are best placed to manage risks related to ESG, to engage with companies and to effect change on the Trustee’s behalf on a day-to-day basis. The Trustee expects its FCA registered managers to comply with the UK Stewardship Code. The Trustee encourages its non-FCA authorised managers to adhere to the Stewardship Code on a best-efforts basis. The Trustee is taking steps to communicate these views with its investment managers.

The Trustee has determined the following key engagement priorities, which will be reviewed from time-to-time. The priorities were last reviewed in May 2025:

Engagement Priority	Rationale
Environment: Climate Change	Climate-related financial impacts are driven by the associated transition to a low-carbon economy and the physical damages of different climate outcomes. The Trustee believes climate change issues present risks and opportunities that increasingly may require explicit consideration.

Engagement Priority	Rationale
Social: Human rights including modern Slavery	Workforce and supply chain safety and human rights practices should avoid contributing to modern slavery, exploitation and other human rights abuses – these can contribute to economic instability, the threat of social tension and subsequent political instability which, in turn, may have a negative impact on investment performance. The Trustee notes alignment of this priority with the Company’s Supplier Code of Conduct and the commitments made therein.
Governance: Executive remuneration	Executives have significant influence over the financial success of the companies which they manage. Therefore, executive remuneration policies can have a meaningful impact on the return of investors in companies. These policies should attract and retain talent whilst ensuring alignment of incentives with company and shareholder objectives.

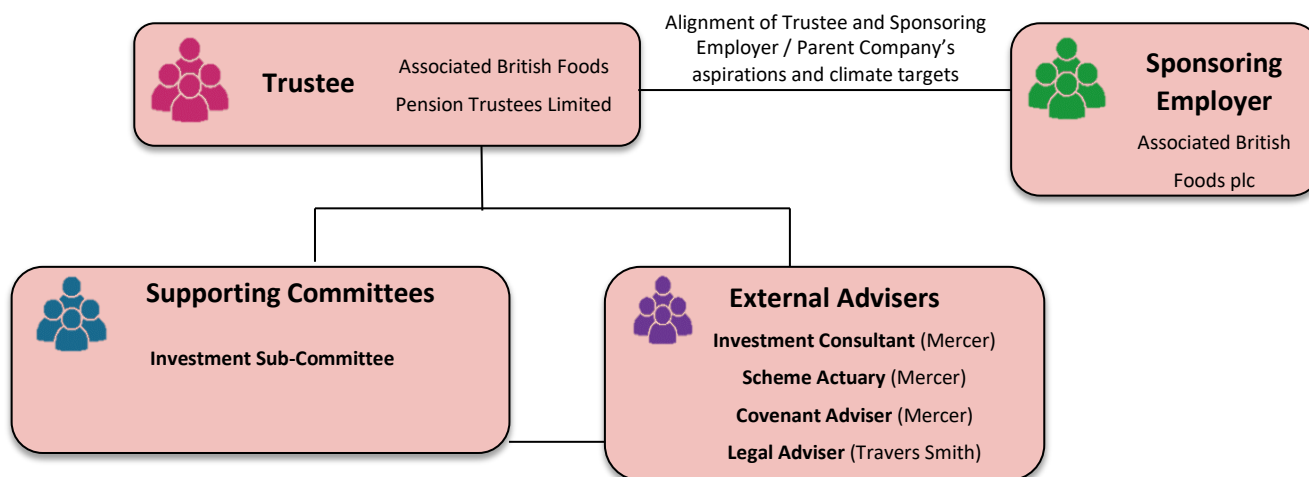
These engagement priorities are based on the Trustee’s belief that ESG issues, across each of the three factors, may have a material impact on investment performance. As such, the Trustee has determined what they consider the most salient topic within each of the three ESG factors. The engagement priorities are used to determine the significant votes to include within the Implementation Statement, available on the Scheme’s website: www.abfpensions.com/dc/implementationstatement.

The Trustee has a Climate Governance Policy, which outlines the roles of the Trustee, Investment Sub-Committee (“ISC”), in-house pensions team and relevant professional advisers in respect of climate-related risks and opportunities, and the governance processes around this. The Policy is reviewed on an annual basis, or more frequently if required. The Policy was reviewed within the Scheme year but no changes were made. The Trustee maintains oversight of climate-related risks and opportunities through discussion at the ISC, with key summaries provided at full Trustee Board meetings. Further details of the roles and responsibilities of those parties advising or assisting the Trustee, together with a summary of relevant activity over the year, is provided in Appendix 1.

The Trustee expects all advisers to act with integrity and diligence in fulfilling the set objectives and uses meetings with the advisers to assess and challenge them. Where relevant, this includes discussion of the steps taken by advisers to identify, assess and manage any climate-related risks and opportunities. The investment consultant’s approach to climate change and how it is integrated into its advice and services is assessed as part of the adviser selection and monitoring process. The Trustee sets its investment consultant’s objectives, including objectives related to ESG and climate change competency. The investment consultant is formally assessed against these objectives annually, with the last review completed in November 2025. This review found Mercer to have performed strongly in relation to ESG and climate change given the extensive advice and support provided in producing the Trustee’s TCFD report. The Trustee has considered adopting a similar approach for other relevant advisers, including the scheme actuary, covenant adviser and in-house pensions team and will be updating the relevant objectives to include ESG and climate change considerations.

Key Trustee responsibilities and oversight of climate change risks

Figure 2: Key parties involved in overseeing climate change risks for the Scheme



The Trustee has ultimate responsibility for ensuring effective governance of climate change risks and opportunities in relation to the Scheme's investment and funding strategies.

The ISC undertake specific actions, especially in relation to considering investment strategy and liaising with investment managers.

To aid the Trustee in carrying out this responsibility, the Trustee receives support from the in-house pensions team, advice from its external professional advisers and delegates certain responsibilities to its appointed investment managers. The ISC undertakes scheme governance activities on behalf of the Trustee in respect of climate-related risks and opportunities and receives advice and assistance from the Trustee's in-house pensions team and external advisers.

Information with regards to the Trustee's relevant **professional advisers** and their respective roles in managing and monitoring climate-related risks and opportunities can be found in Appendix 1.

Time and resources spent on climate change-related matters

The Trustee Chair, with support from the in-house pensions team, is responsible for ensuring that sufficient time is allocated for consideration and discussion of climate matters by the Trustee and its advisers. Climate change will form an explicit agenda item at least annually for the Trustee and ISC when the Trustee's annual Climate Change Governance report is updated and reviewed. Climate change will also be covered as part of other agenda items as part of a wider discussion of funding or investment strategy, or as part of the investment manager appointment and review discussions.

The following topics were discussed at ISC meetings during the Scheme year:

- **2025 TCFD report:** At the May 2025 ISC meeting the analysis and conclusions from the draft 2025 report were reviewed and discussed;

- **Climate metric collection and calculation:** Throughout the year the Trustee held discussions with their Investment Consultant (Mercer) and custodian (Northern Trust) to review the approach to metric collation and calculation with the aim of using consistent methodologies and data sources across the Scheme's Investment Managers.
- **Climate metrics, targets and scenario analysis:** At the November 2025 ISC meeting, the Committee received training and advice on climate metrics, climate targets and climate scenario analysis. At this meeting, the ISC agreed to the following:
 - The approach for climate scenario analysis which was re-run as at 30 September 2025, with the results included in the Strategy section this report. This included agreeing the strategies and scenarios to be modelled and the appropriate short, medium and long-term time horizons for both the DB and DC Sections.
 - The approach for collating climate metrics. The ISC agreed to use Mercer for climate metric reporting going forward to ensure consistency in approach, methodology and data sources. The Trustee agreed to continue monitoring against the same 5 climate metrics (further details are included within the Metrics section of this report).
 - Maintain the current climate-related targets for the DB Equity portfolio and DC Target Date Funds but revise the DB Fixed Income Portfolio target to include the 3 new credit managers (Capital Group, PGIM and Loomis Sayles). The ISC reviewed the appropriateness of using the carbon footprint metric for target setting and agreed to maintain this approach. However, the ISC did agree to consider other forward-looking targets, such as Implied Temperature Rise ("ITR"), in the future.
- **Regular manager review meetings:** The ISC met with and reviewed Beach Point, Schrodgers, Calamos, Liontrust, Alliance Bernstein, CQS, GSAM and Insight over the year. Each manager's presentation included a discussion on how ESG factors are integrated into their investment processes.
- **Credit manager appointments:** Over the year, the ISC, supported by the In-house Team and the Investment Consultant, appointed three new credit managers. As part of the selection exercise, consideration was given to how each manager integrated climate change and other ESG factors into their portfolio construction process. During the Scheme year, the Trustee received information from the new credit managers on appropriate carbon emissions reduction targets. This information was used as part of the target review exercise.
- **2026 UK Stewardship Code:** At the November 2025 ISC meeting the Committee received training from the Scheme's Investment Consultant on the 2026 UK Stewardship Code. As part of this training the Committee reviewed which managers are signatories of the current 2020 UK Stewardship Code.

Training and climate competency

The Trustee and ISC continued to monitor climate related risks during their quarterly meetings over the Scheme year and in-line with their risk management framework. The investment managers are invited to quarterly ISC meetings and as part of their presentation provide an update on climate change reporting and stewardship activities.

The Trustee works with the Scheme's advisers to identify the training needs of ISC committee members (and the wider Trustee Board) and make training recommendations to the Trustee to help them achieve an appropriate degree of knowledge and understanding relating to climate change and the requirements of the TCFD regulations.

Strategy

The Trustee’s approach to managing strategic climate change risks and opportunities

In-line with regulatory requirements, the Trustee has updated the Scheme’s climate scenario analysis as part of the 5 April 2026 TCFD report, with the analysis completed as at 30 September 2025. The climate scenario analysis assesses the financial impact on the Scheme assets and liabilities under different climate scenarios. The analysis reflects the DB Section’s completed transition to a low-dependency portfolio and the strategy of the DC Target Date Funds. As such the Trustee expects the updated analysis to provide a fair reflection of the climate risk exposure of the Scheme’s current investment strategy. The updated results, and details of the modelling methodology, are presented in this report alongside an overview of updates made to the Trustee’s investment strategy over the year.

Summary of Scheme’s Assets - DB Section

Over the course of the year the Trustee completed the transition of the investment strategy to a low-dependency portfolio. This was primarily achieved by disinvesting from two Equity managers and reallocating the proceeds to three new Public Investment Grade Credit managers. In addition, the level of interest rate and inflation hedging has been increased over the year. These transition activities were completed by 30 September 2025 and therefore the position as at the climate change scenario projection reflects the low-dependency portfolio that the Trustee anticipates holding over the medium-term.

Over the coming year, the Scheme is expecting to sell down it’s remaining allocation to UK Property and, over the medium-term, the Private Debt allocation is expected to fully run-off. Both these expected asset allocation evolutions have been reflected in the updated scenario modelling. Specifically, the asset allocation is modelled as transitioning from the current allocation to the “Private Debt run-off allocation” over the first 10-years of the projection as shown in the table below. Full details of the modelling is provided in the “Impact on DB Section investments and funding” section of the report.

Given the strong funding position of the Scheme a contribution abatement agreement with the Sponsor is in-place. Under this agreement the DB Section funds the Sponsor’s contributions with respect to DB benefit accrual, DC benefit accrual, DC risk benefit accrual and Scheme expenses. It is expected this contribution abatement will remain in-place over the course of the projection.

The analysis does not allow for any actions that may be taken by the Trustee in response to a growing surplus (e.g. further de-risking, beyond the asset transition shown below, or any distribution of the surplus).

Figure 3: DB Section asset allocation

Asset Class	Starting asset allocation as at 30 September 2025	Private Debt run-off allocation
Global Equity (Calamos, Schroders)	12.9%	12.9%
European Equity (Liontrust)	7.9%	7.9%
UK Property (Internally managed)	1.8%	-
Public sub-Investment Grade Credit (CQS, Beach Point)	19.4%	19.4%
Public Investment Grade Credit (GSAM, Capital Group, PGIM, Loomis Sayles)	18.2%	18.2%
LDI (Insight)	12.9%	37.6%
Opportunistic Private Debt	6.7%	-
Senior Private Debt	16.3%	-
Cash	4.0%	4.0%

Figures may not sum to 100% due to rounding.

Summary of Scheme's Assets - DC Section

The Scheme's DC default investment arrangements are Target Date Funds ("TDFS") managed by AllianceBernstein, by way of an insurance contract using an investment platform with Mobius Life. All other investments for the DC Section are also held on the same investment platform.

As a minimum, the scope of reporting for DC arrangements is expected to cover popular arrangement(s), which is considered to meet one of the following criteria:

- £100m or more of invested DC assets; or
- Accounts for 10% or more of the assets used to provide money purchase benefits.

Based on this definition and the asset valuation of the DC Section as at 30 September 2025 (the analysis date for the climate scenario analysis and metrics), the Scheme currently has seven popular arrangements, the AllianceBernstein TDF 2035 - 2037, TDF 2038 – 2040, TDF 2041 – 2043, TDF 2044 – 2046, TDF 2047 – 2049, TDF 2050 – 2052 and TDF 2053 - 2055. This has increased compared to the first report published in 2023 due to the increasing size of assets within the DC Section.

In 2023, only the AllianceBernstein TDF 2035-2037 was a popular arrangement. Assets within the TDFs determined to be 'popular arrangements' represent 66.3% of the total DC Section assets as at 30 September 2025, this compares with 10.7% as at 30 September 2022.

Climate change scenario analysis has been completed for the 2026 report for the Scheme's popular arrangements, as well as some additional TDFs representing members at different stages to retirement. TDFs marked in **bold** are popular arrangements.

Figure 4: TDFs considered for DC Section scenario analysis

Member approaching retirement:	Members mid-way through the retirement journey:	Younger member:
2026-2028 TDF	2035-2037 TDF, 2038-2040 TDF, 2041-2043 TDF, 2044-2046 TDF, 2047-2049 TDF, 2050-2052 TDF, 2053-2055 TDF	2074-2076 TDF

Climate change timescales

The Trustee believes that sustainability issues, including climate change, present risks and opportunities, which increasingly require consideration. Climate change is identified and described as a systemic risk, which may materially affect the financial performance of the Scheme's investments and/or be material to its DB funding strategy.

The Trustee reviewed the time horizons during the year to 30 September 2025 and agreed to the following time horizons that have been used for the scenario analysis.

Figure 5: Timeframes of short, medium and long-term horizons to identify relevant climate-related risks and opportunities.

DB Section		
From 30 September 2025		
Short term	2029 (4 years)	Aligns with 2029 Actuarial Valuation
Medium term	2037 (12 years)	Aligns with broad peak cash flow of the Scheme's DB members
Long term	2047 (22 years)	Beyond the average duration of the active and deferred liabilities
DC Section		
From 30 September 2025		
Short term	2030 (5 years)	Aligns with a member who is approaching retirement and also aligns with the interim target of the Scheme.
Medium term	2050 (25 years)	Aligns with a member who is approximately halfway through their journey to retirement and also aligns with the Paris Agreement.
Long term	2065 (40 years)	Aligns with a member who is just beginning their journey to retirement to reflect the full investment journey of a member.

The Trustee's risk considerations over these timeframes are outlined in the following section.

The Trustee, through the ISC as appropriate, from time to time considers approaches to climate change risks and opportunities as part of its ongoing investment strategy and funding strategy. The climate scenario analysis and climate metrics helps the Trustee to consider how the Scheme is exposed to climate-related risks and opportunities.

Climate-related risks and opportunities relevant to the Scheme over the time periods that the Trustee has identified and the impact of these on the Scheme's investment strategy

Climate-related Risks

One of the greatest impacts to the Scheme from climate change is investment risk. The performance of the Scheme's portfolios is directly aligned with the value of the underlying assets, which are increasingly impacted by climate-related risks. There are 2 types of climate risk that the Trustee has considered:

1. **Transition risks** are the financial risks that come from moving to a low-carbon economy (i.e. how companies will be impacted due to new laws, technologies or customer behaviour). This can affect companies in a number of ways:
 - a. Higher costs – investing in cleaner technology;
 - b. Assets losing value – for example, fossil fuel reserves that may no longer be used (these are defined as 'stranded assets');
 - c. Business models becoming outdated – companies that don't adapt may lose market share.

The climate transition could also create opportunities for companies, for example, those companies providing renewable energy or low-carbon solutions may benefit from the transition. There are likely to be winners and losers across different sectors, depending on the how these risks and opportunities impact the profits of the underlying companies. Overall, transition risks can cause short-medium term volatility in investment performance.
2. **Physical risks** of climate change are the direct impacts of changing weather and environmental conditions (i.e. how things like floods, heatwaves and storms can cause real damage in the world). Companies can be impacted in several ways:
 - a. Damage to buildings and equipment – for example, a factory flooded due to heavy rain;
 - b. Disruption to operations – such as supply chains being disrupted by storms and transport issues;
 - c. Higher costs – including repairs, higher insurance premiums, or adapting to new conditions.

If a company's costs rise or revenues fall, it may make less profit, which can reduce the value of investments and the returns investors receive. These impacts can affect the value of investments and the future expected returns for the Scheme.

The Trustee seeks to ensure that the Scheme's investment strategy is well-diversified and that the investment managers have an appropriate understanding of both the companies and assets in which they invest and the risks to which they are exposed. During 2025, the Trustee reviewed the appropriateness of the carbon footprint reduction targets, which is discussed in more detail in the "Targets" section of this report.

The Trustee monitors, on an annual basis, the carbon intensity of the Scheme's assets and how this changes over time, where the information is available. The impact on the Scheme's investment and funding strategy, and the carbon intensity for each of the Scheme's assets has been reported (where available) within the Scenario Analysis section below and the Metrics section of this report, respectively.

The Trustee has considered the following drivers of risk in relation to climate change:

Between 0 and 5 years, risks may present themselves through rapid market re-pricing relating to climate transition as:

- Scenario pathways become clearer. For example, a change in the likelihood of a well below 2°C scenario occurring and driving the transition risk;
- Market awareness grows. For example, the cost and impacts of the transition suddenly influence market pricing;
- Policy changes unexpectedly surprise markets. For example, if a carbon price or significant regulatory requirement was introduced across key markets to which the portfolio is exposed, at a sufficiently high price to impact behaviour;
- Substitution of existing products and services with lower emission alternatives may impact part of the portfolio;
- Litigation risk relating to dangerous warming becoming more prevalent; and
- Increases in the energy/heat efficiency of buildings and infrastructure.

Between 5 and 20 years, risks are likely to be more balanced reflecting both transition and physical risk. Over this time period the transition pathway will unfold and the level of anticipated physical damage will become much clearer. While the full extent of the physical damage is unlikely to have occurred, markets are likely to be allowing for it to a large degree in asset pricing. However, from 20 years onwards, physical risks are expected to come to the fore. This includes the impact of natural catastrophes leading to physical damages through extreme weather events. Availability of resources is expected to become more important if changes in weather patterns affect the availability of natural resources such as water.

The delay in global policy action has led to an increase in the projected level of warming from 1.5°C to 1.6°C (relative to pre-industrial levels). As such, this rise has been reflected in our scenarios

Climate-related Opportunities

There are significant opportunities for investing in companies and assets that may benefit the Scheme's portfolio as the economy transitions to a lower carbon environment. For example, over the short term, taking advantage of the climate transition by avoiding and reducing investment in high-emitting carbon sensitive businesses/assets that do not have a business plan that supports the transition to a low carbon economy.

