Associated British Foods | Pension Scheme

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 2025

July 2025

Contents

Chair's Introduction

Welcome to our third 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 Pensions[1].

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 if not properly measured and 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:

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.

Figure 1: TCFD Framework

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.

[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 core policies and processes of the Trustee have not changed materially over the reporting period.

The data coverage for the climate-related metrics has improved over the 12-month period. The metrics analysis for Scope 1&2 emissions now covers 61% of DB assets, a 6% increase from the previous year's reporting. This arises from improvements in coverage across the mandates. The DC Section's Scope 1&2 emissions coverage continues to be 98% of assets. In addition, this year, the Trustee has aimed 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 3. The Trustee will continue to engage with the private debt managers to support improvements in data reporting going forward.

At the overall level, emissions for the DB Section have increased over the year. However, this is largely due to a rise in asset value for a number of managers. The rise in total assets across the year is broadly in line with the rise in emissions. Pleasingly, the carbon footprint of the DB Equity portfolio has continued to fall and the overall reduction has remained above the Trustee's carbon footprint reduction target, having reached it in 2023. This has been driven largely by a substantial reduction in the carbon footprint of the Liontrust, Calamos and Artemis portfolios since the 2021 baseline. The Trustee is looking for this reduction to persist over the longer-term before re-considering the target, especially as a fall in carbon footprint metric could be a result of an increase in enterprise value of the underlying companies invested in, as opposed to reductions in emissions.

Within the DC Section of the Scheme, the carbon footprint has significantly fallen across all target date funds and the Trustee's DC Section's greenhouse gas emissions reduction target has been achieved. AllianceBernstein have 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. 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.

Finally, as both the Scheme's investment allocation and strategy has not materially changed and the modelling methodology has not significantly evolved over the year, the Trustee has decided not to update the funding and investment climate scenario analysis. The Trustee expects the climate scenario modelling produced for the report for the year to 5 April 2023, to continue to provide an accurate analysis of the climate risk exposure of the Scheme's investments. The climate scenario analysis will be updated for the 2026 report in line with the Statutory Guidance.

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 their 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). This report is available online at TCFD Report - Associated British Foods | Pension Scheme (abfpensions.com). For calls from outside the UK: +44 (0)20 7636 8111. The team are available Monday to Friday, from 9am to 5pm.

James G West

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 during the Scheme year (dated March 2025) and is available on the Scheme's website: Statement of Investment Principles - Associated British Foods | Pension Scheme.

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

Engagement Priority	Rational
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	Rational
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.

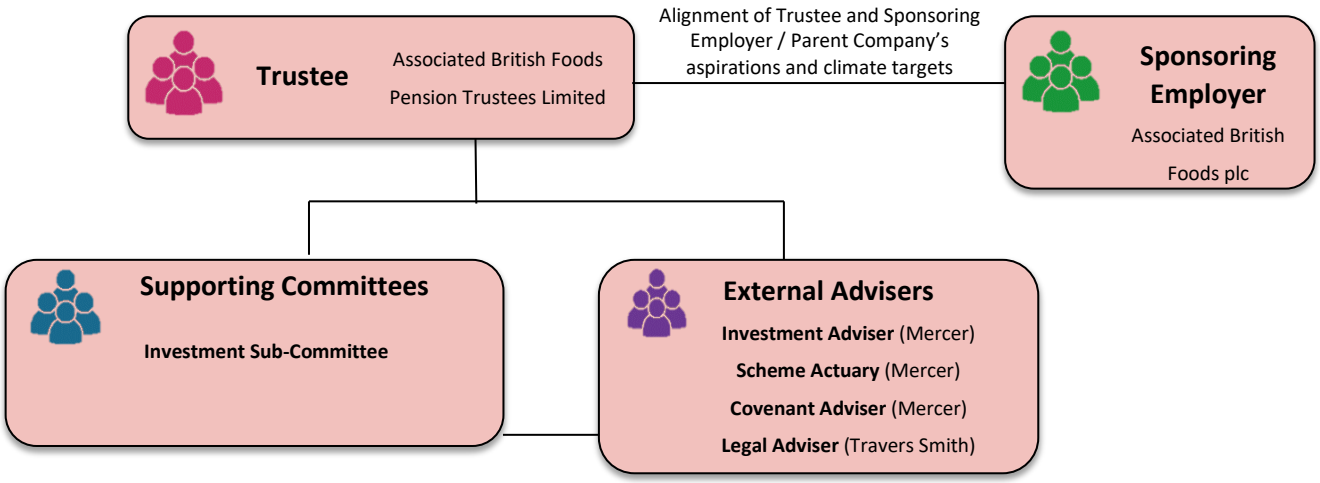
These engagement priorities are based on the Trustee's belief that ESG issues, across each of the three factors, may have a material impact on investment performance. As such, the Trustee has determined what they consider the most salient topic within each of the three ESG factors. The engagement priorities are used to determine the significant votes to include within the Implementation Statement, available on the Scheme's website: Implementation Statement - Associated British Foods | Pension Scheme.

The Trustee maintains 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 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, are provided later in this section.

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 May 2024. 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 will consider adopting a similar approach for other relevant advisers, including the scheme actuary, covenant adviser and in-house pensions team as appropriate.

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 as set out in further detail below.

Over the reporting period, the Trustee's relevant **professional advisers** were:

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.

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 advisors. 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:

- 2024 TCFD report – at the May ISC meeting the analysis and conclusions from the draft report were discussed;
- Review of AllianceBernstein target date funds – the review included the consideration of how ESG factors, including climate change are integrated into the investment process;
- Regular manager review meetings – In the quarterly ISC meetings the Committee met with and reviewed Veritas, CQS, Schroders, Calamos, 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 selections – at the November 2024 ISC meeting three short-listed credit managers presented to the ISC and as part of these discussions the managers detailed how they consider climate change and other ESG factors as part of the portfolio construction;
- ISC Terms of reference – in Q1 2025 the terms of reference were reviewed and updated to reflect the requirements of the Pensions Regulator's General Code of Practice. The updates included references to the Scheme's annual Climate Change Governance report and Implementation Statement; and
- Risk Register – in Q1 2025 the risk register was reviewed which included the consideration of how climate risks are monitored and managed.

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

The climate scenario analysis performed in 2023 reflected both the DB Section's transition to the low-dependency portfolio and the strategy of the DC target date funds, both of which have not materially changed over the year. In addition, the modelling methodology has not significantly evolved over the year. As such the Trustee expects the 2023 climate scenario modelling to continue to provide a fair reflection of the climate risk exposure of the Scheme's investments and has therefore taken the decision not to refresh this analysis. The results and methodology of the 2023 analysis are presented in this report alongside updates made to the Trustee's investment strategy over the year. As per the regulatory requirements, the Trustee will undertake climate scenario analysis as part of the 5 April 2026 TCFD report.

Summary of Scheme's Assets - DB Section

Given the DB Section's funding position, the Trustee and ABF have agreed to transition the investment strategy to a low-dependency portfolio. The Trustee began this transition in September 2023 and, as at 5 April 2025, had nearly concluded it. To facilitate this transition the allocation to equities has been reduced, in favour of fixed income assets.

The 2023 scenario analysis reflects this transition, full details of the modelling is provided in the "Impact on DB Section investments and funding" section of the report.

The table below sets out the actual asset allocation as at 30 September 2022 and the current Strategic Asset Allocation. It also includes the Low-Dependency Target Allocation set when the transition started in 2023. Over the year the Trustee agreed to revise parts of the Low-Dependency Target Allocation. Specifically, the Trustee plans to sell down the allocation to UK Property over 2025 and run-off the Private Debt portfolio. These revisions to the Low-Dependency Target Allocation will be included in the updated climate scenario modelling produced for the 2026 TCFD report.

Figure 3: DB Section asset allocation

Asset Class	Actual Asset Allocation at 30 Sept 2022	Strategic Asset Allocation at 5 April 2025	Low-Dependency Target Allocation
Equity (Artemis, Calamos, Liontrust, Schroders, Veritas)	33.8%	20.6%	16%
UK Property (Internally managed)	10.3%	0.0%	6%

Asset Class	Actual Asset Allocation at 30 Sept 2022	Strategic Asset Allocation at 5 April 2025	Low-Dependency Target Allocation
Fixed Income • Public Investment Grade Credit *(GSAM)* • Public Credit *(Beach Point, CQS)* • Bonds - Private Debt (Beach Point, Ares, Haymarket Financial, MezzVest, Arcmont, HIG Capital, Neuberger Bergman, Cordet, EQT, Muzinich, MSIM, Alcentra, Ninety One) • Liability Driven Investment & Cash *(Insight, BlackRock)*	55.9%	79.4%	78%

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, in 2023, the Scheme previously had one popular arrangement, the AllianceBernstein TDF 2035-37. In 2024, due to an increase in underlying assets, the AllianceBernstein TDF 2038-2040 was also recognised as a popular arrangement. For this year, the AllianceBernstein TDF 2041-43, AllianceBernstein TDF 2044-2046 and AllianceBernstein TDF 2047-2049 are now also popular arrangements as they each have over £100m invested.

Climate change scenario analysis was completed for the 2023 report for the Scheme's popular arrangement at that time (2035- 2037 TDF) as well as the following additional TDFs in order to show the impact of climate change on a range of member ages.

Figure 4: TDFs considered for DC Section scenario analysis

Member approaching retirement:	Members mid-way through the retirement journey:	Younger member:
2023-2025 TDF	2035-2037 TDF (popular arrangement)	2050-2052 TDF
	2038-2040 TDF (popular arrangement)	2062-2064 TDF
		2071-2073 TDF

The additional TDFs covered in the scenario analysis do not cover the Scheme's new popular arrangements for 2025. However, due to similarities in the underlying asset allocation, the outcomes of the scenario analysis for the Scheme's new popular arrangements (not covered by the above TDFs) are expected to be broadly aligned as below:

- TDF 2041-2043 aligned to TDF 2038-2040;
- TDF 2044-2046 aligned to TDF 2038-2040; and
- TDF 2047-2049 aligned to TDF 2050-2052.

As such the scenario analysis has not been updated for the Scheme year. The current climate scenario analysis continues to reflect Mercer's best estimate of the impact of climate change on the Scheme.

Following a review of the TDFs in 2024, an allocation to private credit was introduced in July 2024. This has been partially funded by a reduction in the allocation to other underlying credit mandates, government bonds and equities. Based on the assumptions used for the scenario analysis we do not expect the changes to have a material impact on the conclusions but have included a qualitative assessment of the likely impacts within the 'Impact on the DC Section' section. The quantitative scenario analysis will be re-rerun in 2025 and the results will be included within the 2026 report.

Assets within the TDFs determined to be 'popular arrangements' represent 49.7% of the total DC Section assets as at 30 September 2024, this compares with 32.8% as at 30 September 2022.

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 has considered the following time horizons, noting that the appropriateness of these time horizons will also be considered as part of the updated scenario analysis which will be included in the 2026 report.

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

DB Section		
From 30 September 2022		
Short term	2027 (5 years)	Aligns with the possible transition period to a low-dependency investment strategy
Medium term	2037 (15 years)	Aligns with broad peak cash flow of the Scheme
Long term	2047 (25 years)	Beyond the average duration of the active and deferred liabilities

DC Section		
From 30 September 2022		
Short term	2027 (5 years)	Aligns with a member who is approaching retirement.
Medium term	2042 (20 years)	Aligns with a member who is approximately halfway through their journey to retirement.
Long term	2062 (40 years)	Aligns with a member who is just beginning their journey to retirement.

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.