The Trustee has given its investment managers discretion when evaluating ESG factors (including climate change considerations). The Trustee has taken steps to communicate its expectations to its investment managers to consider the impacts of climate change on risk and return, including any opportunities that may arise, when managing the Scheme's assets. The Trustee seeks to select managers and choose indices that can identify potential emergence of low carbon opportunities and the decline of some traditional sectors. In addition, as part of the DB Section's transition to the low-dependency portfolio which took place over 2025, the exposure to asset classes with higher climate risk exposure, such as equities, has reduced.

Climate risks and opportunities will be considered as part of future investment strategy reviews for the DB and DC Sections where appropriate. In particular, this will be considered further as part of the review of the AllianceBernstein TDFs within the DC Section, which is expected to take place during 2026.

Climate change scenarios

This section considers the impact of three climate scenarios, relative to a base case scenario², where financial markets behave in line with Mercer's capital market assumptions as at 30 September 2025. These are defined as 'warming pathways': the expected degrees of warming of the atmosphere by the end of the century relative to pre-industrial levels.

Figure 6: Mercer's climate change scenarios

	1.6°C* Scenario – Rapid Transition	1.9°C* Scenario – Delayed Transition	2.9°C* Scenario – Limited Transition	3.7°C* Scenario – Failed Transition
Overview	A rapid decarbonisation of the economy where high transition risk feeds into financial markets creating both risks and opportunities.	A sudden step-up in policy action in 2030, with both transition risk and physical risks being experienced.	Insufficient progress being made regarding the transition to a low-carbon economy so physical risks of climate change accelerate causing significant market disruption and a drag on global GDP.	Backsliding on climate commitments by governments and companies with severely negative impacts on human wellbeing and wealth.
Ambitions / climate policies assumed to be implemented	This scenario assumes that net-zero is achieved in mid-2050s through a financially disruptive transition. There is a market shock starting in 2026 as climate risks are priced in (i.e. market prices reflect the risks present) due to ambitious National Determined Contributions. Large scale divestments are made from carbon-intensive sectors with large investments into clean tech sectors. Fossil fuel reserves that may no longer be used (i.e. "stranded assets") cause abrupt revaluations and impacts both equity and fixed income asset classes. The impact will vary across sectors, depending on the how these risks and opportunities impact the profits of the underlying companies. Overall, transition risks can cause short-medium term volatility in investment performance.	This scenario assumes that major policy changes are delayed until 2030, with some adaptation to climate change assumed. Climate governance is coherent, with a global carbon price, as well as significant subsidies for renewable energy. During the early part of the 2030s there are financial market shocks due to transition risks. Due to delayed action, physical risks of climate change become more severe with negative impacts on global GDP in the long term.	This scenario assumes that global warming is expected to rise to 1.8°C by 2050 and 2.9°C by 2100. There is no significant increase in ambition on climate commitments and existing commitments are only partially met. Existing carbon markets continue to operate but limited in scale and carbon prices are inconsistent. Low-carbon technologies are adopted but fossil fuels remain a significant part of the energy mix. Physical risks of climate change create a severe negative impact on global GDP due to the resultant damage to buildings and equipment, disruption to operations and higher costs. All in all, this leads to a drag on financial market performance from 2030 with market shocks around 2040.	This scenario assumes global warming of 2°C by 2050 and 3.7°C by 2100. Many countries scale back their climate commitments and there is a generally unsupportive policy environment for clean technologies. Physical risks of climate change create economic losses starting in the late 2020s and accelerating. Multiple climate tipping points are hit and catastrophic "cascade" climate disasters occur causing widespread and frequent economic damages. Global productivity decreases incrementally. Financial markets experience multiple market shocks.

² See Appendix 2 for more detail on the base case scenario. *Above pre-industrial levels.

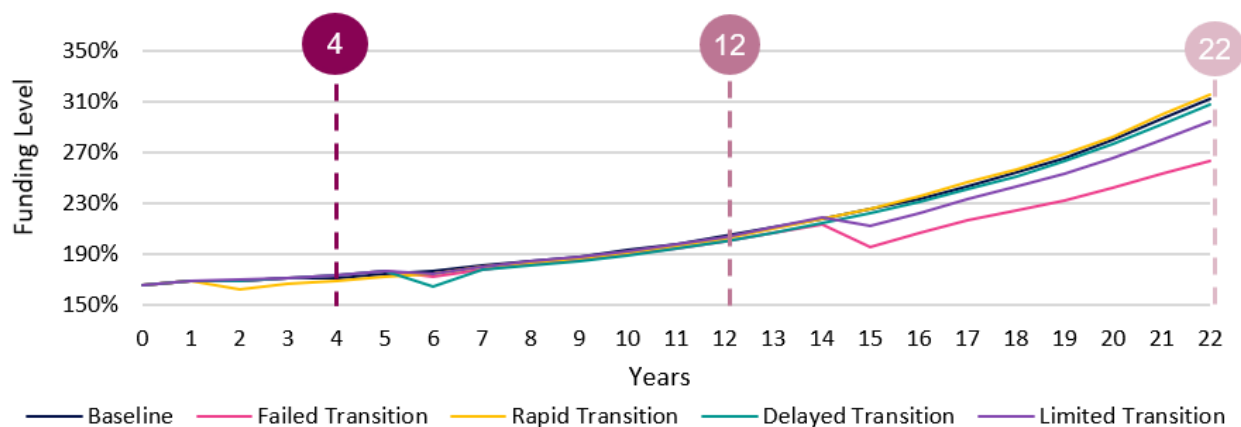
These scenarios align with the recommendations in the Statutory Guidance produced by the Department for Work and Pensions³. Running analysis against lower and higher warming pathways allows the Trustee to explore the potential impact of both transition risks and physical risks and their potentially negative impact on returns.

Climate scenario analysis is an evolving space and, as such, the scenarios modelled and reported may be subject to review in future periods. Appendix 2 provides further information on the key assumptions and limitations of the climate scenario modelling. It is important to note that the modelling may understate the true level of risk due to the uncertainty around the future economic impacts of climate change.

Impact on DB Section investments and funding

The funding level projections are heavily influenced by the starting funding position, which is very strong. As a result, the projections show the funding position reaching very high levels over the medium to long-term. The Trustee notes that the important aspect of the scenario analysis is the funding level relative to the baseline, as opposed to the actual funding level in each scenario. The results do show that, in all scenarios and timeframes considered, the DB Section is expected to be very well funded, suggesting that the security of the DB members' benefits is not materially exposed to climate risk.

Figure 7: DB Section – 4, 12, 22 year projection



In the **short term** (4 years), transition risk dominates and therefore the Rapid Transition has the largest negative impact, where a funding level loss of c.2.6% is projected (i.e. over the short term, the funding level under a Rapid Transition scenario is 2.6% worse than in the central, baseline scenario), due to the expected reduction in investment returns. Asset revaluations, as markets price in climate risk, negatively impact the DB Section's equity and fixed income assets. In all other scenarios, the transition to a lower carbon economy, and therefore the transition impact, is less than the baseline. Therefore, under the Failed, Delayed and Limited transition scenarios the projected funding level is expected to be higher than the baseline. Overall, the Trustee considers the Scheme to be resilient to climate risk over this period.

³ UK Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 and the UK Occupational Pension Schemes (Climate Change Governance and Reporting) (Miscellaneous Provisions and Amendments) Regulations 2022 using the statutory guidance issued by the Department for Work and Pensions ("DWP")

Over the **medium term** (12 years), physical risks begin to be priced in. At this point, it is projected that all scenarios experience a drop in funding level relative to the baseline due to the potential impact of physical risks on companies and hence future investment returns. The largest impact is seen in the Failed and Delayed Transition, with a funding level fall of c. 4.4% relative to baseline (i.e. over the medium term, the funding level under a Failed or Delayed Transition scenario is c. 4.4% worse than in the central, baseline scenario). For the Delayed Transition scenario this is due to a broad negative impact on asset valuations from both the rapid, but delayed, transition to a less carbon intensive economy and the physical impacts of climate change. For the Failed Transition this is predominantly a result of the physical impacts of climate change starting to be priced into equity valuations. The most resilient scenario over this time period is the Limited Transition, with a funding level fall of c. 0.3% relative to the baseline. In this scenario and time-period only limited physical and transition impacts are being reflected in asset valuations. Overall, the Trustee considers the Scheme to be resilient to climate risk over this period.

Over the **long term** (22 years), the DB Section assets fare better under the Rapid Transition versus the baseline, with a funding level rise of c.3.7% projected (i.e. over the long term, the funding level under an Rapid Transition scenario is 3.7% better than in the central, baseline scenario). Over this longer period risk asset valuations are expected to be higher than under the baseline as the negative transition impacts are outweighed by the positive physical impacts of rapidly transitioning to a lower carbon economy. Scenarios where the transition to a lower carbon economy is less than the baseline expectation fare worse over this period, as the physical impacts of climate change negatively impacts valuations. This is most severe in the Failed Transition, where the funding level is expected to be c.48.0% lower than the baseline. However, under all scenarios the funding level remains very strong and therefore the Scheme is considered to be resilient to climate risk over this longer period. A summary of the results is provided in the table below.

Figure 8: DB Section – funding level projections relative to baseline⁴

	Funding level projection relative to baseline		
	Short term (4 Years)	Medium term (12 years)	Long term (22 years)
Rapid Transition	-2.6%	-1.4%	+3.7%
Delayed Transition	+1.5%	-4.4%	-4.1%
Limited Transition	+1.9%	-0.3%	-17.8%
Failed Transition	+1.5%	-4.4%	-48.0%

Overall, the Trustee believes the DB Section's investment strategy and funding level demonstrate robustness with respect to the potential impact of climate change across the scenarios over each of the time periods considered. The Trustee notes this is largely due to the current strong funding position of the Scheme and the recent de-risking to the low-dependency portfolio. The impact on asset returns is provided in Appendix 2.

⁴ See Appendix 2 for a summary of how the DB Section assets perform in the different scenarios over time.

Impact on life expectancy

The analysis above ignores any impact that these scenarios might have on life expectancy of pension scheme members.

The Trustee has carried out a separate analysis of potential mortality impacts from climate-related scenarios, this analysis covers both the transition and physical risks described previously, and how they have the potential to negatively impact returns. The balance between these will vary over different time horizons as discussed in the Climate-related Risks section above.

The scenarios considered by the Trustee are in line with those detailed in Figure 6 of this report, i.e. Rapid Transition, Delayed Transition, Limited Transition and Failed Transition.

In modelling scenarios for mortality impacts, the Trustee's advisers have made use of:

- Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs) as defined by the UN Intergovernmental Panel on Climate Change (IPCC), including estimated projected temperatures.
- Relationships between each SSP and a range of socioeconomic and other variables as published by the UK Climate Resilience Program and modelling of how changes to those variables would affect UK mortality rates.
- UK-based climate projections from the Met Office, with correlations between past climate data and mortality rates being used to predict future influences.

The modelling indicates the following scenario outcomes, each compared to mortality assumptions constructed with no explicit allowance for climate-related risks⁵:

Figure 10: DB Section - Impact of climate scenarios on life expectancy

SSP	RCP	Likely temperature increase to 2100 vs pre-industrial	Scenario	Life Expectancy Change		Scheme Liability Impact
				Age 25	Age 65	
1	1.9	1.6 °C	Rapid Transition	- 8 months	+ 14 months	+ 3.4%
1	2.6	1.9 °C	Delayed Transition			
2	4.5	2.9 °C	Limited Transition	- 20 months	+ 6 months	+ 1.4%
3	7	3.7 °C	Failed Transition	- 67 months	- 5 months	- 1.6%

⁵ It is important to note that these "Results" are based on longevity projection models and third-party data which may produce output that differ materially from actual outcomes. The Results are set out for informational purposes only and should not be used for any other purpose. In particular, the Results should not be relied upon, and they are not suitable for repurposing, copying, redistributing or modifying. The model provider disclaims all liability and makes no representations about the suitability for any purpose of the Results, and such content is supplied on an as is basis, without any warranty of any kind.

In the Scheme's DB Section, the youngest member (ignoring dependants) is aged around 40 and the oldest pensioners are over age 100. For reference, in the DC Section, the youngest members are aged 16, while the oldest members are over age 80. The DC Section therefore has a broader range of members, by age, compared to the DB Section. More importantly, the DC Section has more younger members who are likely to be materially impacted by a Failed Transition.

As shown above, without action, climate change is likely to have a negative impact on future life expectancy (particularly for younger generations). All things being equal, this would lead to a reduction in the Scheme's liabilities. The impact of climate change on younger generations is, however, more uncertain. Key drivers of differences in life expectancies between the scenarios include GDP growth and health care provision, in addition to the impact of temperature rises.

Based on this analysis, mortality changes arising from the direct and indirect impact of climate change may be material to the funding position longer term. The Trustee regularly reviews the funding position of the Scheme as part of its integrated risk management framework.

Impact on the sponsoring employer

As ABF is the ultimate parent to the Group, and a sponsoring Employer of the Scheme, Mercer considers it appropriate to assess climate-related risks and opportunities at a Group level.

ABF Group has an ambition to become net zero by 2050. To date the Group's focus has been to reduce emissions for its material businesses (Primark, ABF Sugar and Twinings) where significant risks exist - these businesses have set the following interim targets to reduce greenhouse gas emissions by 2030:

- Primark: Reduce Scope 1 and 2 GHG emissions by 50% by 2030 (vs. 2019). 50% reduction in Scope 3 GHG emissions from purchased goods and services within the same timeframe.
- ABF Sugar: Reduce Scope 1 and 2 GHG emissions by 52.1% by 2030 (vs. 2018). 30% reduction in Scope 3 GHG emissions from categories 1-9 within the same timeframe.
- Twinings: Reduce Scope 1, 2, and 3 GHG emissions by 42% by 2030 (vs. 2020).

For each respective business, scope 1 and 2 greenhouse gas emissions have fallen over the years versus the baseline, with positive progress being made against the interim targets. In 2025, the Group achieved an 8.3% absolute reduction in its Scope 1 and 2 emissions compared to 2024, and a 13.3% reduction since 2021. ABF does not report its total Scope 3 emissions, except for Primark.

In 2025 ABF worked with Mercer to perform scenario analysis on a range of different scenarios, including <2°C and 3.7°C, to assess Group resilience. Risks and opportunities have been considered over three time horizons: Short-term (by 2029), Medium-term (by 2037) and Long-term (by 2047). The scenarios and time horizons modelled align with the investment and funding strategy analysis that was also undertaken.

To date, the Group had previously prepared largely qualitative disclosures in relation to TCFD. This year however, a quantitative assessment has also been undertaken with respect to the impact of climate change on the employer.

The management of climate-related risks is integral to ABF's long-term success and as such have been fully integrated into the Group's strategic plans. ABF operates a diverse portfolio that spans multiple geographies, which partly reduces its exposure to individual climate-related risks. Based on the analysis prepared by the Group, Mercer's view is that over the short to medium-term, climate-related risks are considered low and unlikely to materially impact upon the employer covenant, based on risks identified by the Group that were quantitative in nature. Therefore, the Trustee and its covenant adviser anticipate the Group's robust business will be resilient against climate risks over the short- to medium-term. There is expected to be a higher risk from the Failed Transition over the longer-term, where increasingly frequent and severe physical climate events (such as extreme weather) combine with climate change to impact operational continuity, raw material supply, and business resilience.

The DB Section is currently well funded and as such there is a low reliance on the sponsor covenant today (sponsor covenant is the commitment from the Company to support the Scheme and meet its pension obligations). Rather than seek a buy-out of the Scheme's liabilities, which would remove the covenant reliance and the Scheme's exposure to ABF's climate risks, the Trustee and the Company currently intend to "run-on" the Scheme extending covenant reliance into perpetuity. Over time, should the Scheme's funding surplus reduce, its level of covenant reliance may increase. The Trustee will therefore continue to monitor the Company's employer covenant on a proportionate but frequent basis and will include climate-related risks so the Trustee can monitor the Group's exposure to climate risks.

The Trustee has requested Mercer perform an annual review of the ABF TCFD report to identify if there has been any material change in ABF's climate risk profile, with a more in-depth review being carried out on a triennial basis. Mercer's 2026 covenant update noted that the Group's 2025 TCFD report is materially unchanged from the prior year and had effectively been updated to monitor progress against targets. It was noted that in January 2024, the Transition Pathway Initiative ("TPI") provided a rating of 4 out of 4 representing an upgrade from the 3 rating it had received in April 2023; the rating reflects that Management have carried out a strategic assessment.

The Trustee is aware the Company has announced its intention to demerge its retail arm of its business (Primark) and is mindful that it will need to re-review the covenant implications again both from a financial but also a climate related perspective. The Trustee will undertake a further review of the sponsor covenant during the next Scheme year.

Impact on the DC Section

As noted earlier, DC scenario analysis was undertaken for the 2026 report for nine TDFs as set out in Figure 4. These TDFs were selected as they were either popular arrangements at the time or reflected members at different points within the retirement journey. Figure 11 shows the impact on returns of the TDFs under the three climate scenarios. The figures below are the cumulative impact on a member's return relative to the baseline scenario. For example, in 25 years' time, the value of a DC member's assets invested in TDF 2050-2052 is projected to be 32.2% lower under a Failed Transition scenario relative to the baseline scenario:

Figure 11: DC Section – cumulative impact on returns relative to baseline

	Rapid Transition			Delayed Transition			Limited Transition			Failed Transition		
Years	5	25	40	5	25	40	5	25	40	5	25	40
TDF 2026-2028	-1.0%	-	-	0.7%	-	-	1.2%	-	-	0.7%	-	-
TDF 2035-2037	-1.5%	-	-	1.3%	-	-	1.8%	-	-	1.1%	-	-
TDF 2038-2040	-1.5%	5.1%	-	1.7%	-1.1%	-	2.2%	-10.3%	-	1.3%	-19.9%	-
TDF 2041-2043	-1.4%	5.8%	-	2.1%	-1.5%	-	2.5%	-11.4%	-	1.5%	-22.0%	-
TDF 2044-2046	-1.3%	6.7%	-	2.2%	-1.6%	-	2.7%	-12.9%	-	1.6%	-24.9%	-
TDF 2047-2049	-1.3%	7.6%	-	2.3%	-1.3%	-	2.8%	-15.1%	-	1.6%	-28.6%	-
TDF 2050-2052	-1.3%	8.7%	-	2.4%	-1.0%	-	2.8%	-17.3%	-	1.7%	-32.3%	-
TDF 2053-2055	-1.3%	9.5%	12.9%	2.4%	-0.7%	-1.2%	2.8%	-19.1%	-23.1%	1.7%	-35.3%	-41.6%
TDF 2071-2073	-1.3%	10.8%	16.1%	2.4%	-0.5%	-1.0%	2.8%	-21.4%	-26.8%	1.7%	-38.9%	-47.0%

Over the **short term** (5 years), transition risk dominates. The Rapid Transition is the most impactful scenario, meaning this scenario has the most negative impact on member's asset value relative to the baseline, due to the expected reduction in investment returns. Under this scenario there is a shock to returns in year 2 followed by a partial recovery the following year. Younger members are likely to be more impacted over the shorter term due to the higher allocation to equities (compared to members within the de-risking phase of the TDFs where there will be a lower allocation to equities). The Failed Transition is marginally positive for all members due to expected transition costs not materialising.