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. The Trustee has set carbon footprint reduction targets for the DB Section's Equity and Fixed Income GSAM portfolio as well as the DC Section's TDFs. The Trustee has engaged with managers to make them aware of these targets and monitors the managers against them. As data availability improves the Trustee will be able to consider extending such targets to the Scheme's other managers but does not feel data availability is sufficient to do so at this stage.

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 carbon intensity for each of the Scheme's assets and impact on the Scheme's investment and funding strategy has been reported (where available) within the Scenario Analysis section below and the Metrics section of this report.

The Trustee has considered the following short, medium and long-term drivers of risk in relation to climate change:

Over the short term (out to 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.

Over the medium term (out to 15-20 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.

Over the long term (beyond 25 years), 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.

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 is taking steps to communicate its expectations to its investment managers to therefore 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 the DB Section's transition to the low-dependency portfolio progresses the exposure to asset classes with higher climate risk exposure, such as equities, will reduce.

Climate risks and opportunities will be considered as part of future investment strategy reviews for the DB and DC Sections where appropriate.

Climate change scenarios

This section considers the impact of three climate scenarios, relative to a base case scenario[2], where financial markets behave in line with Mercer's capital market assumptions as at 30 September 2022. 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.

[2] See Appendix 2 for more detail on the base case scenario.

Figure 6: Mercer's climate change scenarios

	1.5°C Scenario – Rapid Transition	<2.0°C Scenario – Orderly Transition	4.0°C Scenario – Failed Transition
Overview	Average temperature increase of 1.5°C by 2100 in line with the Paris Agreement. This scenario assumes sudden large-scale downward re-pricing across multiple securities in 2026. This could be driven by a change in policy or realisation that policy change is inevitable, consideration of stranded assets or expected cost. To a degree the shock is sentiment driven and is therefore followed by a partial recovery across markets. The physical damages are most limited under this scenario.	Average temperature increase of less than 2.0°C by 2100. This scenario assumes political and social organisations act in a quick, predictable, co-ordinated way to implement the recommendations of the Paris Agreement to limit global warming to well below 2°C. Transition impacts do occur but are relatively muted across the broad market.	Average temperature increase above 4°C by 2100. This scenario assumes the world fails to co-ordinate a transition to a low-carbon economy and global warming exceeds 4°C above pre-industrial levels by 2100. Physical climate impacts cause large reductions in economic productivity and increasingly negative impacts from extreme weather events. These are reflected in re-pricing events in the late 2020s and late 2030s.

These scenarios align with those recommended in the Department for Work and Pensions in its Statutory Guidance on pension scheme TCFD reporting. Running analysis against lower and higher warming pathways allows the Trustee to explore the potential impact of both transition risks and physical risks.

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.

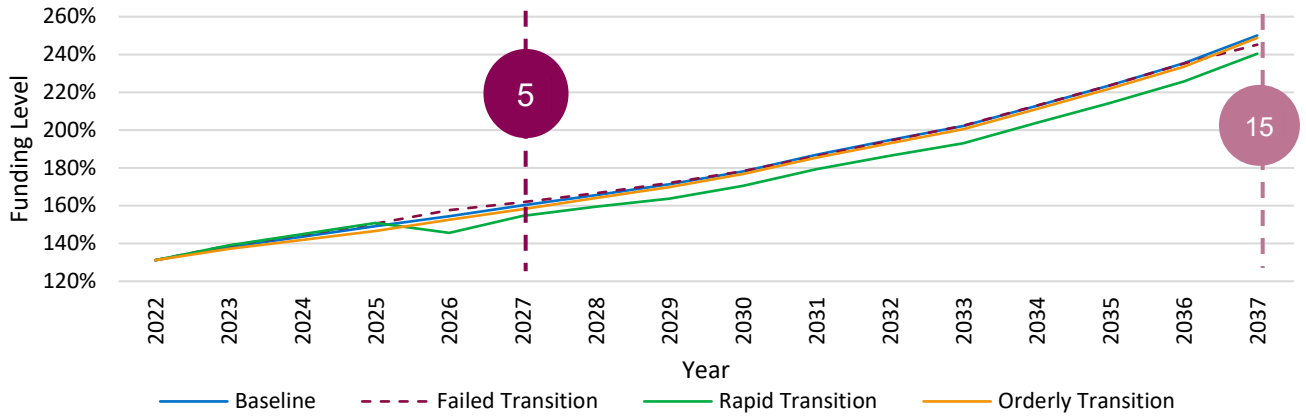
Impact on DB Section investments and funding

Over a 3 to 5 year period from 30 September 2023, the DB Section will transition to the Low-Dependency Target Allocation. As, at the time of carrying out the modelling, there was reasonable certainty over the path of the transition to the low-dependency portfolio (albeit the final allocations and timing were subject to change), this transition was reflected as part of the climate scenario analysis. Specifically, in producing the analysis, the asset allocation has been phased over a period of 5 years from the actual asset allocation as at 30 September 2022 to the Low-Dependency Target Allocation. As at 5 April 2025, the transition to this Low-Dependency Allocation was nearly complete, with the final transitions expected to be completed over 2025. The Trustee does not expect this shorter transition timeframe to materially impact the climate change scenario analysis. Once the Low-Dependency Target Allocation is reached, the asset allocation is assumed to remain static.

In addition, given the strong funding level of the DB Section, the Trustee has agreed a contribution abatement with the Sponsor, which commenced in October 2023. The continuation of the contribution abatement is subject to an annual check of the funding position at each 5 April. As such, the analysis assumes there are no further DB contributions over the projection period.

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. Further, as part of the evolution of the low-dependency portfolio, actions will be taken to maintain the funding level at appropriate levels. However, 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.