Over the **medium term** (25 years) physical damages begin to be priced in and the Failed Transition becomes the most impactful scenario, particularly for younger members. For example, a member invested in the TDF 2071-73 could see their pension pot reduced by nearly 40% over the next 25 years due to the impact of physical risks within the Failed Transition. This would correspond to a reduction of c. £400 for every £1,000 invested for the member. In addition, we see the additional warming and hence damage in the Limited Transition which has a negative impact on all relevant TDFs over the 25 year period. Again, the most significant negative impact is expected to be for younger members.

Over the **long term** (40 years), physical damages are the dominant driver due to the potential material impact on companies and hence future investment returns, and the Failed Transition is by far the worst scenario. For a member invested in the TDF 2071-73, their pension pot could potentially be reduced by c.47% over the next 40 years under the Failed Transition scenario.

Key assumptions for the scenarios used and the key limitations of the modelling are detailed in Appendix 2.

Risk Management

The Trustee recognises that climate-related risks can be financially material, and that due consideration of climate risk falls within the scope of the Trustee's fiduciary duty. Given the long-term nature of the Scheme's investments and the timeframe in which climate risks could materialise, a total portfolio approach to risk management covering all sectors and all relevant asset classes has been taken, coupled with funding and covenant analysis for the DB Section.

This section summarises the primary climate-related risk management processes and activities of the Trustee. These help the Trustee identify and understand the materiality of climate-related risks, both in absolute terms and relative to other risks to which the Scheme is exposed, and to integrate this within the Trustee's overall risk management framework. The Trustee's approach to managing climate-related risk has not materially changed over the year.

Governance

The Trustee reviews climate change developments to identify risks and opportunities for the Scheme regularly. In particular, the Trustee reviews the Scheme's investment managers' ratings, provided by Mercer, quarterly. These ratings include an assessment of how the investment managers incorporate ESG considerations within the investment process. Climate-related risks are referenced in the Trustee's risk register, which is reviewed at the Trustee board meetings on a quarterly basis to ensure the Scheme's risks are effectively managed. The risk-register includes an assessment of the likelihood and potential impact of climate related risks along with the monitoring and management of these risks.

The Trustee reviews the advice and services provided by its advisers as part of the selection and monitoring process and questions and challenges the advice it receives where appropriate.

The Trustee and ISC receives training from Mercer, as appropriate, on climate-related risks and opportunities, including market and regulatory updates.

Strategy

The Trustee has carried out climate change scenario modelling which provides a strategic assessment of climate change risks and opportunities. This focused on the Scheme's potential exposure to both transition and physical risks. Climate-related risks and opportunities are also considered as part of wider strategic investment advice, provided by Mercer. As set out in the previous section, the Trustee completed updated climate scenario analysis during the Scheme year, to reflect the revised DB and DC Section investment strategy arrangements and also improvements and developments in the scenario modelling utilised.

The Trustee believes that good stewardship and ESG issues may have a material impact on investment risk and return outcomes and will therefore be considered as part of the Scheme's investment process.

Whilst the Scheme has low reliance on its sponsor covenant, given its very strong funding position, the Trustee has also consulted with its covenant adviser, Mercer, regarding the impact of climate change on the Company. This indicated that climate-related opportunities and the management of climate-related risks are considered integral to ABF's long-term success and as such have been integrated into the Group's strategic plans.

Furthermore, ABF has a diverse portfolio of businesses that spans multiple geographies. Therefore, the Trustee anticipates the Group will be able to manage the risks faced over the short- to medium-term.

Metrics and Targets

As set out later in this report, the Trustee has assessed the Scheme using a number of climate-related metrics to identify potential areas of risk and to inform Trustee consideration of how these risks can be appropriately assessed and managed.

Considering the importance of climate risk compared to the other risks that the Scheme faces, the Trustee has set targets to reduce greenhouse gas emissions, which broadly align with the Paris Climate Change Agreement. The Trustee monitors progress against these targets annually. The Trustee believes that this will help it to take steps to reduce climate-related risk over time.

The Trustee recognises the challenges with various metrics, tools and modelling techniques used to assess climate change risks. The Trustee aims to work with its investment consultants and investment managers to improve its approach to assessing and managing risks over time. During 2025, the Trustee reviewed the current approach to obtaining climate-related metrics and as a result of this review has agreed for Mercer to provide the climate-related metric reporting going forward. This will ensure consistency in approach, methodology and data sources when comparing metrics across different portfolios. Further details are provided in the next section of this report.

Manager selection, monitoring and retention

The Trustee relies on third-party investment managers to manage Scheme assets. Part of the managers' day to day functions includes looking at climate change related risks on specific assets, as relevant. Therefore, the managers in turn are regularly assessed, including as to ESG and climate risk effectiveness, using the Trustee investment consultant's investment manager research ratings and as part of the annual TCFD report and Implementation Statement. ESG credentials also factor into the decision-making process when appointing new investment managers.

Active stewardship

The Trustee recognises that active ownership by the investment managers will continue to be a very important part of the Scheme's approach to managing these risks. The Scheme's voting rights are exercised by its investment managers in accordance with their own corporate governance policies. The Trustee expects its FCA registered managers to comply with the UK Stewardship Code. The Trustee encourages its non-FCA authorised managers to adhere to the Stewardship Code on a best-efforts basis. During the Scheme year, the ISC received training from Mercer on the 2026 UK Stewardship Code and the expected requirements on asset managers. During 2026, the Trustee will be requesting confirmation from the Scheme's investment managers on whether they plan to apply for signatory status to the new 2026 UK Stewardship Code.

The Trustee may, from time to time, ask the Scheme's Investment Managers to explain their corporate governance policy and practices and review their voting activities. In particular, the Trustee asks the Investment Managers to provide annual reports indicating the overall level of voting activity and detailing any instances where they have not voted in line with their stated policy.

The Trustee has determined three key engagement priorities which are described in detail in the Governance section of this report. These engagement priorities are based on the Trustee's belief that ESG issues, across each of the three factors, may have a material impact on investment performance. These engagement priorities are used to determine the significant votes to include within the Implementation statement and what key engagement themes are focussed upon when reviewing the investment managers' voting activity throughout the year.

Where relevant, the Scheme's Investment Managers are invited to present to the ISC to explain their approach to climate change risk management, amongst other topics. Over the year the ISC met with Beach Point, Schroders, Calamos, Liontrust, Alliance Bernstein, CQS, GSAM and Insight. As part of their wider presentations, ESG factors were discussed and considered (where relevant).

Metrics

Key metrics for climate change related risks

Climate risk metrics aid the assessment of potential climate-related risks to which the Scheme is exposed and help to identify areas for further risk management, including engagement and fund manager monitoring.

The Trustee recognises the challenges with various metrics, tools and modelling techniques used to assess climate change risks. In order to improve the consistency in climate metric reporting, the Trustee has reviewed the approach to metrics provision during the Scheme year and agreed to use Mercer as the provider of all public manager climate metrics across the DB and DC Sections. This approach ensures consistency in the methodology and data sources. To make appropriate comparisons in relation to the progress of the metrics, the previous year (2024) and base year (2021) analysis has been restated so that metric progress can be monitored going forward on a consistent basis. This data is included within Appendices 3 and 4.

Over the year, the Trustee has continued to see some improvement in the availability of data for the DB Section's private debt portfolio, but not to the extent that it is considered suitable to report extensively on all of these results. Where possible, the Trustee has continued to included metrics as provided by the managers, noting that some of the information provided may be provided for the fund as a whole, rather than the Scheme's invested portion in the mandate. The information received is detailed in Appendix 5

The Trustee has chosen to report on the following metrics:

Figure 12: Summary of chosen metrics

Metric type	Description
1. Absolute emissions: Total greenhouse gas emissions	The total greenhouse gas emissions (in metric tons) of the Scheme's investments.
2a. Emissions intensity: Carbon footprint	Total greenhouse gas emissions (in metric tons) weighted to take account of the size of the investment made (in US \$million).
2b. Alternative emissions intensity: Weighted Average Carbon Intensity ("WACI")	The average, based on the size of the Scheme's holding in each investment, of the greenhouse gas emissions (in metric tons) divided by revenue ⁶ (in US \$million) associated with each investment
3. Portfolio Alignment: Implied temperature rise ("ITR")	An estimate of the level of global warming consistent with the Scheme's investments. Alignment is measured relative to the Paris Agreement goal of limiting the increase in global average temperature to 1.5°C above pre-industrial levels.
4. Additional metrics: Data quality	Proportion of the portfolio for which emissions data is verified, reported, estimated or unavailable.

⁶ For sovereign bonds, Greenhouse Gas Emissions are expressed relative to Purchasing Power Parity adjusted Gross Domestic Product (PPP-adjusted GDP), in line with the Partnership for Carbon accounting of Financials guidance (PCAF).

The Trustee has chosen **total greenhouse gas emissions as its absolute emissions metric** and **carbon footprint as its emissions intensity metric** in line with the Department for Work and Pensions recommendations. In addition to carbon footprint, the Trustee has also chosen to report **WACI as an additional emissions intensity metric**.

The metrics in this report relate to the Scheme’s financed emissions only and exclude emissions associated with the operation of the Scheme. Where metrics relate to corporate emissions, these cover Scope 1, 2 and 3 emissions defined as follows:

- **Scope 1 “direct” emissions:** those from sources owned or controlled by companies (e.g. direct combustion of fuel from vehicles); and
- **Scope 2 “indirect” emissions:** those caused by the generation of energy (e.g. electricity) purchased by companies.
- **Scope 3 “indirect” emissions:** In this category are all the emissions associated, not with a company itself, but that occur in the value chain of the reporting company.

For sovereign emissions, the emissions are typically defined as those that relate to production (Scope 1) and consumption (Scope 1,2 and 3 minus exported emissions) in line with PCAF guidance. Emissions quoted exclude those from land use, land use change and forestry unless stated otherwise.

- **Production emissions:** those attributable to emissions produced domestically and include domestic consumption and exports; and
- **Consumption emissions:** these include production emissions, minus exported emissions, plus imported emissions (emissions related to energy and non-energy imports from goods and services from outside the country territory as a result of activities taken place in the country territory).

The Trustee has chosen **ITR as its portfolio alignment metric** because of its simplicity in presentation and as it is a useful way to see, at a glance, the positioning of a Scheme towards a low carbon economy. Investments with high ITR metrics are likely to have a greater transition risk.

The Trustee has also chosen **data quality as an additional non-emissions-based metric** as it assists the Trustee in monitoring the quality of reporting over time, as companies are expected to continually improve their reporting on climate-related metrics. As the quality of data improves, the decision usefulness of the climate metrics reported on the Scheme’s portfolio increases. In addition, the Trustee is able to identify the companies in the portfolio that are not currently reporting emissions data and use this as the basis for engagement.

Results – DB Section

Data availability and coverage

This section shows metrics data as at 30 September 2025 across the Scheme’s DB public assets and compares each metric to the 30 September 2024 position. Data has not been reported for the following mandates:

- UK Property internally managed (1.8% allocation as at 30 September 2025) due to lack of data availability on the underlying assets;
- BlackRock Currency Hedging due to the short term nature of the contracts and lack of direct carbon emissions;

Given data coverage is much better for public assets, the metrics data focuses on the public market assets held.

With regards to private debt managers, the Trustee has included relevant information with regards to those managers where data was provided in Appendix 5. An improvement has been seen in the number of private debt managers now reporting on climate metric data, with 9 out of the 13 managers now providing data.

The Scheme's actual asset allocation has been used to compute the Scheme's aggregate metrics where relevant.

DB Section: TCFD Metrics Summary

Figures 13 and 14 summarise the DB Section's Scope 1&2 and Scope 3 (split by upstream and downstream) emissions-based metrics as at 30 September 2025 and compare them to the prior-year's results. The Trustee makes the following observations on the Scope 1&2 emissions-based metrics:

- The absolute carbon emissions produced by the DB corporate public assets rose to 129,004 tCO₂e, while the absolute production emissions produced by the DB sovereign public assets rose marginally to 373,675 tCO₂e. However, given the rise in the Scheme's in-scope assets of 16% across the year, the Trustee is largely comfortable with this rise in emissions.
- Within the Equity Portfolio, despite a 21% reduction in total allocation, absolute carbon emissions increased by c. 4%.
 - This reflects a 31% increase in carbon intensity, as measured by carbon footprint, of the assets within this portfolio. This is largely due to the disinvestment from Artermis and Veritas over the year, which both had much lower carbon footprints than other equity managers.
 - If you consider just the three remaining equity managers, the carbon footprint has increased by 4% over the year and the allocation to them has increased by 17% as a result of investment return.
 - As such, the Trustee is comfortable that the increase in carbon footprint and absolute carbon emissions in the Equity Portfolio is a result of allocation changes and investment returns as opposed to fundamental increases in the underlying carbon intensity of the portfolio.
- The highest contributor to the equity portfolio's carbon footprint is Solvay SA, which is held within the Liontrust portfolio. This represented over c. 26% of the carbon footprint for the total equity portfolio but makes up only 1.1% by allocation weight. The Trustee has engaged Liontrust on this holding and are comfortable with it, as the holding's industry is inherently energy-intensive.
- The Public Credit portfolio saw a c. 79% increase in absolute emissions however the Trustee is comfortable with this given a 57% increase in overall asset allocation to the Public Credit portfolio.
- Within the Public Credit portfolio, over 30% of the carbon footprint arises from the top 10 largest emitters, which make up 2.3% of the portfolio by allocation. The largest contributor was RWE Finance US, LLC, which contributed 7.0% to carbon footprint and is held within the Loomis Sayles portfolio. The Trustee will consider engaging managers on their most carbon intensive holdings.

The Trustee notes that there have been some significant changes within the Scope 3 emissions data. At this stage the majority of the metrics are based on estimated data due to the limitations with sourcing Scope 3 emissions data and therefore some volatility in the data can be expected.

Beach Point saw a c. 61% increase in scope 3 emissions over the year as a result of a new holding in an oil exploration and production company, Moss Creek. The Trustee will continue to monitor movements in Scope 3 emissions data and engage with managers on significant changes to emissions and the quality of this data.

Figure 13: Corporate Scope 1&2 Metrics summary as at 30 September 2025 (DB Public Assets). Change over the year shown in brackets beneath each metric.

Asset Class	Manager	Allocation (£m)	% of eligible assets	Scope 1 & 2 carbon related metrics			
				Total GHG Emissions (tCO ₂ e)	Carbon Footprint (tCO ₂ e/US \$M invested)	WACI (tCO ₂ e/US \$M sales)	Data coverage (% verified + % reported + % estimated)
Equity (20.6% strategic allocation)	Liontrust	284 (+16%)	98%	23,737 (+8%)	66 (-2%)	67 (-19%)	100%
	Schroders	195 (+20%)	100%	13,456 (+0%)	51 (-17%)	89 (-5%)	99%
	Calamos	269 (+9%)	94%	20,635 (+53%)	58 (+21%)	196 (+8%)	97%
Fixed income (79.4% strategic allocation)	GSAM	217 (+5%)	98%	13,464 (-6%)	46 (-11%)	106 (-1%)	99%
	Capital Group	149	93%	10,288	55	142	98%
	PGIM	147	97%	8,831	45	158	98%
	Loomis Sayles	146	95%	16,626	89	246	95%
	Beach Point	383 (+5%)	73%	8,869 (-27%)	24 (-26%)	55 (+8%)	20%
	CQS	319 (+8%)	44%	13,098 (-1%)	68 (-17%)	133 (-25%)	70%
Total		2,107 (+16%)	84%	129,004 (+35%)	54	123	84%

Source: Mercer

Please note for the 2025 figures, Insight's metrics have been reported separately in the report, with the mandate being largely sovereign in nature. Insight's data coverage levels are 100%

Note: Eligible assets refer to the proportion of assets which meaningful climate data is available to perform required climate-related reporting calculations.

Figure 14: Scope 3 Metrics summary as at 30 September 2025 (DB Public Assets). Change over the year shown in brackets beneath each metric.

Asset Class	Manager	Allocation (£m)	% of eligible assets	Scope 3 carbon related metrics			
				Upstream / Downstream			
				Total GHG Emissions (tCO ₂ e)	Carbon Footprint (tCO ₂ e/US \$M invested)	WACI (tCO ₂ e/US \$M sales)	Data coverage (% reported + % estimated)
Equity (20.6% strategic allocation)	Liontrust	284 (+16%)	98%	45,838 / 84,333 (-9% / 0%)	127 / 234 (-18% / -10%)	234 / 314 (-5% / -14%)	100%
	Schroders	195 (+20%)	100%	38,823 / 78,942 (+25% / +33%)	148 / 300 (+9% / +4%)	231 / 409 (-4% / +70%)	99%
	Calamos	269 (+9%)	94%	24,219 / 76,093 (-8% / +27%)	69 / 215 (-7% / +4%)	246 / 845 (-7% / +90%)	97%
Fixed income (79.4% strategic allocation)	GSAM	217 (+5%)	98%	31,223 / 62,685 (-12% / +1%)	109 / 218 (-15% / +3%)	219 / 398 (0% / -5%)	99%
	Capital Group	149	93%	15,578 / 44,360	84 / 240	202 / 544	98%
	PGIM	147	97%	15,154 / 49,004	79 / 255	202 / 536	98%
	Loomis Sayles	146	95%	24,627 / 65,029	129 / 337	231 / 725	93%
	Beach Point	383 (+5%)	73%	45,500 / 78,032 (-12% / +213%)	121 / 208 (-12% / +212%)	199 / 592 (-28% / +191%)	20%
	CQS	319 (+8%)	44%	20,834 / 53,742 (+14% / +7%)	113 / 292 (0% / -6%)	217 / 487 (0% / +4%)	70%
Total		2,107 (+16%)	84%	854,016	109 / 247	211 / 538	80%

Source: Mercer

The Greenhouse Gas Protocol's definition of scope 1, 2 and 3 emissions was initially developed for classification of corporate bond emissions, rather than sovereign bonds. In this report, the Trustee has adopted the recommendations of the Partnership for Carbon Accounting Financials (PCAF) when reporting sovereign bond emissions. PCAF's scope definition for sovereign bonds is as follows:

Scope 1	Scope 2	Scope 3
Domestic GHG emissions from sources located within the country territory	GHG emissions attributable to the import of electricity, steam, heat and cooling from outside the country territory	GHG emissions attributable to all other (non-energy) imports from goods or services from outside the country territory

These scopes have been further mapped to the following emissions metrics, which are presented in this report:

- Production emissions = Scope 1
- Consumption emissions = Scope 1 + Scope 2 + Scope 3 – Exported emissions

The definition of Production emissions follows the territorial emissions approach adopted by the United Nations Framework Convention on Climate Change (UNFCCC) for annual national inventories. Consumption emissions reflect the emissions associated with the goods and services consumed by the population in an economy. Emissions are presented excluding land use, land use change and forestry (LULUCF) emissions.