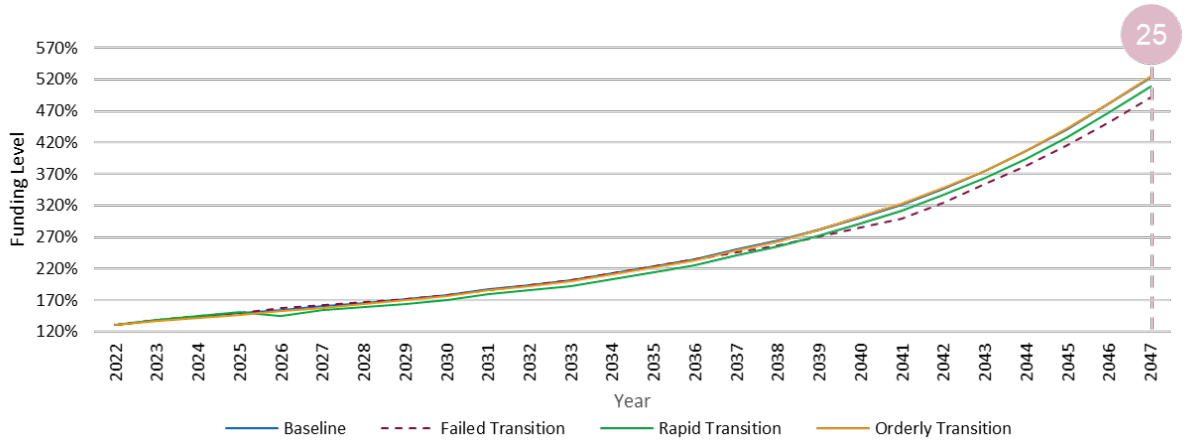
Figure 7: DB Section - 15 year projection



In the **short term** (5 years), transition risk dominates, with the Rapid Transition having the largest impact. A funding level loss of c.5.5% is projected (i.e. over the short term, the funding level under a Rapid Transition scenario is 5.5% worse than in the central, baseline scenario), due to a reduction in expected investment returns of c.0.7% p.a., as unprecedented policy action causes markets to initially overreact. All asset classes within the Scheme's investment strategy experience losses except LDI and cash. The market is then assumed to largely recover in subsequent years. The credit mandates contribute to the rebound on the basis of limited additional defaults. In the short term, the DB Section performs best in the Failed Transition, with a projected funding level gain of c.1.7% relative to the baseline. This is a result of the markets not re-pricing and as a result growth assets like equities performing well. Overall, the Trustee considers the Scheme to be resilient to climate risk over this period.

Over the **medium term** (15 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. The largest impact is seen in the Rapid Transition, with a funding level fall of c. 9.6% relative to baseline (i.e. over the medium term, the funding level under a Rapid Transition scenario is 9.6% worse than in the central, baseline scenario). This is due to the large transition impact on equity valuations which, over this timeframe, have not experienced the benefit of lower physical impact of the Rapid Transition. The Orderly Transition has a marginally negative impact, with a cumulative loss of c.1.3% relative to the baseline. This is due to these impacts being (a) relatively small and (b) priced in to an extent. Overall, the Trustee considers the Scheme to be resilient to climate risk over this period. The Failed Transition scenario lies in between the other two scenarios, as physical risks begin to be priced in.

Figure 8: DB Section - 25 year projection



Over the **long term** (25 years), the DB Section assets fare better under the Orderly Transition versus the baseline with a funding level rise of c.1.2% projected (i.e. over the long term, the funding level under an Orderly Transition scenario is 1.2% better than in the central, baseline scenario). Over this longer period physical impacts are lower in both the Orderly and Rapid transition due to temperature rises being limited. Therefore both these scenarios perform materially better than the Failed Transition (by 33.1% and 17.6% in funding level terms respectively), where physical impacts are most acutely felt given higher temperature rises. However, under all scenarios the funding level is significantly above 100% 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 9: DB Section – funding level projections relative to baseline[3]

	Funding level projection relative to baseline		
	Short term (5 Years)	**Medium term (15 years)**	**Long term (25 years)**
Rapid Transition	-5.5%	-9.6%	-14.3%
Orderly Transition	-2.0%	-1.3%	+1.2%
Failed Transition	+1.7%	-4.8%	-31.9%

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 de-risking that will occur as a result of the transition to the Low-Dependency Target Allocation.

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. The balance between these will vary over different time horizons as discussed in the Climate-related Risks section above.

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

The scenarios considered by the Trustee are in line with those detailed in Figure 6 of this report, i.e. Rapid Transition, Orderly Transition and Failed Transition. We also show one further scenario, 'Middle of the Road', which falls between the Orderly and Failed Transition scenarios.

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.

Our modelling indicates the following scenario outcomes, each compared to mortality assumptions constructed with no explicit allowance for climate-related risks[4]:

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	Within ~ 1.5 °C	Rapid Transition	+ 1 month	+ 22 months	+ 6.5%
1	2.6	Within ~ 2 °C	Orderly Transition			
2	4.5	Within ~ 3 °C	Middle of the Road	- 13 months	+ 12 months	+ 3.3%
3	7	Within ~ 4 °C	Failed Transition	- 62 months	- 3 months	- 1.9%

In the Scheme's DB Section, the youngest member (ignoring dependants) is aged 39 and the oldest pensioners are over age 100. For reference, in the DC Section, the youngest members are aged 18, while the oldest members are over age 65.

As shown above, climate-related longevity uncertainty is higher in respect of younger generations, though there is more funding risk associated with climate-positive scenarios and their implications for improved shorter-term mortality for current pensioners. 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.

[4] 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.

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, Sugar and Twinings) where significant risks exist - these businesses have set challenging interim targets to reduce greenhouse gas emissions by 2030.

In 2022 ABF worked with third party experts (South Pole) to perform scenario analysis on a range of different scenarios, including <2˚C and 4˚C, to assess Group resilience. Risks and opportunities have been considered over three time horizons: Short-term (by 2025), Medium-term (by 2030) and Long-term (by 2050).

To date, the Group has prepared largely qualitative disclosures in relation to TCFD (quantitative assessments are expected in future years). Consequently, the work that the Trustee can reasonably undertake with respect to the impact of climate change on the employer is also based on a qualitative assessment.

Climate-related risks are considered 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 qualitative 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.

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 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 2025 covenant update noted that the Group's 2024 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.

Impact on the DC Section

As noted earlier, DC scenario analysis was undertaken for the 2023 report for 6 TDFs as set out in Figure 4. These TDFs were selected as they were either popular arrangements at the time (2035-2037 TDF) 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 20 years' time, the value of a DC member's assets invested in TDF 2050-2052 is projected to be -19.9% lower under a failed transition scenario than under the baseline scenario:

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

	Rapid Transition			Orderly Transition			Failed Transition		
	Year 5	Year 20	Year 40	Year 5	Year 20	Year 40	Year 5	Year 20	Year 40
TDF 2023-2025	-2.6%			-1.1%			0.9%		
TDF 2035-2037	-6.2%	-4.2%		-2.0%	-1.2%		1.8%	-8.8%	
TDF 2038-2040	-6.7%	-4.5%		-2.3%	-1.6%		1.9%	-10.2%	
TDF 2050-2052	-9.7%	-6.4%	-6.0%	-2.8%	-2.7%	-5.7%	2.5%	-19.9%	-23.4%
TDF 2062-2064	-9.7%	-6.1%	-5.2%	-2.8%	-3.0%	-7.7%	2.5%	-25.7%	-32.1%
TDF 2071-2073	-9.7%	-6.1%	-4.7%	-2.8%	-3.0%	-8.6%	2.5%	-25.7%	-34.4%

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. Under this scenario there is a shock to returns in year 4 followed by a partial recovery the following year. Younger members are likely to be more impacted by this scenario due to the higher allocation to equities. The Failed Transition is marginally positive for all members due to expected transition costs not materialising.

Over the **medium term** (20 years) physical damages begin to be priced in, the Failed Transition becomes the most impactful scenario, particularly for younger members.

Over the **long term** (40 years), physical damages are the dominant driver and the Failed Transition is by far the worst scenario. In addition, we see the additional warming and hence damage in the Orderly Transition (compared to the Rapid Transition) meaning it becomes a more negative scenario.

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

The outcomes for the Scheme's new popular arrangements not covered by the above TDFs are expected to be broadly aligned as below:

- TDF 2041-2043 aligned to TDF 2038-2040;
- TDF 2044-2046 aligned to TDF 2038-2040; and
- TDF 2047-2049 aligned to TDF 2050-2052.

There have been changes to the underlying allocations within the TDFs since the scenario analysis was previously undertaken. These changes include an allocation to private credit which, for younger members (25+ years from retirement) has been funded by a reduction in the allocation to equities. Based on the underlying assumptions used within the scenario analysis we expect this change to have a lower climate impact for younger members i.e. a potential reduction in the climate impacts shown in Figure 11, particularly for the Failed Transition scenario. For members within the de-risking phase (within 20 years to retirement) the allocation to private credit has been funded largely by a reduction in the allocation to government bonds and other credit assets. For these members we expect the overall impact on the conclusions of the scenario analysis to be broadly similar.

Scenario analysis for the DC popular arrangements will be considered as part of the reporting to 5 April 2026, which will include the popular arrangements prevailing at the time and the revised TDF glidepath based on the latest climate assumptions.

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 DB Section's investment managers' ESG ratings, provided by Mercer, quarterly and the DC Section's managers annually. 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 was also reviewed in greater detail in Q1 2025 to reflect the requirements of the Pensions Regulator's General Code of Practice. This included a review 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.

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 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.

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 ESG 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 and were considered as part of the credit manager selection exercise undertaken during the Scheme year.

Where relevant, 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 Veritas, CQS, Schroders, Calamos, GSAM and Insight, and as a part of their wider presentations, ESG factors were discussed and considered.

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. The Trustee is taking steps to communicate these views with its investment managers. 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.

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 that the availability of accurate data for some asset classes or methodology is an industry-wide issue. However, the Trustee has noticed improvements in the ability of investment managers to report climate metrics and will continue to engage with them to further refine their climate reporting.

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[5] (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.

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**. This is currently the preferred intensity metric for a number of the Scheme's investment managers and has been chosen given the higher levels of data coverage for this 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 the Company (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 the Company.

[5] 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).

- **Scope 3 "indirect" emissions**: In this category are all the emissions associated, not with the 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 include 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, via their appointed investment managers, the companies in the portfolio that are not currently reporting emissions data and use this as the basis for engagement.

The Trustee recognises the challenges with various metrics, tools and modelling techniques used to assess climate change risks. Although advancements have been made since last year's report, the Trustee aims to keep working with its investment advisers and investment managers to continuously improve the approach to assessing and managing risks over time as more data becomes available. Over the year, the Trustee has seen 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 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. This is detailed in Appendix 3.

Results – DB Section

Data availability and coverage

This section shows metrics data as at 30 September 2024 across the Scheme's DB public assets and compares each metric to the 30 September 2023 position. Data requests were sent to all non-legacy DB managers, but data was not received from the following:

- UK Property internally managed (3.6% allocation as at 5 April 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;
- c. 40% of the private debt managers, an improvement from the previous years 60%.

Given data coverage is much better for public assets, the metrics data focuses on DB public assets. The darker grey colouring in the table shows that a specific metric is not yet reported by that investment manager.

Please note that with regards to private debt managers, we have included some relevant information with regards to those managers where data was provided in Appendix 3.

The Insight LDI data coverage figure reflects the net UK Government bond position, i.e. total physically held UK Government bonds as a proportion of the total value of the LDI portfolio.

Where managers have provided carbon footprint normalised by invested value in a currency other than USD, Mercer has converted this metric to USD for consistency across all investment managers, based on the exchange rate as at the effective date of the data (source: Refinitiv).