Given the differences in methodology between corporate and sovereign emissions, the Trustee has reported sovereign production and consumption emissions separately in the respective tables below.

Figure 15: Sovereign Carbon Metrics – Production Emissions

Asset Class	Manager	Allocation (£m)	% of eligible assets	Sovereign Carbon Metrics	
				Total GHG Emissions (tCO ₂ e)	Carbon Intensity (tCO ₂ e/US \$M PPP adjusted GBP)
Fixed Income	Capital Group	149	1.8%	783	222
	PGIM	147	2.1%	404	99
	Insight	464 (-27%)	100%	372,488 (0%)	99 (0%)
Total		-	91%	373,675 (+1%)	99

Source: Mercer

Figure 16: Sovereign Carbon Metrics – Consumption Emissions

Asset Class	Manager	Allocation (£m)	% of eligible assets	Sovereign Carbon Metrics		
				Total GHG Emissions (tCO ₂ e)	Carbon Intensity (tCO ₂ e/US \$M PPP adjusted GBP)	Carbon Intensity (tCO ₂ e/capita)
Fixed income	Capital Group	149	1.8%	868	246	20
	PGIM	147	2.1%	567	139	8

Asset Class	Manager	Allocation (£m)	% of eligible assets	Sovereign Carbon Metrics		
				Total GHG Emissions (tCO ₂ e)	Carbon Intensity (tCO ₂ e/US \$M PPP adjusted GBP)	Carbon Intensity (tCO ₂ e/capita)
	Insight	464 (-27%)	100%	522,265 (0%)	139 (0%)	8 (0%)
Total			91%	523,699 (+0%)	139	8

Source: Mercer

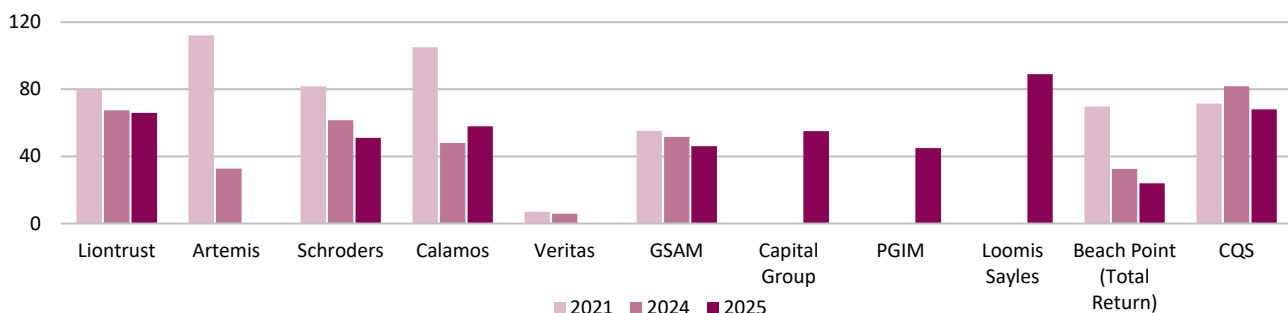
Please note comparison metrics for Capital Group, Loomis Sayles and PGIM are not included in Figures 13-16 given the mandates were invested in 2025. Progression of the metrics vs prior years will be included within future reports.

Carbon footprint

The Trustee has agreed to retain the current approach and principles for target setting relative to the carbon footprint metric. However, the targets now incorporate the 3 new credit mandates. Over the year to 30 September 2025, the Trustee makes the following observations on the carbon footprint of the DB Section's assets:

- The Scope 1&2 carbon footprint of most strategies reduced over the year to 30 September 2025, with the exception of Calamos. Calamos have attributed a large portion of this rise to the inclusion of companies such as Heidelberg Materials AG, PPL Capital Funding, The Southern Company and Duke Energy Corporation, of which the first two were not part of the portfolio in 2024 and have hence contributed to a rise in emissions.
- The Insight sovereign carbon intensity metrics remain broadly unchanged between the year to 30 September 2025 on both a production and consumption emissions basis. Please note that the sovereign metrics for Insight, Capital Group and PGIM portfolios have not been included within Figure 17 due to the different methodologies between corporate and sovereign mandates.
- Since the 30 September 2021 baseline all managers have reduced their carbon footprint

Figure 17: DB Section carbon footprint (Scope 1&2) summary as at 30 September 2025 (tCO₂e/US \$M invested).



Source: Mercer.

Implied temperature rise

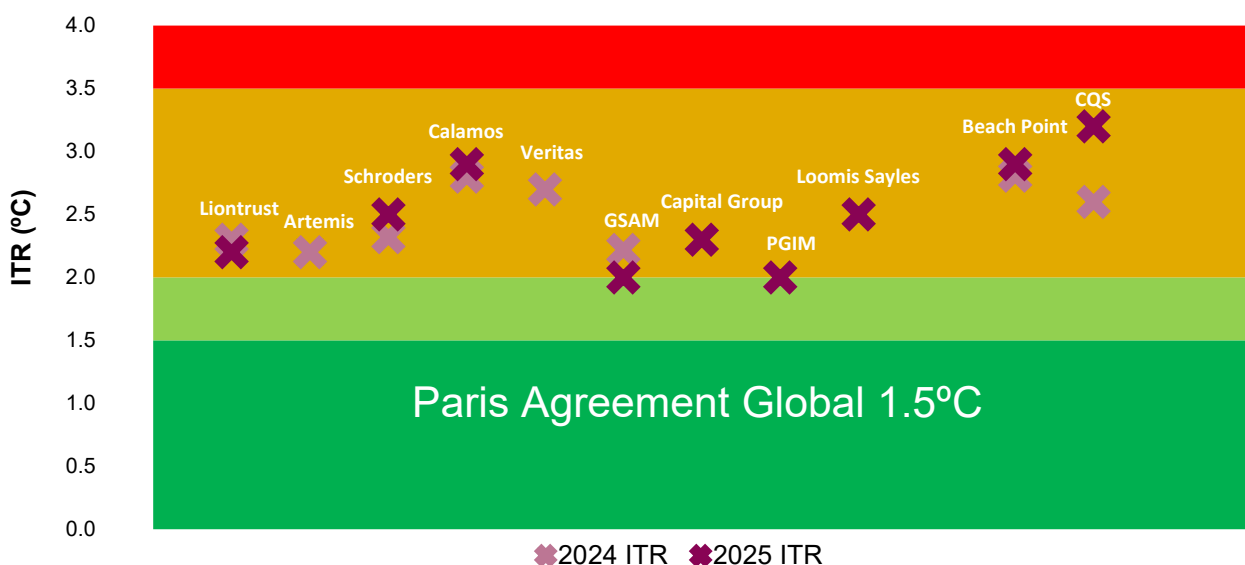
This is a forward-looking metric that considers the pledges, commitments and business strategy changes that underlying investee companies/issuers have made. It provides a prediction of the potential temperature rise over the rest of the century based on the activities of those companies and issuers. The metric illustrates the degree of portfolio alignment with the goals of the Paris Agreement (notably to limit warming to well below 2°C by the end of the century) and therefore the Trustee looks to present the results within this framework. ITR is quoted in degrees centigrade, and is designed to highlight how consistent a company's business model (both now and through their projected emissions reduction targets) is with limiting warming this century to 1.5°C. At a high level, the metric is calculated via:

- 1. Calculating a company-specific carbon budget in metric tons of CO₂e that the company can emit to be aligned with a pathway for limiting global warming to 1.5°C.
- 2. Projecting the company's future emissions through to 2050 based on current emissions and reported emissions-reduction targets. A company projected to emit carbon below budget can be said to "undershoot" the budget; a company projected to exceed the budget "overshoots" it.
- 3. Converting the company's relative carbon budget over- or undershoot to an ITR, expressed in degrees Celsius.

The Trustee makes the following observations:

- Data availability has remained consistent over the year, with most managers now reporting ITR.
- The majority of mandates have remained unchanged over the year, and remain above the Paris Alignment target.
- The ITR for the 3 new credit mandates have been reported, while ITR figures for Artemis and Veritas have not been included for 2025 following disinvestment during the year.
- The CQS ITR increased the most versus the previous year, rising by 0.6 °C.
- Out of the DB Section's ITR scores, only GSAM and PGIM are currently consistent with a less than 2°C warming target.

Figure 18: DB Section ITR summary as at 30 September 2025



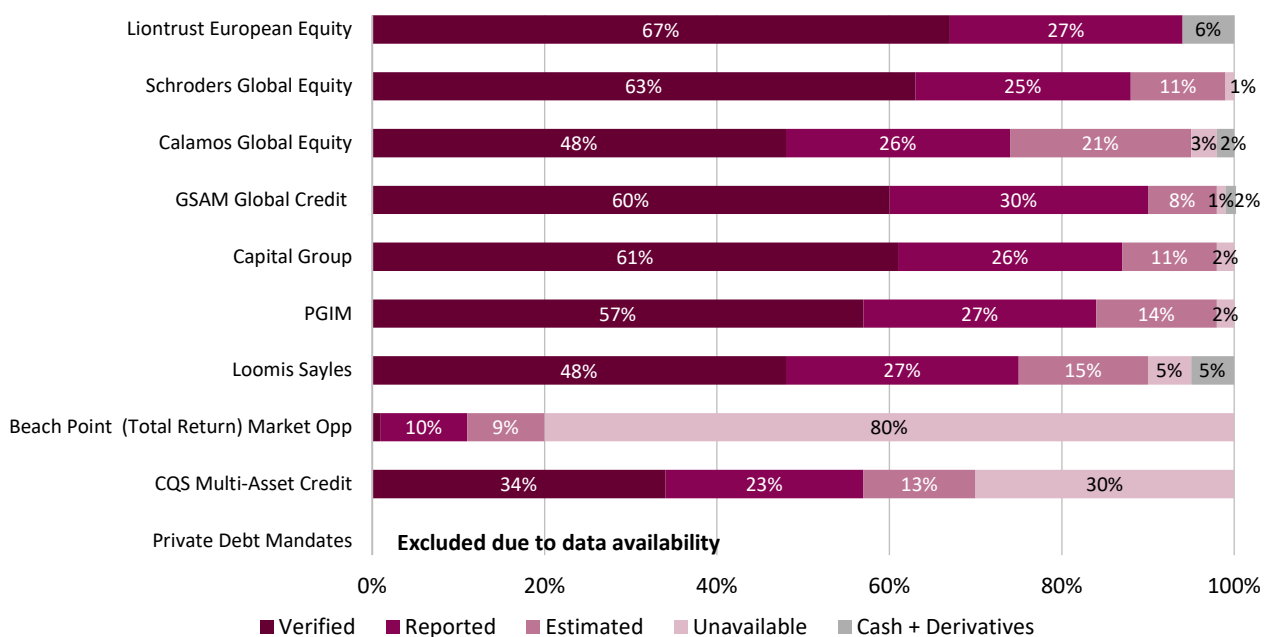
Source: Mercer.

Data quality

The Trustee monitors the development of data quality year on year and expects this to increase over time. Figure 19 show the data quality for Scope 1&2 emissions, where data has been provided. Over the year to 30 September 2025, the methodology used to derive data quality has changed. The new methodology now follows the Partnership for Carbon Accounting Financials (PCAF) data scoring quality approach, and reports on verified, reported, estimated and unavailable data. As such, only the 2025 data has been shown this year, as the 2024 data is not comparable. Going forward in future years, the Trustee will include comparison data. The Trustee notes that:

- Data quality is mixed, with equity mandates having the largest proportion of reported data and is worst for private debt managers. The Trustee will continue to engage with the private debt managers on the provision of climate metrics data.
- Verified data is becoming increasingly available, driven by regulatory and market expectations. In this analysis, under MSCI's methodology, 'verified' indicates where there is a clear and explicit disclosure confirming third-party verification or assurance of the reported emissions data,
- Beach Point had the lowest level of data quality, with 80% of the data being unavailable. This is expected given the nature of the mandate.
- For the Scope 3 emissions metrics, estimated data has been used throughout due to the poor quality / availability of Scope 3 data.

Figure 19: DB Section data quality as at 30 September 2025 Scope 1&2 emissions data



Source: Mercer

Please note that the data quality of the Insight mandate is 100%, however has been excluded from the chart since the mandate is largely sovereign in nature, and hence not comparable with the rest of the DB Public Asset mandates

Results - DC Section

Data availability and coverage

The majority of the Scheme's DC assets are managed by AllianceBernstein in the TDF range, which represents 98% of the total DC Section's assets. Similar to the DB Section, in order to make advancements from previous reports, the Trustee has reviewed the approach to metrics provision and agreed to use Mercer as the provider of all public manager climate metrics. To make appropriate comparisons in relation to the progress of the metrics, the previous year (2024) and base year (2021) analysis has been restated so that metrics progress can be monitored going forward on a consistent basis. The metrics for 2021 and 2024 are included in Appendices 3 and 4.

The Trustee is required to provide metrics data for all popular DC arrangements which are funds or Lifecycle arrangements that meet certain criteria: they either make up more than 10% of the total DC assets or are valued at over £100m. As noted previously, the Scheme now has seven popular arrangements within the DC Section, however the metrics for all of the DC TDFs have been included within this report for complete analysis of members at different stages of the glidepath.

The metrics for the DC TDFs are shown in Figures 20 - 26. As at 30 September 2022, c.11% of the DC assets were held in the only popular arrangement at that time, the 2035-2037 TDF. As at 30 September 2025, c.66% of the DC assets were held in popular arrangements. Popular arrangements as at 30 September 2025 are marked in **bold**.

DC Section: TCFD Metrics Summary

Over the year to 30 September 2025, data coverage increased significantly for all TDFs. This is largely due to the change in methodology and improving data quality.

The total scope 1&2 absolute emissions for corporate holdings within the TDFs fell by 3,652tCO₂e over the year to 30 September 2025. Over the same period, sovereign production emissions within the TDF increased by 1,790 tCO₂e. Overall there was therefore a decrease in absolute emissions, despite an increase in assets invested in the TDFs over the period.

Carbon intensity measures (carbon footprint and WACI) fell for all TDFs between 2024 and 2025. These reductions were driven by two primary effects: investment policy actions taken directly within the portfolios, and the decarbonisation of the broad investment universe.

Implied temperature rise either reduced or remained unchanged across all TDF's from the previous year.

There has been an improvement in MSCI's data quality methodology and as a result 'verified' data is now reported. This is a significant improvement in data reporting, and the Trustee is pleased to report that over 68% of the emissions data is now classified as 'verified' by MSCI.

Figure 20: Analysed Funds in the DC Section as at 30 September 2025 – Corporate emissions, Scope 1&2.
Change over the year shown beneath each metric.

Vintage	Vintage AuM (£m)	Vintage allocation as % of total portfolio	Proportion of eligible assets	Scope 1 & 2 carbon related metrics			
				Total GHG Emissions (tCO2e)	Carbon Footprint (tCO2e/US \$M invested)	WACI (tCO2e/US \$M sales)	Data coverage (% verified + % reported + % estimated)
2011-2013	0.2	0.0%	62.2%	3 (-25%)	21.1 (-21%)	57.2 (-6%)	98.4%
2014 - 2016	0.6	0.0%	62.3%	10 (-47%)	21.1 (-21%)	57.1 (-7%)	98.4%
2017-2019	4.4	0.3%	62.0%	78 (-30%)	21.2 (-21%)	57.5 (-7%)	98.4%
2020-2022	9.1	0.7%	62.4%	163 (-34%)	21.4 (-21%)	58 (-9%)	98.3%
2023-2025	22.7	1.7%	63.9%	431 (-40%)	22 (-21%)	59.5 (-10%)	97.8%
2026-2028	54.8	4.2%	66.8%	1,113 (-18%)	22.5 (-20%)	61.4 (-8%)	97.2%
2029-2031	75.8	5.8%	70.7%	1,690 (-14%)	23.3 (-18%)	64.2 (-7%)	96.5%
2032-2034	92.5	7.1%	80.5%	2,430 (-10%)	24.1 (-16%)	67.2 (-7%)	95.5%
2035-2037	130.5	10.0%	89.3%	3,729 (-8%)	23.7 (-17%)	66.9 (-7%)	95.2%
2038-2040	131.8	10.1%	97.3%	4,005 (-8%)	23.1 (-19%)	65.8 (-9%)	95.0%
2041-2043	129.9	10.0%	100.0%	3,976 (-9%)	22.7 (-21%)	64.3 (-12%)	94.9%
2044-2046	130.3	10.0%	76.8%	3,019 (-11%)	22.4 (-22%)	62.8 (-15%)	94.9%
2047-2049	126.8	9.7%	76.1%	2,887 (-11%)	22.2 (-23%)	61.9 (-17%)	94.8%
2050-2052	113.8	8.7%	76.1%	2,593 (-10%)	22.2 (-23%)	61.9 (-17%)	94.8%
2053-2055	101.8	7.8%	76.1%	2,318 (-11%)	22.2 (-23%)	61.9 (-17%)	94.8%
2056-2058	75.7	5.8%	76.1%	1,723 (-7%)	22.2 (-23%)	61.9 (-17%)	94.8%
2059-2061	44.2	3.4%	76.1%	1,007 (-4%)	22.2 (-23%)	61.9 (-17%)	94.8%
2062-2064	23.3	1.8%	76.1%	530 (+5%)	22.2 (-23%)	61.9 (-17%)	94.8%
2065-2067	8.7	0.7%	76.1%	197 (+40%)	22.2 (-23%)	61.9 (-17%)	94.8%

2068-2070	1.1	0.1%	76.1%	26 (+86%)*	22.2 (-23%)	61.9 (-17%)	94.8%
2071-2073	0.2	0.0%	76.1%	4 (+300%)*	22.2 (-23%)	61.9 (-17%)	94.8%
Total TDFs	1278.0	98.0%	81.4%	31,933	22.7	63.7	95.2%

Source: Mercer.

Note: Eligible assets refer to the proportion of assets which meaningful climate data is available to perform required climate-related reporting calculations.

*Carbon emissions have increased substantially versus last year due to an increase in underlying assets.

Figure 21: Analysed Funds in the DC Section as at 30 September 2025 – Scope 3. Change over the year shown beneath each metric.

Vintage	AuM (£m)	As % of total portfolio	% of eligible assets	Scope 3 carbon related metrics Upstream / Downstream			
				Total GHG Emissions (tCO2e)	Carbon Footprint (tCO2e/US \$M invested)	WACI (tCO2e/US \$M sales)	Data coverage (% reported + % estimated)
2011-2013	0.2	0.0%	62.2%	12 / 18 (0% / -14%)	71.9 / 110.6 (-8% / -15%)	217.4 / 262.9 (-2% / -7%)	98.4%
2014-2016	0.6	0.0%	62.3%	33 / 51 (-42% / -47%)	71.9 / 110.6 (-8% / -16%)	217.3 / 262.9 (-3% / -7%)	98.4%
2017-2019	4.4	0.3%	62.0%	262 / 404 (-20% / -28%)	72 / 111 (-8% / -17%)	217.5 / 263.6 (-3% / -7%)	98.4%
2020-2022	9.1	0.7%	62.4%	547 / 846 (-24% / -31%)	72 / 111.4 (-9% / -17%)	217.8 / 264.2 (-4% / -7%)	98.3%
2023-2025	22.7	1.7%	63.9%	1,411 / 2,185 (-31% / -37%)	72.5 / 112.2 (-9% / -17%)	218.2 / 266.2 (-4% / -7%)	97.8%
2026-2028	54.8	4.2%	66.8%	3,558 / 5,582 (-8% / -14%)	72.3 / 113.3 (-8% / -14%)	219.9 / 268 (-3% / -5%)	97.3%
2029-2031	75.8	5.8%	70.7%	5,213 / 8,318 (-5% / -9%)	72.3 / 115.3 (-8% / -11%)	222 / 271.4 (-3% / -2%)	96.5%
2032-2034	92.5	7.1%	80.5%	7,212 / 11,658 (-2% / -4%)	72.1 / 116.4 (-7% / -9%)	224.8 / 273.3 (-3% / +1%)	95.5%
2035-2037	130.5	10.0%	89.3%	11,087 / 18,039 (+1% / 0%)	70.8 / 115.1 (-8% / -9%)	226.5 / 270.1 (-3% / +1%)	95.2%
2038-2040	131.8	10.1%	97.3%	12,040 / 19,525 (+2% / +1%)	69.8 / 113.1 (-10% / -10%)	227.3 / 266 (-3% / 0%)	95.0%
2041-2043	129.9	10.0%	100.0%	12,033 / 19,334 (+2% / +3%)	68.9 / 110.7 (-11% / -10%)	227.6 / 263.8 (-3% / 0%)	94.9%
2044-2046	130.3	10.0%	76.8%	9,165 / 14,567 (0% / +2%)	68.2 / 108.3 (-12% / -10%)	227.8 / 262.8 (-3% / 0%)	94.9%
2047-2049	126.8	9.7%	76.1%	8,782 / 13,858	67.7 / 106.8	228 / 262.1	94.9%

				(+1% / +2%)	(-12% / -10%)	(-3% / 0%)	
2050-2052	113.8	8.7%	76.1%	7,885 / 12,443 (+1% / +3%)	67.7 / 106.8 (-12% / -10%)	228 / 262.1 (-3% / 0%)	94.9%
2053-2055	101.8	7.8%	76.1%	7,049 / 11,123 (+1% / +3%)	67.7 / 106.8 (-12% / -10%)	228 / 262.1 (-3% / 0%)	94.9%
2056-2058	75.7	5.8%	76.1%	5,242 / 8,272 (+5% / +7%)	67.7 / 106.8 (-12% / -10%)	228 / 262.1 (-3% / 0%)	94.9%
2059-2061	44.2	3.4%	76.1%	3,063 / 4,834 (+9% / +11%)	67.7 / 106.8 (-12% / -10%)	228 / 262.1 (-3% / 0%)	94.9%
2062-2064	23.3	1.8%	76.1%	1,612 / 2,543 (+19% / +21%)	67.7 / 106.8 (-12% / -10%)	228 / 262.1 (-3% / 0%)	94.9%
2065-2067	8.7	0.7%	76.1%	599 / 946 (+58% / +61%)	67.7 / 106.8 (-12% / -10%)	228 / 262.1 (-3% / 0%)	94.9%
2068-2070	1.1	0.1%	76.1%	78 / 123 (+117% / +116%)*	67.7 / 106.8 (-12% / -10%)	228 / 262.1 (-3% / 0%)	94.9%
2071-2073	0.2	0.0%	76.1%	12 / 20 (+200% / +233%)*	67.7 / 106.8 (-12% / -10%)	228 / 262.1 (-3% / 0%)	94.9%
Total TDFs	1278.0	98.0%	81.4%	96,895 / 154,690	69.3 / 110.6	226.6 / 265.3	95.2%

Source: Mercer.

*Carbon emissions have increased substantially versus last year due to an increase in underlying assets.

Figure 22: Analysed Funds in the DC Section as at 30 September 2025 versus 2024 – Sovereign Carbon Intensity metrics – Production Emissions

Please note that the units used for Sovereign assets are different to that of the corporate emissions metrics shown in Figures 20 and 21. Further information on the definition of Sovereign assets can be found on page 30

Vintage	AuM (£m)	% of total portfolio	Proportion of eligible assets	Sovereign Carbon Metrics	
				Total GHG Emissions (tCO ₂ e)	Carbon Intensity (tCO ₂ e/US \$M PPP adjusted GBP)
2011-2013	0.2	0.0%	37.8%	10 (+11%)	103.1 -
2014-2016	0.6	0.0%	37.7%	29 (-31%)	103.1 -
2017-2019	4.4	0.3%	38.0%	230 (-5%)	103.1 -
2020-2022	9.1	0.7%	37.6%	472 (-7%)	103.1 -
2023-2025	22.7	1.7%	36.1%	1,136 (-15%)	103.1 -
2026-2028	54.8	4.2%	33.2%	2,527 (+7%)	103.1 -
2029-2031	75.8	5.8%	29.3%	3,083 (+19%)	103.1 -

2032-2034	92.5	7.1%	19.5%	2,512 (+20%)	103.2 -
2035-2037	130.5	10.0%	10.7%	1,950 (+34%)	103.4 -
2038-2040	131.8	10.1%	2.7%	5 (-55%)	104.2 (-40%)
2041-2043	129.9	10.0%	0.0%	9 (+50%)*	173.5 -
2044-2046	130.3	10.0%	0.0%	3 (+200%)*	173.5 -
Total TDFs	782.5	60.0%	11.4%	12,455	103.1

Source: Mercer

*Although the % increase is significant the sovereign allocation and subsequent sovereign emissions within these TDFs is low.

Figure 23: Analysed Funds in the DC Section as at 30 September 2025 versus 2024 – Sovereign Carbon Intensity metrics – Consumption Emissions

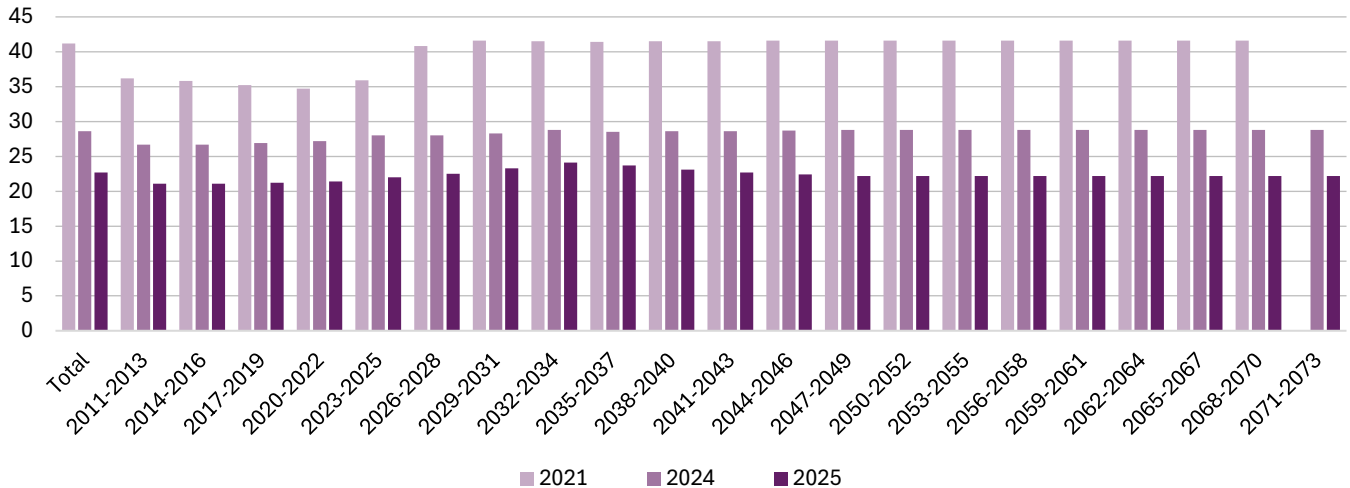
Vintage	AuM (£m)	% of total portfolio	Proportion of eligible assets	Sovereign Carbon Metrics		
				Total GHG Emissions (tCO2e)	Carbon Intensity (tCO2e/US \$M PPP adjusted GBP)	Carbon Intensity (tCO2e/capita)
2011-2013	0.2	0.0%	37.8%	14 (+17%)	138.9 -	8.1 -
2014-2016	0.6	0.0%	37.7%	39 (-32%)	138.9 -	8.1 -
2017-2019	4.4	0.3%	38.0%	310 (-5%)	138.9 -	8.1 -
2020-2022	9.1	0.7%	37.6%	636 (-7%)	138.9 -	8.1 -
2023-2025	22.7	1.7%	36.1%	1,530 (-15%)	138.9 -	8.1 -
2026-2028	54.8	4.2%	33.2%	3,405 (+7%)	139 -	8.1 -
2029-2031	75.8	5.8%	29.3%	4,154 (+19%)	139 -	8.1 -
2032-2034	92.5	7.1%	19.5%	3,384 (+20%)	139.1 -	8.1 -
2035-2037	130.5	10.0%	10.7%	2,627 (+34%)	139.3 -	8.1 -
2038-2040	131.8	10.1%	2.7%	667 (+4664%)*	140.2 (-37%)	8.1 (-27%)
2041-2043	129.9	10.0%	0.0%	11 (+38%)	221.5 -	11.1 -
2044-2046	130.3	10.0%	0.0%	3 (+50%)	221.5 -	11.1 -
Total TDFs	782.5	60.0%	11.4%	16,780	139.1	8.1

Source: Mercer

*Although the % increase is significant this is due to the change in allocation over the year.

Carbon footprint

Figure 24: DC Section carbon footprint evolution for Scope 1&2 emissions



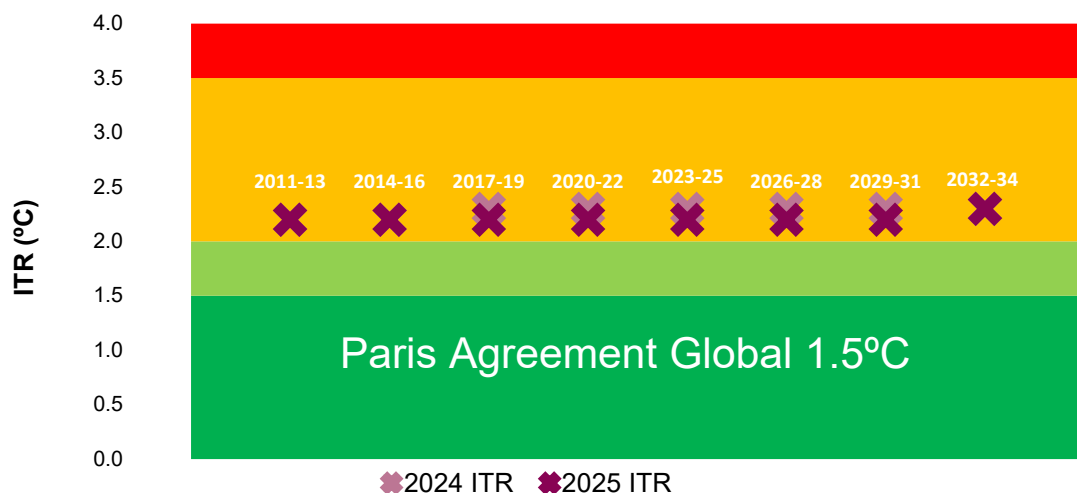
Source: Mercer.

Over the 1-year period to 30 September 2025, the carbon footprint for all the TDFs has decreased with the total carbon footprint for Scope 1 & 2 emissions falling by c.21%. Given that the construction of the TDF's asset allocation is primarily through systematic and passive approaches, the main driver of this reduction has been a reduction in the intensity of broad market universes, such as the equity universe defined by MSCI World Index. Added to this, decarbonisation has been supported by allocations with carbon and ESG related tilts that have continued to lean allocations towards less carbon-intensive businesses. This has impacted both younger and older members.

Implied Temperature Rise

Over the reporting period the ITR has fallen or remained the same across the majority of TDF vintages.

Figure 25: DC Section ITR summary as at 30 September 2025



Source: Mercer. **Note:** From TDF 2032-34 onwards, both the 2024 and 2025 ITRs were the same (2.3°C).

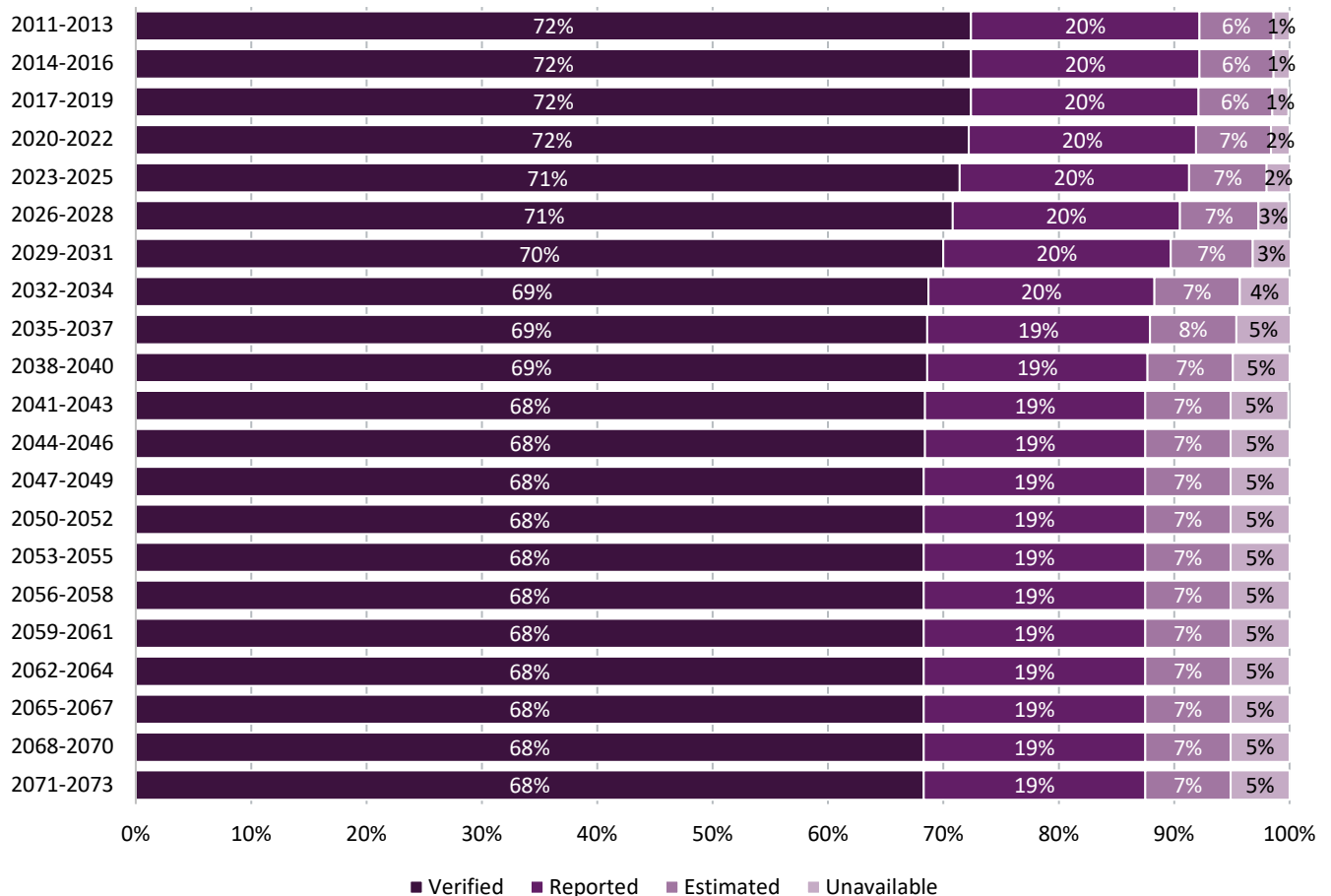
Data quality

The Trustee monitors the development of data quality year on year however there has been a change in MSCI methodology during 2025, with MSCI now including 'verified data'. Verified data indicates where there is a clear and explicit disclosure confirming third-party verification or assurance of the reported emissions data, including references to recognised assurance standards, regardless of whether the assurance level is limited or reasonable. Historical data is therefore not directly comparable. The Trustee will include comparisons in future reports.

There is good data quality across all the TDFs with the majority of the data either being verified or reported.

For the Scope 3 emissions metrics, estimated data has been used throughout due to the poor quality / availability of scope 3 data. For this reason, data quality is 100% estimated data for Scope 3.

Figure 26: DC Section data quality as at 30 September 2025 for Scope 1&2 emissions data



Source: Mercer

Targets

During the Scheme year, the Trustee has reviewed the appropriateness of the climate change targets. This comes largely as a result of changes to the Scheme's investment strategy, but also due to discussions with the Scheme's Investment Managers on whether the current targets remain appropriate.

Following the review, the Trustee has agreed to maintain the DB Equity portfolio and DC TDFs targets but the DB Public Credit portfolio target has been amended to include the new credit managers appointed during 2025 (Capital Group, PGIM and Loomis Sayles). As a result, the DB Public Credit portfolio target has been reset with a baseline of 30 September 2025. Progress against this target will be included in future reports.

The Trustee now has the following interim climate targets in place:

- Reduce greenhouse gas emissions (Scope 1 and 2) for the aggregate DB Equity portfolio by 40% or more by 30 September 2030, relative to a 30 September 2021 baseline.
- Reduce greenhouse gas emissions (Scope 1 and 2) for the DB Public Credit portfolio by 50% or more by 30 September 2030, relative to a 30 September 2025 baseline.
- Reduce greenhouse gas emissions (Scope 1 and 2) for all DC TDFs by 20% or more by 30 September 2030, relative to a 30 September 2021 baseline.

Each target is measured against the carbon footprint metric. As noted above, the targets are designed to be broadly aligned with the Paris Climate Change Agreement.

In relation to the DB Section, targets have been put in place where the underlying data is considered of sufficient quality, the threshold for which has been determined as more than 75% of the underlying data being directly verified or reported (as opposed to estimated or not available). Although data quality has increased for those public credit Investment Managers not currently covered by targets (CQS and Beach Point) the Trustee does not consider it yet at sufficient quality to extend targets to these managers. The Trustee will engage with these managers to consider the feasibility of setting climate targets in future. Targets have been set for all DC TDFs, as this is consistent with the broader approach being taken by AllianceBernstein, who manage the TDFs.

In addition, the Equity Portfolio target now only includes progress for the remaining 3 equity managers, Liontrust, Schroders and Calamos. The baseline and prior year metrics include the Artemis and Veritas mandates that were disinvested from during 2025.

The LDI portfolio is excluded from the targets for the DB Section. This portfolio predominantly holds UK Government bonds, which are an integral part of the Trustee's wider risk management approach. The Trustee notes that the UK Government is targeting being net zero by 2050.

The targets cover 40% of the assets for the DB Section and 98% of assets for the DC Section.

The Trustee recognises that due to the pooled fund nature of certain mandates, it cannot directly influence portfolio holdings but instead will seek to engage with the investment managers.