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 2024 and compare them to the prior-year's results. The Trustee makes the following observations on the Scope 1&2 emissions-based metrics:

- Overall, the results are mixed with some managers, such as Artemis, Beach Point and CQS making good progress in reducing their GHG Emissions, Carbon Footprint, and WACI. On the other hand, a few managers including Liontrust and Calamos have seen their climate metrics increase since last year. The managers have provided further rationale for the changes in metrics over the year, as detailed below.
    - Artemis's climate metrics have improved significantly across the year, with these changes driven mainly by the changes in sector exposures for the portfolio. Exposure to carbon intensive sectors such as Oil and Gas has reduced and exposure to sectors which tend to have lower carbon intensity, such as technology, has increased. The reduction in absolute emissions has also been impacted by the fall in assets under management over the year from £171 million to £122 million.
    - The reduction in Beach Point's emissions is also partially attributed to a change in the sector exposures within the portfolio. There was a 2.3% reduction in exposure to more carbon-intensive sectors such as midstream, Oil & Gas, Oilfield Services, and Electric utilities. However, Beach Point note that there has also been a reduction in coverage over the year, which may have also contributed to the reduction in absolute emissions. The Trustee will engage further with BeachPoint to understand the reasons for this.
    - The rise in CQS's assets by 51% has been accompanied by a fall in Scope 1&2 GHG emissions and Carbon footprint. CQS have confirmed that this is due to a combination of factors covering market value appreciation, individual decarbonisation efforts within the portfolio, changes in underlying holdings and changes in normalisation factors (such as company revenue or assets). CQS note that from December 2023 they also changed the methodology they used to calculate the metrics and this will have also impacted the figures when comparing the them to the 30 September 2023 data. Further details on this change are included in Appendix 4.

  - Despite the asset value decreasing, Liontrust's Scope 1&2 emissions have increased over the year. This was predominantly driven by the addition of a chemicals industry company, 'Solvay', into the portfolio, and the characteristics of the industry which is inherently energy-intensive that has caused emissions to rise.
  - The increase in Calamos' Scope 1&2 WACI metrics was particularly noticeable across the year. Calamos have attributed this to the increased allocation to the Utilities sector which made up 4.8% of the portfolio as at 30 September 2024, compared to no sector exposure the year prior. Companies such as 'The Southern Company,' 'Duke Energy' and 'NextEra Energy' were the top contributors to the carbon emissions intensity of the portfolio, and three of the top six contributors to Portfolio Emissions.

- The metrics for the Scheme's other equity and credit mandates (Schroders, Veritas and GSAM) have changed marginally over the year. However, we note that the GSAM absolute emissions has risen significantly versus the previous year which is due to the increased asset allocation to GSAM.
- Given the calculation methodology, we note that some of the falls in WACI and Carbon Footprint may be as a result of revenue and/or enterprise values increasing, as opposed to these companies reducing their carbon emissions. This may include factors such as inflation levels rising, which cause a rise in revenue, or broader economic conditions that may also impact the revenue and asset values. The Trustee notes this potential impact on the intensity metrics and will look to investigate this further as the data quality improves.
- Insight calculate Production emissions (Scope 1) in line with PCAF methodology. The increase in the Insight total GHG Emissions is as a result of Insight's gilt exposure rising over the year. While total UK GHG Emissions have fallen across the year (417.1m tCO2e to 384.2m tCO2e), gilt exposure within the portfolio has risen from £1,125m to £1,653m, which is driving this increase in emissions. We note that Insight also updated their methodology in 2023 and as such have restated the 2023 metrics. This is reflected in the tables below. Insight are unable to report on Consumption emissions (Scope 1, 2 and 3 minus exported emissions). The Trustee have engaged with Insight on this point who have confirmed they do not currently provide Consumption emissions due to the significant 3 to 4 year lag in the data. Insight confirmed they will keep this under review and the Trustee will continue to engage with Insight on this matter.
- In aggregate, the total GHG Scope 1&2 Emissions for the assets analysed has increased over the year by 13%, which is broadly in line with the rise in asset value across the year, which has increased by 12%. The Trustee notes that overall coverage has improved over the year by 5% which will have also impacted the numbers.

We note that there have been some significant changes within the Scope 3 emissions data. The Trustee has queried these movements with the managers however note that the majority of the metrics are based on estimated data due to the limitations with sourcing Scope 3 emissions data. The Trustee will continue to monitor the movements within Scope 3 emissions but expect there to be volatility in the numbers as data quality improves.

Figure 13: Scope 1&2 Metrics summary as at 30 September 2024 (DB Public Assets). Change over the year shown in brackets beneath each metric.

Asset Class	Manager	Allocation (£m)	Scope 1 & 2 carbon related metrics			
			Total GHG Emissions (tCO2e)	Carbon Footprint (tCO2e/US $M invested)	WACI (tCO2e/US $M sales)	Data coverage (% reported + % estimated)
Equity *(20.6% strategic allocation)*	Liontrust	243 *(-13%)*	21,802 *(+11%)*	67 *(+20%)*	82 *(+40%)*	100% (0%)
	Artemis	122 *(-30%)*	5,374 *(-55%)*	33 *(-53%)*	43 *(-47%)*	100% (+2%)
	Schroders	163 *(-23%)*	26,018 *(-7%)*	62 *(-16%)*	93 *(-8%)*	99% (-1%)
	Calamos	230 *(+9%)*	16,066 *(+65%)*	56 *(+38%)*	215 *(+99%)*	97% (+11%)
	Veritas	183 *(0%)*	1,375 *(-9%)*	6 *(-17%)*	38 *(-14%)*	100% (0%)
Fixed income *(79.4% strategic allocation)*	GSAM	207 *(+229%)*	8,365 *(+162%)*	53 *(-8%)*	106 *(-24%)*	98% (+20%)
	Beach Point	365 *(+5%)*	26,703 *(-40%)*	74 *(-41%)*	115 *(-39%)*	75% (-9%)
	CQS	296 *(+51%)*	13,781 (-28%)	48 *(-58%)*	86 *(0%)*	73% (+3%)
	Insight*	640 *(+22%)*	238,462 *(+27%)*	126 *(-22%)*	98 *(-13%)*	100% (0%)
Total assets analysed		**2,448 *(+12%)***	**358,107 *(+2%)***			**92% coverage *(+5%)***
Percentage of DB assets		**66%**				**61% total assets *(+6%)***

Source: Investment Managers and Mercer calculations.