The Trustee reviews its progress against the above targets at Trustee meetings at least annually and did so at the May 2025 meeting. The updated metric data and progress update will be reviewed and discussed at an ISC meeting, ahead of any Trustee review. The appropriateness of the current targets and progress against the targets were reviewed by the ISC at the November 2025 meeting and February 2026 meeting respectively.

Over the three years to 30 September 2025, the Trustee and the respective investment managers made the following progress against their climate targets:

Figure 27: Summary of greenhouse gas emissions target and reduction to 30 September 2025

Mandate	Baseline Carbon Footprint	2025 Carbon Footprint	% Reduction to 2025	Target Reduction Required by 2030
DB Equity Portfolio (2021 baseline)	79	59	-25%	40%
DB Public Credit Portfolio (2025 baseline)	50	50	-	50%
DC TDFs (2021 baseline)	41	23	-44%	20%

Source: Mercer.

The Trustee notes that given the new methodology in place to calculate this year's metrics, metrics from both 2024 and 2021 have been restated such that comparisons are consistent with the 2025 figures.

The carbon footprint of the equity portfolio has reduced by c.25% and is on track to achieve the interim reduction target of 40% by 2030. This is despite an increase in the carbon footprint over the 12 months to 30 September 2025, which comes due to the disinvestment from Artemis and Veritas. Both Artemis and Veritas had a much lower carbon intensity than the other equity mandates as at 30 September 2024 and hence the disinvestments from these portfolios during 2025 has led to an increase in the carbon intensity of the Equity Portfolio as at 30 September 2025.

Given the addition of the 3 new credit managers, the Trustee has agreed to rebase the target for the Public Credit mandates so that it includes the new mandates that were introduced in 2025. Progress against this target will be included within future reports. We note that over the year to 30 September 2025, the carbon footprint for the GSAM mandate has reduced by 17% relative to a 30 September 2021 baseline.

The DC TDFs have exceeded the reduction target ahead of the 2030 target timeframe. AllianceBernstein have confirmed that this has been driven by the implementation of various forms of positive (e.g. carbon tilts) and negative screening (e.g. coal) across the allocations as well as the decarbonisation of the global equity universe. They note that maintaining the current progress relative to their short-term target is not guaranteed and, given the passive methodologies used, the carbon intensity of the funds can be influenced by the continued alignment of companies in controlling their carbon emissions, and the underlying weights of companies within market indices. AllianceBernstein have therefore confirmed they are comfortable maintaining the current target.

A wide range of factors will affect whether the Trustee achieves its targets and the Trustee has varying degrees of control over these factors. Ultimately achieving the desired level of decarbonisation will depend on global economies successfully decarbonising as a whole. Despite factors outside of the Trustee's control, the Trustee's intention is to meet its targets, and it has continued to engage further with its investment managers to make clear its requirements. Currently, the targets are not formally included in the manager's investment guidelines, but the Trustee may consider incorporating them in the future. Where targets have been set, the Trustee will review the progress of the managers against their respective targets at least annually and will engage with the managers accordingly, should there be any progress concerns.

Summary and Next Steps

Key Actions taken over year to 5 April 2026

The Trustee recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly require explicit consideration. As such, the Trustee over the year has, amongst other things:

- Continued to report on the five climate metrics chosen, covering 71% of the Scheme's DB and 98% of the Scheme's DC assets.
- Reviewed and updated the methodology used in collating climate related metrics and restated for prior years 2024 and 2021 for comparison purposes. This includes a change in the data collection process used to obtain metrics.
- Revised the targets as part of the investment strategy changes, particularly for the DB Public Credit Portfolio. Reconfirmed the appropriateness of the targets for the DB Fixed Income Portfolio and DC TDFs.
- Includes sovereign metrics for the AllianceBernstein TDFs, where data was available.
- Collected climate data from private debt managers where possible.
- Engaged with managers on how ESG factors are integrated within their investment process as part of the regular manager reviews and the credit manager selection exercise.
- Engaged with managers to understand if they are signatories to the UK Stewardship Code and their intentions with regards to the new 2026 UK Stewardship Code.

Summary of results

Metrics

In carrying out this work the Trustee has identified that progress has been made towards their greenhouse gas emissions target for the DB Equity and DC Target Date Funds, as set out in the table below.

Figure 28 Summary of greenhouse gas emissions target and reduction to 30 September 2025

Portfolio	Greenhouse gas emissions target ⁷	Greenhouse gas emission reduction to 30 September 2025 ⁸
DB Equity	40% reduction	Reduction of 25%
DB Public Credit	50% reduction	n/a ⁹
DC Target Date Funds	20% reduction	Reduction of 45%

Source: Investment managers.

Data quality methodology was revised and updated throughout the year. Data quality is good within public equity mandates, with the exception of Beach Point but continues to be low within private markets.

⁷ By 2030 relative to the 30 September 2021 baseline for DB equity and DC Target Date funds, and a 2025 Baseline for DB Public Credit

⁸ Relative to the 30 September 2021 baseline for DB equity and DC Target Date funds, and a 2025 Baseline for DB Public Credit

⁹ Given the rebasing of the target for the Public Credit Portfolio to include the new mandates introduced in 2025, the Portfolio now has a 30 September 2025 baseline. Progress against this target will be included within future reports

Climate Scenario Analysis

The DB Section's funding position remains strong across all timeframes and scenarios considered and is expected to reach very high levels over the medium to long-term. Following the completion of the transition to the low-dependency portfolio the DB Section's investment strategy is relatively de-risked and therefore less sensitive to the risks brought about by climate change. The Trustee therefore continues to consider the DB Section's investment strategy to be resilient to the potential impacts of climate change.

The Scheme's DC assets are expected to be impacted more by climate risk due to the higher allocation to growth assets (compared to the DB assets). In particular, listed equity is materially exposed to physical risks under a Failed Transition and their potentially negative financial impact. This can be seen by the material impact of the Failed Transition on later TDF vintages over longer time periods. The TDFs include an allocation to sustainable investments which is expected to provide some protection from these risks. Climate risk is considered, amongst other risks and in accordance with the Scheme's SIP, in making changes to the investment strategy decisions. This will be considered further as part of the 2026 investment strategy review.

Actions over the coming year

The Trustee intends, during the next reporting period, to continue to monitor and consider climate risk and to identify any opportunities climate change may bring to the Scheme's investment and/or DB funding strategies as applicable. In light of this, the below key actions are planned over the course of the year to 5 April 2027:

- **Monitoring:** The Trustee will continue to assess the carbon exposure of the Scheme's investments against the greenhouse gas emissions targets set. Monitoring will also continue to be carried out on the wider ESG credentials of the Scheme's investment managers on an ongoing basis. The Trustee aims to include private market data within the main reporting in the coming years, depending on manager data availability in compliance with the regulatory reporting requirements.
- **Data quality:** The Trustee will continue to engage with managers, in particular engaging further with the DB private debt managers in order to improve data quality. With the Trustee using new data coverage methodology for the Public Market assets, the Trustee intends to have comparable data coverage metrics going forward. The Trustee will also consider engaging with Beach Point given their lower coverage.
- **Stewardship and engagement:** Carry out further work with a view to developing the Trustee's key engagement priorities and engage with selected relevant managers on these priorities and how they are incorporated into their voting and engagement policies and practices.
- **Training:** Ongoing training and review of skills in conjunction with the investment consultant, to ensure the Trustee is equipped with sufficient knowledge of developments around climate change risk and regulatory changes.
- **Targets and time horizons:** The Trustee will continue to monitor progress against their greenhouse gas emissions reduction targets, specifically given the new Public Credit mandate introductions. Consideration will be given as to introducing a target for CQS and Beach Point, should data quality be sufficiently high.

The Trustee expects this report, and the analysis and data contained therein, to continue to evolve as data availability improves, and as best practice continues to develop.

Appendix 1: Trustee's advisers over the Scheme year

Mercer, as the investment consultant, who:

- Advises on strategic asset allocation taking into account climate risk, greenhouse gas emissions targets and changes to investment mandates;
- Monitors investment managers, including in relation to the integration of climate risk into their investment processes;
- Provides advice in relation to the continued appropriateness of the climate-related scenario analysis, climate-related metrics and climate targets for the Scheme;
- Supports the preparation of the annual Climate Change Governance report which includes various climate metrics, outlines climate-related risks or opportunities on an ongoing basis and monitors progress against the Trustee's climate-related targets; and
- Liaises with investment managers and other professional advisers to provide training to the Trustee and the ISC on climate change.

Sam Eida of Mercer, as the Scheme Actuary, who:

- Advises on the funding position of the Scheme including an understanding of the potential funding impact resulting from changes to financial or demographic assumptions driven by climate change;
- Advises on robustness of the funding strategy to climate risk;
- Provides input to enable strategic asset allocation decisions to be made considering the impact of climate risks on funding strategy; and
- Provides input into scenario analysis and advises on funding implications.

Mercer, as the covenant adviser, who:

- Assesses the Sponsoring Employer's ability to continue to financially support the Scheme now and in the future. As part of the advisory cycle, and at least annually, Mercer's review includes climate risk considerations which may impact the employer covenant.

Over the reporting period, the Trustee was also supported by the **ABF in-house pensions team**, who:

- Assist with the organisation of meetings;
- Facilitate reporting to the Trustee Board;
- Facilitate appropriate communications to members;
- Assist the Trustee in the general running of the Scheme and undertake Scheme governance activities on behalf of the Trustee, such as coordinating required public disclosures; and
- Liaise with investment managers and professional advisers to provide training to the Trustee and the ISC on climate change.

In addition, **Travers Smith**, as the legal adviser, provide advice as necessary on legal risks and regulatory developments including those relating to climate change.

Appendix 2: Assumptions, Limitations and Further Detail

Scenario Analysis Narratives

	1.6°C Scenario – Rapid Transition	1.9°C Scenario – Delayed Transition	2.9°C Scenario – Limited Transition	3.7°C Scenario – Failed Transition
Summary	Highly ambitious low-carbon policy and rapid technology transition. Sudden divestments in 2026 to align with the Paris Agreement goals have disruptive effects on financial markets with sudden repricing followed by fossil fuel reserves that may no longer be used (“stranded assets”) and a sentiment shock.	Limited additional action until 2030, at which point a highly ambitious set of low-carbon policies is introduced. Financial markets price in transition and physical risk in 2030 to align with the ambitious policy change, associated with stranded assets and a sentiment shock.	Emissions targets and commitments are not fully met. Financial markets price in climate-related risks in 2030 and 2039 as the scale of future risks become more widely accepted and understood.	No new climate policies are enacted, but transition progresses on economic grounds. Financial markets price in climate-related risks in 2030 and 2039 as the scale of future risks become more widely accepted and understood.
Temperature change	Average temperature increase stabilises at 1.6°C from 2050 onwards.	Expected increase of 1.9°C by 2100.	Expected increase of 2.9°C by 2100.	Expected increase of 3.7°C by 2100.
Expected Emission and energy production	Net Zero by 2056. Cumulative emissions of c. 500GtCO ₂ by 2064. 92% of energy production from various renewable sources (excluding nuclear) by 2060.	Cumulative emissions of c. 940GtCO ₂ by 2064. 91% of energy production from various renewable sources (excluding nuclear) by 2060.	Cumulative emissions of c. 1,490GtCO ₂ by 2064. 54% and 82% of energy production from various renewable sources (excluding nuclear) by 2040 and 2060 respectively.	Cumulative emissions of c. 1,750GtCO ₂ by 2064. 51% and 75% of energy production from various renewable sources (excluding nuclear) by 2040 and 2060 respectively.
Key policy & tech assumptions	A highly ambitious low-carbon policy and rapid technology transition. Higher carbon prices, larger investment in energy efficiency and faster phase out of coal-fired power generation	Limited additional action until 2030, when a highly ambitious set of low-carbon policies is introduced. The world is faced with moderate impacts from extreme weather events and temperature change.	Moderate policy steps taken to increase climate action including working towards 2030 targets, but commitments are not fully met because policy actions are too weak and not urgent enough.	Existing policy regimes are continued with the same level of ambition, with no new policies enacted.

	1.6°C Scenario – Rapid Transition	1.9°C Scenario – Delayed Transition	2.9°C Scenario – Limited Transition	3.7°C Scenario – Failed Transition
Financial climate modelling	Pricing in (i.e. market prices reflecting the risks present) of transition and physical risks over the coming 40 years occurs within one year in 2026. As a result of this aggressive market correction, a confidence shock to the financial system takes place in the same year.	Pricing in of transition and physical risks occurs in 2030. As a result of this aggressive market correction, a confidence shock to the financial system takes place in the same year.	Pricing in of transition and physical risks occurs at two different timepoints: 2030 (risks of first 40 years) and 2039 (risks of 40-80 years).	Physical risks are priced in (i.e. market prices reflect the risks present) two different timepoints: 2030 (risks of first 40 years) and 2039 (risks of 40-80 years).
Impacts on inflation	Transition risk is associated with inflationary pressures over the short-term. Transition costs, including policy costs (e.g. carbon pricing) and costs associated with deployment of new low-carbon technologies, modestly increase short-term inflation under the Rapid and Delayed Transition scenarios.		Chronic physical risk is associated with inflationary pressures over the medium- to long-term. Higher projected temperatures reduce agricultural yields and drive up food prices, increasing medium- to long-term inflation under the Limited and Failed Transition scenarios (Kotz et al., 2024).	
Physical risks considered	Physical risks are regionally differentiated and increase dramatically with rising global temperature. Physical risks are built up from: Gradual physical impacts associated with rising temperature (agricultural, labour, and industrial productivity losses) Economic impacts from climate-related extreme weather events The Failed Transition incorporates the adverse effects of hitting multiple climate tipping points (e.g. collapse of the Greenland and West Antarctic ice sheets, the collapse of East Antarctic subglacial basins, loss of mountain glaciers, Amazon rainforest dieback, and boreal permafrost collapse). Risks such as climate-related migration and conflict are not captured.			

Capital market assumptions – cumulative climate return impact

DB – cumulative climate return impact

	Rapid Transition			Delayed Transition			Limited Transition			Failed Transition		
Asset Class	30/09/2025											
	4 Years	12 Years	22 Years	4 Years	12 Years	22 Years	4 Years	12 Years	22 Years	4 Years	12 Years	22 Years
MSCI World Equity	-3.2%	0.3%	8.6%	2.1%	-6.5%	-1.6%	2.2%	-3.8%	-21.9%	1.2%	-9.3%	-40.6%
MSCI Europe Equity	-1.5%	2.0%	7.8%	2.0%	-4.3%	-0.8%	1.8%	-2.9%	-14.5%	0.7%	-8.5%	-31.9%

	Rapid Transition			Delayed Transition			Limited Transition			Failed Transition		
Multi asset credit	-1.8%	-0.9%	0.7%	1.1%	-3.1%	-1.5%	1.2%	0.4%	-2.5%	1.1%	-0.1%	-6.3%
Floating Rate Note IG UK	-0.6%	-0.7%	-0.3%	0.6%	-0.4%	-0.1%	0.6%	-0.1%	-0.7%	0.5%	-0.2%	-1.4%
Global Private Debt	-3.3%	-4.0%	-3.4%	1.2%	-1.6%	-0.5%	1.4%	0.6%	-0.3%	1.4%	0.2%	-3.6%
Global Senior Private Debt	-0.6%	-0.4%	-0.4%	0.3%	-0.7%	0.0%	0.5%	0.5%	0.8%	0.6%	0.5%	-0.8%
Cash	-0.4%	-0.1%	-0.7%	-0.2%	-0.2%	0.6%	0.2%	0.8%	2.0%	0.4%	1.1%	1.5%
UK Real Estate	0.2%	4.6%	13.3%	2.8%	-5.0%	1.0%	2.5%	-4.9%	-23.5%	1.0%	-12.6%	-40.9%
Inflation	0.3%	0.3%	-0.5%	0.3%	0.7%	0.3%	-0.1%	0.1%	0.8%	-0.1%	-0.1%	0.4%

DC – cumulative climate return impact

	Rapid Transition			Delayed Transition			Limited Transition			Failed Transition		
Asset Class	30/09/2025											
	5 Years	25 Years	40 Years	5 Years	25 Years	40 Years	5 Years	25 Years	40 Years	5 Years	25 Years	40 Years
MSCI ACWI ESG Equity	-1.0%	11.6%	22.5%	3.0%	-0.4%	-0.4%	2.9%	-23.4%	-33.1%	1.6%	-42.7%	-55.9%
MSCI Paris Aligned Equity	0.2%	11.6%	22.2%	2.7%	-1.1%	-0.8%	2.6%	-19.5%	-29.3%	1.3%	-34.0%	-48.1%
MSCI Completely Paris Aligned Equity	1.9%	15.5%	27.4%	2.4%	1.6%	2.6%	2.1%	-20.0%	-29.9%	0.7%	-35.0%	-49.3%
Credit IG US - Green	0.0%	0.2%	-1.1%	0.3%	-0.3%	-1.1%	0.3%	-0.6%	-0.9%	0.2%	-1.3%	-3.4%
Credit IG Europe - Green	0.2%	1.4%	0.5%	0.3%	0.8%	0.0%	0.3%	-0.2%	-0.6%	0.2%	-2.1%	-2.4%
UK Sovereign Bonds	-0.5%	0.4%	-0.4%	-0.3%	0.4%	-0.2%	-0.2%	0.0%	-0.1%	-0.3%	-0.2%	-0.1%
Global Private Debt	-3.1%	-3.6%	-4.6%	1.4%	-0.4%	-0.9%	1.6%	-0.1%	0.5%	1.6%	-3.6%	-4.7%
Global Real Estate	0.8%	10.0%	16.7%	2.3%	1.2%	1.5%	2.2%	-16.6%	-23.6%	1.3%	-33.4%	-45.6%
ESG Private Equity	-2.0%	15.2%	28.4%	4.7%	-2.3%	-2.1%	4.3%	-32.2%	-41.9%	2.7%	-55.6%	-67.1%
Commodities	-0.7%	-3.7%	-8.5%	0.7%	-0.7%	-3.1%	0.5%	5.4%	11.9%	1.4%	9.5%	17.6%
Inflation	0.5%	-0.5%	-0.7%	0.4%	0.4%	0.5%	-0.1%	0.8%	0.8%	-0.1%	0.5%	0.7%

Capital market assumptions – annualised baseline returns

The baseline represents what we assume the market currently accounts for with regards to how it is priced. The baseline includes a 5% weight to a **Rapid Transition**, 35% weight to a **Delayed Transition**, 15% to a **Limited Transition** and 10% to **Failed Transition** and 35% to no / low impact scenarios.