*As this mandate invests in UK Government Bonds the greenhouse gas emissions are based upon the annual UK greenhouse gas emissions for 2024 and the total UK Government Debt as at 30 September 2024. The emissions shown are for the Production (Scope 1) emissions. Data coverage reflects the net gilt exposure of the portfolio. Insight changed their calculation methodology in 2023 to reflect the PCAF guidance and hence the 2023 data has been restated for this report. Please see Appendix 4 for further details. The sovereign WACI for the Insight mandate is expressed in tCO2e/PPP-adjusted GDP. Please note that last year's carbon footprint figure has been restated as a part of the change from last year's figure.

Figure 14: Scope 3 Metrics summary as at 30 September 2024 (DB Public Assets). Change over the year shown in brackets beneath each metric.

Asset Class	Manager	Allocation (£m)	Scope 3 carbon related metrics (Upstream / Downstream) shown on second line where available			
			Total GHG Emissions (tCO2e)	Carbon Footprint (tCO2e/US $M invested)	WACI (tCO2e/US $M sales)	Data coverage (% reported + % estimated)
Equity *(31.5% strategic allocation)*	Liontrust	243 *(-13%)*	133,929 (-75%) (50,149 / 83,781)	414 (-23%) (155 / 259)	614 (-17%) (247 / 367)	100% (0%)
	Artemis	122 *(-30%)*	57,457 (-59%) (20,017 / 37,440)	351 (-57%) (122 / 229)	580 (-46%) (196/384)	100% (0%)
	Schroders	163 *(-23%)*	173,221 (-9%)	434 (-41%) (157 / 276)	701 (-27%) (243 / 459)	100% (0%)
	Calamos	230 *(+9%)*	54,834 (-60%) (20,403 / 34,431)	192 (-66%) (71 / 121)	410 (N/A) (189 / 221)	97% (N/A)
	Veritas	183 *(0%)*	49,239 (-19%) (12,756 / 36,482)	206 (-27%) (53 / 153)	576 (-15%) (191 / 384)	100% (0%)
Fixed income *(58.5% strategic allocation)*	GSAM	207 *(+229%)*	68,320 (+326%) (20,377 / 47,943)	409 (+43%) (122 / 287)	603 (+19%) (215/388)	98% (+73%)
	Beach Point	365 *(+5%)*	186,941 (-37%) (41,862 / 145,078)	520 (-40%) (116 / 403)	782 (-44%) (172/609)	75% (-9%)
	CQS	296 *(+51%)*	68,872 (+200%) (34,886 / 33,986)	239 (-2%) (121 / 118)	478 (+6%) (130/348)	73% (+5%)
	Insight	640 *(+22%)*	n/a	n/a	n/a	n/a
Total assets analysed		**2,448 (+12%)**	**823,005 *(-67%)***			**52% coverage (-7%)**
Percentage of DB assets		**66%**				**34% total assets (-3%)**

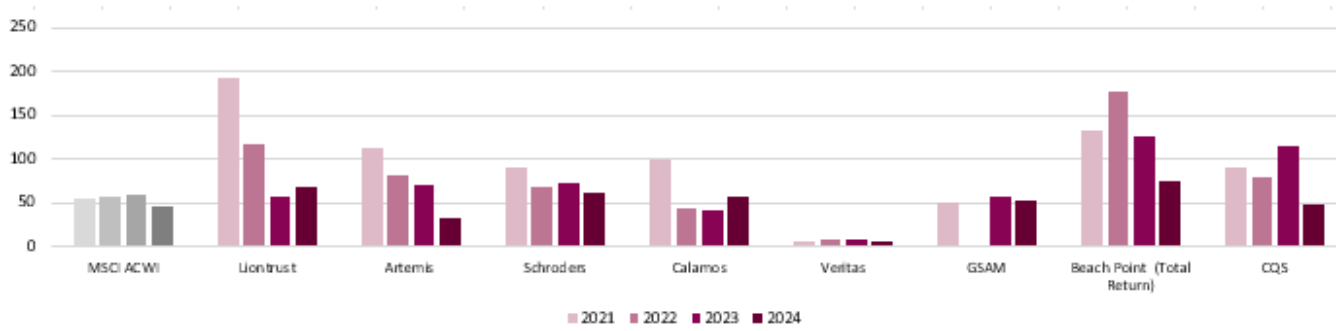
Source: Investment Managers and Mercer calculations.
*CQS have confirmed the 2023 Scope 3 GHG emissions figure quoted last year was incorrect and the correct figure was 11,628 tCO2e. CQS were only able to report on revised 2023 upstream emissions. As such, the % change quoted was calculated using only 2024 upstream versus 2023 upstream for a more accurate representation, given data availability.