DB and DC – Annualised Capital Market Assumptions

Asset Class	30/09/2025				
	4 Years	5 Years	12 Years	22 Years	25 Years
MSCI ACWI ESG Equity	-	4.1%	-	-	7.2%
MSCI Paris Aligned Equity	-	4.1%	-	-	7.2%
MSCI Completely Paris Aligned Equity	-	4.1%	-	-	7.2%
MSCI World Equity	3.3%	-	6.3%	7.1%	-
MSCI Europe Equity	7.8%	-	8.8%	9.0%	-
Multi asset credit	5.3%	-	6.5%	6.7%	-
Floating Rate Note IG UK	5.2%	-	5.9%	5.7%	-
Credit IG US - Green	-	4.9%	-	-	5.4%
Credit IG Europe - Green	-	5.4%	-	-	5.7%
UK Sovereign Bonds	-	5.6%	-	-	5.2%
Global Private Debt	8.1%	8.7%	10.1%	10.5%	10.5%
Global Senior Private Debt	6.3%		7.5%	7.7%	-
Global Real Estate	-	6.7%	-	-	6.5%
ESG Private Equity	-	7.3%	-	-	11.5%
Commodities	-	4.6%	-	-	4.8%
Inflation	3.1%	3.1%	2.4%	2.3%	2.4%
Cash	3.6%	-	3.6%	3.6%	-
UK Real Estate	7.4%	-	7.7%	7.8%	-

DB Annualised investment return

Annualised investment return			
	Short term (4 Years)	Medium term (12 years)	Long term (22 years)
Rapid Transition	-1.4%	-0.3%	+2.0%
Delayed Transition	+0.5%	-1.9%	0.0%
Limited Transition	+1.1%	-0.3%	-4.4%
Failed Transition	+0.9%	-1.4%	-9.3%

Limitations

Climate scenario modelling is a complex process, and the Trustee recognises that there will inevitably be limitations in the modelling. In particular:

- 1 The further into the future you go, the less reliable any quantitative modelling will be.
- 2 There is a reasonable likelihood that physical impacts are grossly underestimated. Feedback loops or ‘tipping points’, like permafrost melting, are challenging to model particularly around the timing of such an event and the speed at which it could accelerate.
- 3 Financial stability and insurance ‘breakdown’ is not modelled. A systemic failure may be caused by either an ‘uninsurable’ 4°C physical environment, or due to the scale of mitigation and adaption required to avoid material warming of the planet.
- 4 Most adaptation costs and social factors are not priced into the models. These include population health and climate-related migration. The above assumptions may be updated from time to time. The Trustee will consider additional scenario analysis as and when appropriate.
- 5 Most metrics shown in this report are not representative of 100% of assets within a certain arrangement but are based on the proportion of assets for which climate metrics are available (the “coverage”). Coverage figures may vary depending on the specific climate metric shown.

Appendix 3: 2024 and 2021 DB Data

The following data has been restated for 2021 and 2024 following changes in methodology.

30 September 2024

Corporate Scope 1&2 Metrics summary as at 30 September 2024 (DB Public Assets)

Asset Class	Manager	Allocation (£m)	% of eligible assets	Total GHG Emissions (tCO2e)	Carbon Footprint (tCO2e/US \$M invested)	WACI (tCO2e/US \$M sales)	ITR (°C)	Coverage (%)
Equity	Liontrust	245	94%	21,969	67	82	2.2°C	100%
	Schroders	163	99%	13,446	62	94	2.5°C	100%
	Calamos	230	92%	13,484	48	181	2.4°C	74%
	Artemis	123	-	5,400	33	43	2.1°C	100%
	Veritas	183	-	1,473	6	38	2.7°C	100%
Fixed income	GSAM	207	99%	14,204	52	107	2.0°C	99%
	Beach Point	365	77%	12,201	33	51	2.1°C	34%
	CQS	296	41%	13,291	82	177	2.9°C	70%
Total		1,811		95,469				

Source: Mercer.

Corporate Scope 3 Metrics summary as at 30 September 2024 (DB Public Assets)

Asset Class	Manager	Allocation (£m)	Scope 3 carbon related metrics			
			Upstream / Downstream			
			Total GHG Emissions (tCO ₂ e)	Carbon Footprint (tCO ₂ e/US \$M invested)	WACI (tCO ₂ e/US \$M sales)	Coverage (%)
Equity	Liontrust	245	50,522 / 84,420	155 / 259	247 / 367	100%
	Schroders	163	31,025 / 59,164	142 / 271	241 / 241	100%
	Calamos	230	26,455 / 59,699	96 / 211	265 / 445	74%
	Artemis	123	19,965 / 37,475	122 / 229	196 / 384	100%
	Veritas	183	13,010 / 37,556	53 / 153	191 / 384	100%
Fixed income	GSAM	207	30,607 / 74,428	111 / 271	219 / 419	99%
	Beach Point	365	51,733 / 24,965	138 / 67	275 / 204	34%
	CQS	296	18,351 / 50,254	113 / 309	217 / 466	70%
Total assets analysed		1,811	669,628			

Source: Mercer.

Sovereign production emissions - Metrics summary as at 30 September 2024 (DB Public Assets)

Asset Class	Manager	Allocation (£m)	% of eligible assets	Sovereign Carbon Metrics		
				Total GHG Emissions (tCO ₂ e)	Carbon Intensity (tCO ₂ e/US \$M PPP adjusted GBP)	Coverage (%)
Fixed Income	Insight	640	100%	388,523	99	100%

Source: Mercer.

Sovereign consumption emissions - Metrics summary as at 30 September 2024 (DB Public Assets)

Asset Class	Manager	Allocation (£m)	% of eligible assets	Sovereign Carbon Metrics			
				Total GHG Emissions (tCO ₂ e)	Carbon Intensity (tCO ₂ e/US \$M PPP adjusted GBP)	Carbon Intensity (tCO ₂ e/capita)	Coverage (%)
Fixed Income	Insight	640	100%	523,599	139	8	100%

Source: Mercer.

30 September 2021

Corporate Scope 1&2 Metrics summary as at 30 September 2021 (DB Public Assets)

Asset Class	Manager	Allocation (£m)	% of eligible assets	Scope 1 & 2 carbon related metrics				
				Total GHG Emissions (tCO ₂ e)	Carbon Footprint (tCO ₂ e/US \$M invested)	WACI (tCO ₂ e/US \$M sales)	ITR (°C)	Coverage (%)
Equity	Liontrust	370	88%	39,918	80	132	2.2°C	91%
	Schroders	250	96%	27,584	82	161	2.7°C	97%
	Calamos	269	99%	41,907	105	171	2.4°C	99%
	Artemis	252	-	38,041	112	168	2.5°C	99%
	Veritas	234	-	2,211	7	38	1.8°C	100%
Fixed income	GSAM	71	98%	5,132	55	128	1.9°C	92%
	Beach Point	398	78%	21,761	70	131	3.2°C	19%
	CQS	199	26%	6,846	72	110	2.4°C	68%
Total		2,043		183,398				

Source: Mercer. Please note this does not include metrics from the previously held Aberdeen mandate, as this was disinvested before 2024, and so metrics have not been reported.

Sovereign production emissions - Metrics summary as at 30 September 2021 (DB Public Assets)

Asset Class	Manager	Allocation (£m)	% of eligible assets	Sovereign Carbon Metrics		
				Total GHG Emissions (tCO ₂ e)	Carbon Intensity (tCO ₂ e/US \$M PPP adjusted GBP)	Coverage (%)
Fixed Income	Insight	792	100%	523,160	124	100%

Source: Mercer.

Sovereign consumption emissions - Metrics summary as at 30 September 2021 (DB Public Assets)

Asset Class	Manager	Allocation (£m)	% of eligible assets	Sovereign Carbon Metrics			
				Total GHG Emissions (tCO ₂ e)	Carbon Intensity (tCO ₂ e/US \$M PPP adjusted GBP)	Carbon Intensity (tCO ₂ e/capita)	Coverage (%)
Fixed Income	Insight	792	100%	702,276	167	9	100%

Source: Mercer.

Appendix 4: 2024 and 2021 DC Data

The following data has been restated for 2021 and 2024 following changes in methodology.

30 September 2024

Analysed Funds in the DC Section as at 30 September 2024 – Corporate emissions, Scope 1 & 2

Vintage	% of total portfolio	% of eligible assets	Scope 1 & 2 carbon related metrics				
			Total GHG Emissions (tCO ₂ e)	Carbon Footprint (tCO ₂ e/US \$M invested)	WACI (tCO ₂ e/US \$M sales)	Implied Temperature Rise	Coverage
2011-2013	0.0%	63.8%	4	26.7	60.9	2.2°C	95%
2014-2016	0.1%	63.7%	19	26.7	61.3	2.2°C	95%
2017-2019	0.4%	63.7%	111	26.9	61.9	2.3°C	95%
2020-2022	0.9%	64.8%	246	27.2	63.4	2.3°C	95%
2023-2025	2.6%	66.3%	716	28.0	66	2.3°C	94%
2026-2028	4.8%	67.9%	1358	28.0	66.5	2.3°C	94%
2029-2031	6.3%	73.6%	1,972	28.3	68.7	2.3°C	93%
2032-2034	7.6%	82.3%	2,714	28.8	71.9	2.3°C	93%
2035-2037	10.4 %	91.0%	4,048	28.5	71.9	2.3°C	93%
2038-2040	10.2 %	100.0%	4,360	28.6	72.3	2.3°C	93%
2041-2043	10.1 %	100.0%	4,349	28.6	73.2	2.3°C	93%
2044-2046	9.7%	81.2%	3,397	28.7	74.1	2.3°C	93%
2047-2049	9.3%	80.9%	3,246	28.8	74.3	2.3°C	93%
2050-2052	8.3%	80.9%	2,891	28.8	74.3	2.3°C	93%
2053-2055	7.4%	80.9%	2,594	28.8	74.3	2.3°C	93%
2056-2058	5.3%	80.9%	1,855	28.8	74.3	2.3°C	93%
2059-2061	3.0%	80.9%	1,045	28.8	74.3	2.3°C	93%
2062-2064	1.4%	80.9%	503	28.8	74.3	2.3°C	93%
2065-2067	0.4%	80.9%	141	28.8	74.3	2.3°C	93%

2068-2070	0.0%	80.9%	14	28.8	74.3	2.3°C	93%
2071-2073	0.0%	80.9%	1	28.8	74.3	2.3°C	93%
Total TDFs	98.3%	84.3%	35,585	28.6	72.5	2.3°C	93%

Source: Mercer

Analysed Funds in the DC Section as at 30 September 2024 – Scope 3

Vintage	% of total portfolio	% of eligible assets	Scope 3 carbon related metrics			
			Upstream / Downstream			Data coverage (% reported + % estimated)
			Total GHG Emissions (tCO2e)	Carbon Footprint (tCO2e/US \$M invested)	WACI (tCO2e/US \$M sales)	
2011-2013	0.0%	63.8%	12 / 21	21 / 78.4	78.4 / 130.8	91%
2014-2016	0.1%	63.7%	57 / 96	96 / 78.4	78.4 / 132	92%
2017-2019	0.4%	63.7%	327 / 558	558 / 78.6	78.6 / 133.7	92%
2020-2022	0.9%	64.8%	717 / 1226	1,226 / 78.8	78.8 / 134.2	92%
2023-2025	2.6%	66.3%	2,037 / 3,470	3,470 / 79.3	79.3 / 134.7	92%
2026-2028	4.8%	67.9%	3,849 / 6,494	6,494 / 78.8	78.8 / 132.5	92%
2029-2031	6.3%	73.6%	5,487 / 9,101	9,101 / 78.2	78.2 / 129.3	92%
2032-2034	7.6%	82.3%	7,379 / 12,105	12,105 / 77.9	77.9 / 127.4	91%
2035-2037	10.4%	91.0%	11,028 / 18,028	18,028 / 77.2	77.2 / 126	92%
2038-2040	10.2%	100.0%	11,841 / 19,379	19,379 / 77.2	77.2 / 126.1	92%
2041-2043	10.1%	100.0%	11,760 / 18,822	18,822 / 77.1	77.1 / 123.1	92%
2044-2046	9.7%	81.2%	9,143 / 14,317	14,317 / 77.1	77.1 / 120.1	92%
2047-2049	9.3%	80.9%	8,726 / 13,564	13,564 / 77	77 / 119.2	92%
2050-2052	8.3%	80.9%	7,772 / 12,082	12,082 / 77	77 / 119.2	92%
2053-2055	7.4%	80.9%	6,972 / 10,838	10,838 / 77	77 / 119.2	92%
2056-2058	5.3%	80.9%	4,988 / 7,753	7,753 / 77	77 / 119.2	92%
2059-2061	3.0%	80.9%	2,809 / 4,367	4,367 / 77	77 / 119.2	92%
2062-2064	1.4%	80.9%	1,351 / 2,100	2,100 / 77	77 / 119.2	92%
2065-2067	0.4%	80.9%	378 / 588	588 / 77	77 / 119.2	92%
2068-2070	0.0%	80.9%	36 / 57	57 / 77	77 / 119.2	92%
2071-2073	0.0%	80.9%	4 / 6	6 / 77	77 / 119.2	92%
Total TDFs	98.3%	84.3%	96,673 / 154,970	154,970 / 77.4	77.4 / 123.6	92%

Source: Mercer

Analysed Funds in the DC Section as at 30 September 2024 – Sovereign Carbon Metrics – Production Emissions

Vintage	% of total portfolio	% of eligible assets	Sovereign Carbon Metrics	
			Total GHG Emissions (tCO ₂ e)	Carbon Intensity (tCO ₂ e/US \$M PPP adjusted GBP)
2011-2013	0.0%	36.2%	9	103.1
2014-2016	0.1%	36.3%	42	103.1
2017-2019	0.4%	36.3%	243	103.1
2020-2022	0.9%	35.2%	508	103.1
2023-2025	2.6%	33.7%	1,340	103.1
2026-2028	4.8%	32.1%	2,370	103.1
2029-2031	6.3%	26.4%	2,583	103.1
2032-2034	7.6%	17.7%	2,089	103.2
2035-2037	10.4%	9.0%	1,460	103.2
2038-2040	10.2%	0.0%	11	173.5
2041-2043	10.1%	0.0%	6	173.5
2044-2046	9.7%	0.0%	1	173.5
Total TDFs	63.1%	10.9%	10,665	103.2

Source: Mercer

Analysed Funds in the DC Section as at 30 September 2024 – Sovereign Carbon Metrics – Consumption Emissions

Vintage	% of total portfolio	% of eligible assets	Sovereign Carbon Metrics		
			Total GHG Emissions (tCO ₂ e)	Carbon Intensity (tCO ₂ e/US \$M PPP adjusted GBP)	Carbon Intensity (tCO ₂ e/capita)
2011-2013	0.0%	36.2%	12	138.9	8.1
2014-2016	0.1%	36.3%	57	139	8.1
2017-2019	0.4%	36.3%	327	139	8.1
2020-2022	0.9%	35.2%	684	139	8.1
2023-2025	2.6%	33.7%	1,806	139	8.1
2026-2028	4.8%	32.1%	3,194	139	8.1
2029-2031	6.3%	26.4%	3,481	139	8.1
2032-2034	7.6%	17.7%	2,815	139	8.1
2035-2037	10.4%	9.0%	1,967	139.1	8.1
2038-2040	10.2%	0.0%	14	221.5	11.1
2041-2043	10.1%	0.0%	8	221.5	11.1
2044-2046	9.7%	0.0%	2	221.5	11.1
Total TDFs	63.1%	10.9%	14,369	139.1	8.1

Source: Mercer

30 September 2021

Analysed Funds in the DC Section as at 30 September 2021 – Corporate emissions, Scope 1 & 2

Vintage	% of total portfolio	% of eligible assets	Scope 1 & 2 carbon related metrics				
			Total GHG Emissions (tCO ₂ e)	Carbon Footprint (tCO ₂ e/US \$M invested)	WACI (tCO ₂ e/US \$M sales)	Implied Temperature Rise	Coverage
2011-2013	0.1%	42.8%	11	36.2	84.7	2.2°C	49%
2014-2016	0.3%	43.1%	48	35.8	84.2	2.2°C	53%
2017-2019	0.8%	44.7%	138	35.2	83.2	2.2°C	57%
2020-2022	2.7%	46.5%	498	34.7	82.2	2.3°C	60%
2023-2025	4.3%	53.5%	954	35.9	87.1	2.3°C	67%
2026-2028	6.6%	64.5%	1,986	40.8	102.9	2.5°C	75%
2029-2031	7.9%	70.6%	2,653	41.6	106.1	2.5°C	80%
2032-2034	9.6%	76.0%	3,450	41.5	106.2	2.6°C	84%
2035-2037	10.7%	84.1%	4,276	41.4	106.3	2.6°C	86%
2038-2040	9.8%	89.6%	4,186	41.5	105.2	2.6°C	88%
2041-2043	9.3%	93.5%	4,140	41.5	100.7	2.6°C	91%
2044-2046	8.6%	95.7%	3,900	41.6	99.5	2.7°C	93%
2047-2049	8.0%	95.7%	3,652	41.6	99.5	2.7°C	93%
2050-2052	7.1%	95.7%	3,221	41.6	99.5	2.7°C	93%
2053-2055	6.0%	95.7%	2,734	41.6	99.5	2.7°C	93%
2056-2058	4.0%	95.7%	1,823	41.6	99.5	2.7°C	93%
2059-2061	1.9%	95.7%	844	41.6	99.5	2.7°C	93%
2062-2064	0.5%	95.7%	210	41.6	99.5	2.7°C	93%
2065-2067	0.0%	95.7%	20	41.6	99.5	2.7°C	93%
2068-2070	0.0%	95.7%	0	41.6	99.5	2.7°C	93%
Total TDFs	98.2%	83.8%	38,743	41.2	101.5	2.6°C	87%

Source: Mercer

Analysed Funds in the DC Section as at 30 September 2021 – Sovereign Carbon Metrics – Production Emissions

Vintage	% of total portfolio	% of eligible assets	Sovereign Carbon Metrics	
			Total GHG Emissions (tCO ₂ e)	Carbon Intensity (tCO ₂ e/US \$M PPP adjusted GBP)
2011-2013	0.1%	56.9%	49	124.5
2014-2016	0.3%	56.9%	219	124.5
2017-2019	0.8%	54.9%	598	124.5
2020-2022	2.7%	53.0%	2,036	124.5
2023-2025	4.3%	46.1%	2,849	124.5
2026-2028	6.6%	35.3%	3,321	124.5
2029-2031	7.9%	29.2%	3,276	124.5
2032-2034	9.6%	23.8%	3,240	124.5
2035-2037	10.7%	15.7%	2,397	124.5
2038-2040	9.8%	10.1%	1,422	124.6
2041-2043	9.3%	6.0%	803	124.5
Total TDFs	62.1%	22.9%	20,211	124.5

Source: Mercer

Analysed Funds in the DC Section as at 30 September 2021 – Sovereign Carbon Metrics – Consumption Emissions

Vintage	% of total portfolio	% of eligible assets	Sovereign Carbon Metrics		
			Total GHG Emissions (tCO ₂ e)	Carbon Intensity (tCO ₂ e/US \$M PPP adjusted GBP)	Carbon Intensity (tCO ₂ e/capita)
2011-2013	0.1%	56.9%	66	166.9	8.5
2014-2016	0.3%	56.9%	294	166.9	8.5
2017-2019	0.8%	54.9%	802	166.9	8.5
2020-2022	2.7%	53.0%	2,729	166.9	8.5
2023-2025	4.3%	46.1%	3,818	166.8	8.5
2026-2028	6.6%	35.3%	4,451	166.9	8.5
2029-2031	7.9%	29.2%	4,392	166.9	8.5
2032-2034	9.6%	23.8%	4,344	166.8	8.5
2035-2037	10.7%	15.7%	3,213	166.9	8.5
2038-2040	9.8%	10.1%	1,906	167	8.5
2041-2043	9.3%	6.0%	1,077	166.9	8.5
Total TDFs	62.1%	22.9%	27,091	166.9	8.5

Source: Mercer

Appendix 5: Private Debt Manager Information

Manager / Fund	Allocation (£m)	Carbon related metrics				
		Total GHG Emissions (tCO ₂ e) (Scope 1&2 / Scope 3)	Carbon Footprint (tCO ₂ e/US \$M invested) (Scope 1&2 / Scope 3)	WACI (tCO ₂ e/US \$M sales) (Scope 1&2 / Scope 3)	ITR	Data coverage (% reported + % estimated)
Alcentra ²	32	6,097 / 61,427	5 / 52 ⁵	9 / 80 ⁵	2.2	Scope 1 & 2: 87% Scope 3: 80%
Arcmont Direct Lending UK Fund ^{1 2}	11	3,480 / 9,227	69 / 182 ⁶	285 / 310 ⁶	N/A	Scope 1 & 2: 100% Scope 3: 100%
Arcmont Direct Lending Fund III ^{1 2}	30	13,741 / 39,271	39 / 111 ⁶	147 / 237 ⁶	N/A	Scope 1 & 2: 100% Scope 3: 100%
Arcmont Direct Lending Fund IV ^{1 2}	35	495 / 6,446	3 / 38 ⁶	11 / 164 ⁶	N/A	Scope 1 & 2: 100% Scope 3: 100%
Arcmont Senior Loan Fund II ^{1 2}	38	6,342 / 85,792	8 / 114 ⁶	20 / 236 ⁶	N/A	Scope 1 & 2: 100% Scope 3: 100%
Ares Capital III	22	Metrics unavailable. Please see below for extra information				
Ares Capital IV	24	Metrics unavailable. Please see below for extra information				
Ares Capital V	50	Metrics unavailable. Please see below for extra information				
Beach Point Opportunities III Offshore	10	Metrics unavailable. Please see below for extra information				
Beach Point Opportunities IV Offshore ²	42	2,212 / 48,670	12 / 263	19 / 400	3.0	Scope 1 & 2: 71% Scope 3: 71%
Beach Point Opportunities V Offshore ²	25	3,425 / 29,064	44 / 376	63 / 532	3.0	Scope 1 & 2: 75% Scope 3: 75%

Manager / Fund	Allocation (£m)	Carbon related metrics				
		Total GHG Emissions (tCO ₂ e) (Scope 1&2 / Scope 3)	Carbon Footprint (tCO ₂ e/US \$M invested) (Scope 1&2 / Scope 3)	WACI (tCO ₂ e/US \$M sales) (Scope 1&2 / Scope 3)	ITR	Data coverage (% reported + % estimated)
BridgePoint ²	27	29,760	97 ⁵	297 ⁵	N/A	Scope 1 & 2: 44% Scope 3: 45%
Cordet & Cordet II ^{2 3 4}	56	1,982 / 12,243	38 / 35 ⁵	79 / 282 ⁵		Scope 1 & 2: 40% Scope 3: N/A
Haymarket Financial II	26	Metrics unavailable. Please below for extra information				
Haymarket Financial III	38	Metrics unavailable. Please below for extra information				
HIG	60	Metrics unavailable. Please below for extra information				
Clearlake Credit IV ^{1 2}	28	8,228 / 659,448	15 / 1,220 ⁵	27 / 229 ⁵	N/A	Scope 1 & 2: 100% Scope 3: 100%
Clearlake Credit V ^{1 2}	40	9,533 / 1,396,168	13 / 1,908 ⁵	18 / 261 ⁵	N/A	Scope 1 & 2: 100% Scope 3: 100%
MSIM ²	33	173,506 / 579,561	29 / 94	54 / 170	N/A	5%
Muzinich & Muzinich II ^{1 2 4}	54	11,065 / 153,082	18 / 249 ⁵	25 / 289 ⁵	N/A	Scope 1 & 2: 100% Scope 3: 100%
Neuberger Private Debt Fund III ^{2 3}	28	30,180 / N/A	14 / N/A	37 / NA	N/A	N/A
Neuberger Private Debt Fund IV ^{2 3}	53	67,562 / N/A	10 / N/A	34 / NA	N/A	N/A
Neuberger Private Debt Fund V ^{2 3}	19	7,185 / N/A	14 / N/A	50 / NA	N/A	N/A
Ninety One	48	Metrics unavailable. Please see below for extra information				

Source: Investment managers

¹ As at latest available date – 31 December 2025

² Please note that the data provided is for the entire fund rather than the ABF portion of the fund, with the data unavailable for the specific holdings at the time.

³ As at latest available date – 31 December 2024

⁴ Please note the relevant manager were only able to provide aggregated metrics rather than split out for each

⁵ Please note the manager was only able to provide data per EUR invested

⁶ Please note the manager was only able to provide data per GBP invested

Please note that we have included data for the mandates where information has been provided by the manager. It is likely that different methodology has been used in comparison to the methodology used throughout the rest of the report, and the Trustee has not verified the data. The Trustee will look to continue to engage with these managers and hope that reporting will continue to improve in future years.

Arcmont

The data is generated by ClarityAI. To ensure the highest level of accuracy in public proxy estimates and benchmarks for private companies within the Insight Sustainability universe, Clarity AI has calculated data points for each metric, considering factors like geography and industry characteristics of public companies, that have disclosed relevant information. By considering these factors, Clarity AI strives to provide reliable and meaningful comparisons that enable effective evaluation and analysis of private companies' performance in the ESG domain. Clarity AI provides two sets of intensity metrics data: one based on the revenue of the last twelve months (LTMR) and the other based on enterprise value, including cash (EVIC), both measured in millions of USD. When LTMR revenue data of a private company is available in Insight, the platform uses the LTMR. Revenue-based intensity to calculate the absolute values of metrics. If the LTMR Revenue data is not available, the platform can utilize EVIC-based intensity public proxies and the fair market value of fund's investment in the private company (FMV) to determine the investor's share in the absolute value of metrics, including financed greenhouse gas (GHG) emissions, energy consumption, and water consumption. By providing intensity values for six out of nine Clarity AI metrics, the need for company size in constructing a universe of comparable public companies is eliminated as the data is normalized based on annual revenues or enterprise value.

Ares

Ares were unable to report specifically on the required metrics.

Beach Point

Beach Point utilise ICE Climate Data, which incorporates both company-reported emissions and ICE's own modelled estimates where reported data is unavailable. This blended approach enables broader coverage while maintaining consistency with recognised estimation methodologies. Please note the information provided in the table above is with respect to the entire fund rather than the portion ABF hold. In future years, the Trustee aims to engage further to receive fund specific information.

Bridge Point

Bridgepoint partners with a tech-enabled solution offered by Persefoni to calculate its operational carbon footprint and the financed emissions of its funds using PCAF methodology.

PCAF (The Partnership for Carbon Accounting Financials) provides guidance on calculating financed emissions and classifying data quality (DQ) with a scoring according to the information that is used to calculate the financed emissions. DQ scores range from 1 to 5, where 1 is the highest score and represents the use of verified reported emissions. DQ 2 represents the use of company reported emissions and DQ 4 refers to revenue-based calculation methodologies.

To calculate the 2025 financed emissions, Bridgepoint Credit undertook a hybrid approach using a combination of company reported scope 1 and scope 2 emissions where available according to PCAF DQ 2 methodology and calculating scope 3 (upstream only) emissions using a DQ 4 revenue-based calculation method that relies on environmentally extended input output (EEIO) models. Each year, we aim to strengthen the robustness of scope 1 and 2 financed emissions by increasing the number of companies calculated according to the DQ 1 or DQ 2 methodology. The intention is to continue to evolve our approach and apply the same principle to scope 3 financed emissions in the future.

H.I.G.

In 2024, H.I.G. adopted a TCFD-aligned Climate Strategy following an engagement with a climate-focused adviser that included a climate risk and opportunity baseline assessment for both the firm's own operations and the investment portfolio. Informed by this analysis, H.I.G.'s Climate Strategy outlines the firm's commitment to understanding and, where feasible, integrating the management of material climate-related risks and opportunities. H.I.G.'s approach to climate-related topics is governed by the firm's Climate Policy. In connection with this initiative, H.I.G. will seek to deepen the integration of material climate-related risks and opportunities into its investment activity, including the further integration of physical risk assessment where financially material, practicable and commercially viable.

While H.I.G. does not currently measure and report portfolio-wide GHG emissions associated with their investment activity, H.I.G. seeks to improve the collection of related data from investees over time. This includes requesting climate-related data, including carbon emissions data, from borrowers pre- and post-investment, where practicable and commercially viable.

Mezzvest

Clearlake Credit calculates all three scopes of its carbon footprint. This is supported by a dedicated third-party platform tool, Sweep, which is based on the GHG Protocol methodology. As a result, Clearlake Credit assesses the carbon footprint of its portfolio companies. However, portfolio companies have different levels of Sustainability maturities: some companies publish comprehensive data relating to Scope 1, 2, and 3 emissions alongside other sustainability metrics, while others may not disclose any information.

As part of the ESG annual data collection campaign, Clearlake Credit directly collects reported carbon data from the borrowers. In instances where portfolio companies offer inadequate data, Clearlake Credit leverages the tool 'Sweep' to estimate their carbon emissions, which is based on the principles of the PCAF methodology, using CDP sectoral estimate data. Clearlake Credit is hence able to calculate the financed emissions of its portfolios, combining reported and estimated data. .

Please note for SUB V, there were two assets for which we didn't have any carbon-related information and these have been removed from the analysis.

The calculation of each metric follows the methodology suggested below.

Metrics are provided by the distinction of scope 1+ scope 2, and separately scope 3, however, not by the distinction of upstream and downstream related emissions.

Operating in the private market, Clearlake Credit currently doesn't have recourse to benchmarking comparison and doesn't calculate Implied Temperature Rise metrics.

Please note within both funds, there is one particular outlier, which affects the metrics upwards significantly. This is explained by the following: Barentz is a leading global specialty ingredients distributor, focused on life sciences related specialty ingredients for industries including human nutrition, pharmaceuticals, personal care, and animal nutrition.

The Company is headquartered in the Netherlands and serves as the interim between a highly diversified base of c. 1,000 leading principals (upstream ingredient vendors) and a fragmented client base (>15,000 SMEs – downstream). Mostly driven by EU regulations (notably CSRD), Barentz undertook a heavy double materiality exercise, which helped build a comprehensive list of potential material topics relevant to its business and operations. Ultimately, climate change was identified as a priority topic, which drove the company to calculate its carbon footprint and commit to reduce its Scope 1 and 2 emissions by 35% by 2030. As a distributor of specialty ingredients, Barentz sources and distributes (upstream and downstream) raw materials globally, which is inherently carbon-intensive. The Company showed a 19% reduction in scope 1 & 2 emissions from 2023 to 2024, thanks to notably the use of renewable energy, energy efficiency investments made in facilities and purchases of electric vehicles to complete local deliveries. We should receive 2025 information soon.

MSIM

MSIM have reached out to all managers in the ABF portfolio. Historically, only two underlying managers have provided the requested data: Three Hills Capital Partners (“THCP”) and Pennant Park. Pennant is the only reporting manager with NAV.

Pennant Park was able to provide Scope 1, 2, and 3 data for GHG emissions, carbon footprint, and WACI. These metrics are produced on an annual basis, and for this exercise we have used data as of 30 September 2025. Pennant Park noted that their carbon metrics are calculated annually and that the figures provided reflect data for their entire platform at the time of measurement, which MSIM regard as being representative of the fund the portfolio is allocated to.

Ninety One

The Ninety One mandate focuses on Private Credit investments in off-market transactions, specifically Private Loans. As a result, typical WACI (Weighted Average Carbon Intensity) or Carbon & GHG Emissions data is not provided, as it would be for public market mandates.

That said, throughout the European Credit Opportunities investment process, the team rigorously considers ESG factors from the origination stage all the way through to execution. While typical emissions data may not be available, ESG considerations are always integrated into the investment process.

Appendix 6: Climate Change Glossary

Carbon footprint: The amount of carbon dioxide (or other greenhouse gasses) released into the atmosphere as a result of the activities of a particular individual, organisation or community. Carbon footprint is calculated for each company as (Scope 1 and 2 carbon emissions / US \$m investments). See also Scope 1, 2, 3 emissions and Weighted Average Carbon Intensity (WACI).

Carbon intensity: The amount of emissions of carbon dioxide (or other greenhouse gasses) released per unit of another variable such as revenue, gross domestic product (GDP), per US \$1million invested etc. See also Weighted Average Carbon Intensity (WACI).

Carbon price: The price for avoided or released carbon dioxide (CO₂) or CO₂-equivalent emissions. This may refer to the rate of a carbon tax, or the price of emission permits. In many models that are used to assess the economic costs of mitigation, carbon prices are used as a proxy to represent the level of effort in mitigation policies.

Carbon neutrality: Achieved by offsetting emissions by paying for credits (usually certified via new forestry equivalents that provide carbon removal). Carbon neutrality is similar to net zero targeting – though the latter requires actual emissions reductions to meet targets (rather than purchasing offsets). See also Net Zero CO₂ emissions.

Consumption emissions: These include domestic GHG emissions from sources located within the country territory plus GHG emissions attributable to the import of electricity, steam, heat and cooling from outside the country territory plus GHG emissions attributable to all other (non-energy) imports from goods minus exported emissions

Decarbonisation: The process by which countries, individuals or other entities aim to achieve zero fossil carbon existence. Typically refers to a reduction of the carbon emissions associated with energy, industry and transport.

Global warming: The estimated increase in global mean surface temperature expressed relative to pre-industrial levels unless otherwise specified. See also Pre-industrial.

Greenhouse gases: Gases in the planet's atmosphere which trap heat. They let sunlight pass through the atmosphere but prevent heat from leaving the atmosphere. Greenhouse gases include Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulphur Hexafluoride (SF₆), Nitrogen Trifluoride (NF₃).

Inevitable policy response: A scenario that expects an acceleration of climate-related policy announcements in 2023–2025, which has been supported by the Principles for Responsible Investment (PRI).

Mitigation (of climate change): A human intervention to reduce emissions or increase the capacity of natural or artificial systems to absorb and store greenhouse gases.

Mitigation strategies: In climate policy, mitigation strategies are technologies, processes or practices that contribute to mitigation, for example, renewable energy (RE) technologies, waste minimization processes and public transport commuting practices.

Net zero greenhouse gas emissions: Net zero greenhouse gas emissions (represented as a CO₂ equivalent, or CO₂e) are achieved when emissions are balanced globally by removals over a specified period. The term “net zero” is also typically associated with the 2050 date or earlier, as this is aligned with the scientific recommendations to achieve a 1.5°C scenario. See also Carbon neutrality (which differs slightly).

Paris Agreement: The Paris Agreement under the United Nations Framework Convention on Climate Change (UNFCCC) was adopted on December 2015 in Paris, at the 21st session of the Conference of the Parties (COP) to the UNFCCC. The agreement, adopted by 196 Parties to the UNFCCC, entered into force on 4 November 2016 and as of May 2018 had 195 Signatories and was ratified by 177 Parties. One of the goals of the Paris Agreement is “Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels”, recognising that this would significantly reduce the risks and impacts of climate change. Additionally, the Agreement aims to strengthen the ability of countries to deal with the impacts of climate change.

Physical risks: Dangers or perils related to the physical or natural environment that pose a threat to physical assets e.g. buildings, equipment and people. These are typically grouped into the impact of natural catastrophes (for instance sea level rise, flooding, wildfires, and hurricanes) and resource availability (particularly water). See also Transition risks.

Pre-industrial: The multi-century period prior to the onset of large-scale industrial activity around 1750. The reference period 1850–1900 is used to approximate pre-industrial global mean surface temperature.

Principles for Responsible Investment (PRI): Non-profit organisation, which encourages investors to use responsible investment to enhance returns and better manage risks. It engages with global policymakers and is supported by, not but part of, the United Nations. It has six Principles for Responsible Investment that offer a menu of possible actions for incorporating ESG issues into investment practice.

Production emissions: Domestic greenhouse gas emissions from sources located within the country territory

Scope 1, 2, 3 emissions: Scope 1 emissions are direct emissions from owned or controlled sources. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Transition risks: Risks from policy changes, reputational impacts and shifts in market preferences, norms and technology as the economy moves to a low carbon approach. See also Physical risks.

Weighted average carbon intensity (WACI): The carbon intensity of a portfolio, weighted by the proportion of each constituent in the portfolio. Carbon intensity is calculated for each company as (Scope 1 and 2 carbon emissions / US \$m revenue). See also Carbon footprint.

Appendix 7: Important Notices from Data Providers

Mercer

Past performance does not guarantee future results. Information contained herein has been obtained from a range of third-party sources. While the information is believed to be reliable, Mercer has not sought to verify it independently. As such, Mercer makes no representations or warranties as to the accuracy of the information presented and takes no responsibility or liability (including for indirect, consequential or incidental damages), for any error, omission or inaccuracy in the data supplied by any third party. The information does not constitute an offer or a solicitation of an offer to buy or sell securities, commodities and/or any other financial instruments or products or constitute a solicitation on behalf of any of the investment managers, their affiliates, products or strategies that Mercer may evaluate or recommend. This does not offer any advice regarding current or future applicable laws or regulations. Mercer does not provide legal advice. You should contact your legal adviser before making any decisions with legal and/or regulatory implications.

Mercer Limited is authorised and regulated by the Financial Conduct Authority. Registered in England and Wales No. 984275. Registered Office: 1 Tower Place West, Tower Place, London EC3R 5BU.

MSCI

In addition, some of the underlying data has been provided by MSCI which is ©2026 MSCI ESG Research LLC. Reproduced by permission.

Although information providers, including without limitation, MSCI Inc., MSCI Inc., MSCI ESG Research LLC, or their affiliates (“MSCI”), or information providers (together the “MSCI Parties”), obtain information from sources they consider reliable, none of the MSCI Parties warrants or guarantees the originality, accuracy and/or completeness of any data herein. None of the ESG Parties makes any express or implied warranties of any kind, and the MSCI Parties hereby expressly disclaim all warranties of merchantability and fitness for a particular purpose, with respect to any data herein. None of the MSCI Parties shall have any liability for any errors or omissions in connection with any data herein. Further, without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Ortec Finance

Mercer has entered into a global agreement with Ortec Finance regarding the use of their climate scenarios by Mercer’s clients.

Climate scenarios have been prepared with care using the best available data. The scenarios may contain information provided by third parties or derived from third party data and/or data that may have been categorized or otherwise reported based upon client direction. The scenarios are for information purposes and are not to be construed as investment advice. Ortec Finance assumes no responsibility for the accuracy, timeliness or completeness of any such information. Ortec Finance accepts no liability for the consequences of investment decisions made in relation on information in this report. The scenarios are copyright of Ortec Finance. You may not, except with our express written permission, distribute or commercially exploit the content. All Ortec Finance services and activities are governed by its general terms and conditions which may be consulted on www.ortecfinance.com and shall be forwarded free of charge upon request.

The Trustee has been supported by Mercer in the production and design of this report.