Carbon footprint

Given the Trustee's climate related targets are relative to the carbon footprint metric, the Trustee carries out additional monitoring of managers against a broad market equity index (the MSCI All Country World Index). This helps identify market trends and enables the Trustee to monitor their investment managers in context of these trends. Over the year to 30 September 2024, the Trustee makes the following observations in addition to those made above:

- The Scope 1&2 carbon footprint of most strategies reduced over the year to 30 September 2024, with the exception of Calamos and Liontrust. Liontrust have attributed a large portion of this rise to the inclusion of chemical company 'Solvay,' who are highly energy intensive and have hence driven emissions up. For Calamos, the new exposure to the utilities sector (4.8%) has caused a rise in emissions and hence carbon footprint.
- The Insight metric relates to the UK's annual greenhouse gas emissions and the total value of UK Government Debt in issuance. Over the period from 30 September 2023 - 2024 the UK's annual greenhouse gas emissions have decreased by 8%. Sovereign carbon intensity levels have similarly decreased in line with this, falling by 22%. Please note that the metrics provided by Insight have not been included within Figure 15 due to the different methodologies between corporate and sovereign mandates.
- We note that the carbon intensity, measured by carbon footprint, is greater than broad global equities (as measured by the MSCI ACWI index) for the majority of the Scheme's equity and credit mandates as at 30 September 2024.
- Since the 30 September 2021 baseline all managers have reduced their carbon footprint with the exception of GSAM, whose carbon footprint has increased by 6%.

Figure 15: DB Section carbon footprint (Scope 1&2) summary as at 30 September 2024 (tCO2e/US $M invested).



Source: Investment managers.

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.

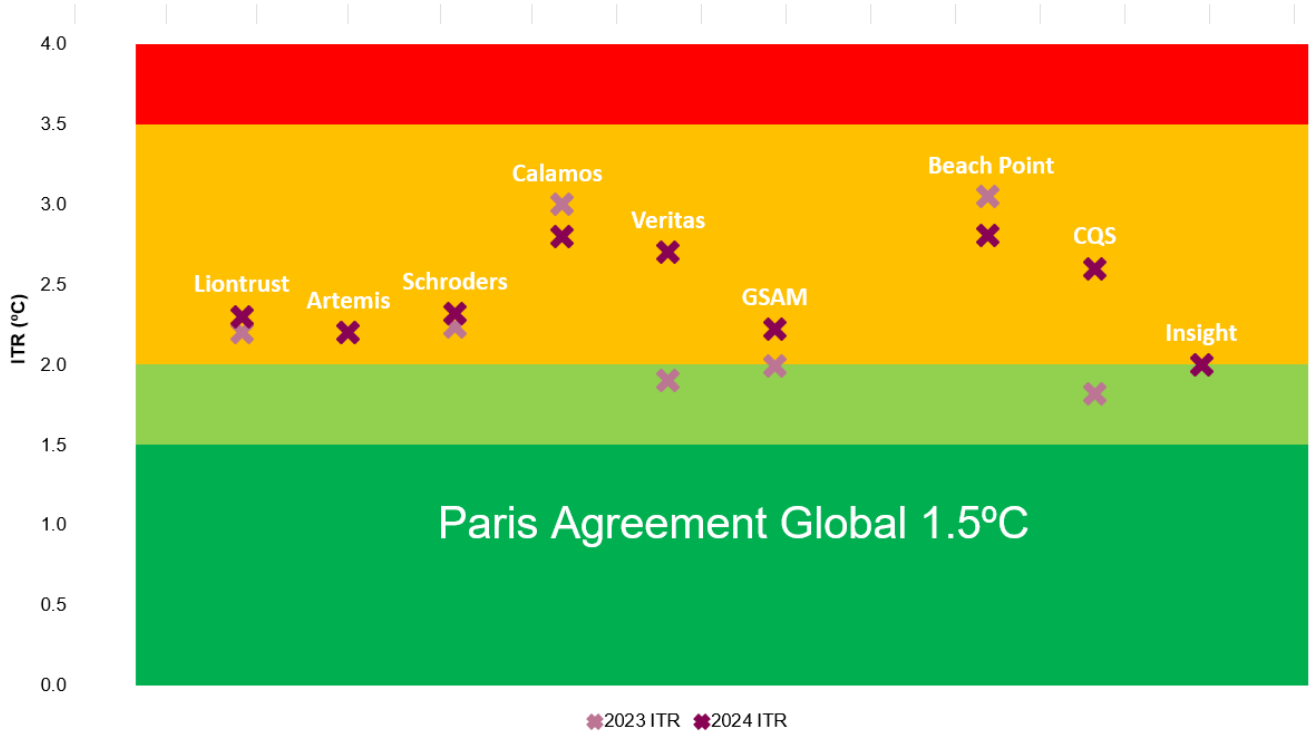
The majority of managers are now able to calculate an Implied Temperature Rise (ITR). The ITR ranges between 2.2°C and 2.8°C, reflecting underlying companies at different stages of transitioning towards a low carbon future but also a range of methodologies for computing ITR. Figure 16 below plots the 2023 and 2024 ITRs for the managers who were able to share ITR data.

The Trustee makes the following observations:

- Data availability has increased over the year, with most managers now reporting ITR.
- The Artemis ITR is unchanged between 2023 and 2024.
- The Calamos ITR fell by 0.2 °C versus 2023
- The CQS and Veritas ITR increased the most versus the previous year, both rising by 0.8 °C. Veritas have confirmed that this abnormally large rise reflects adjustments made by MSCI ESG Research LLC to the indiviudal company ITR's. As a result, several of these companies which make up the composition of the fund have experienced a large ITR change over the period, and these have contributed to this large overall rise. For instance, overall ITR has been particularly material for 'Airbus SE' (2.5 °C) and Canadian Pacifique Kansas City Limitee (1.9 °C). CQS have confirmed that this resultant rise is driven by asset allocation and portfolio turnover, specifically an increase in high yield exposure, which contributes 0.5 °C to the overall 0.8 °C increase. The high yield asset class is currently the largest contributor at an ITR breakdown level.
- None of the DB Section's ITR scores are currently consistent with a 1.5°C or 2°C target, with the exception of Insight.

There are currently multiple methodologies for calculating ITR and these can have variable results. We expect there to be greater consensus on methodologies over time, but it is important to be aware that the results can be materially different based on the methodology chosen.

Figure 16: DB Section ITR summary as at 30 September 2024



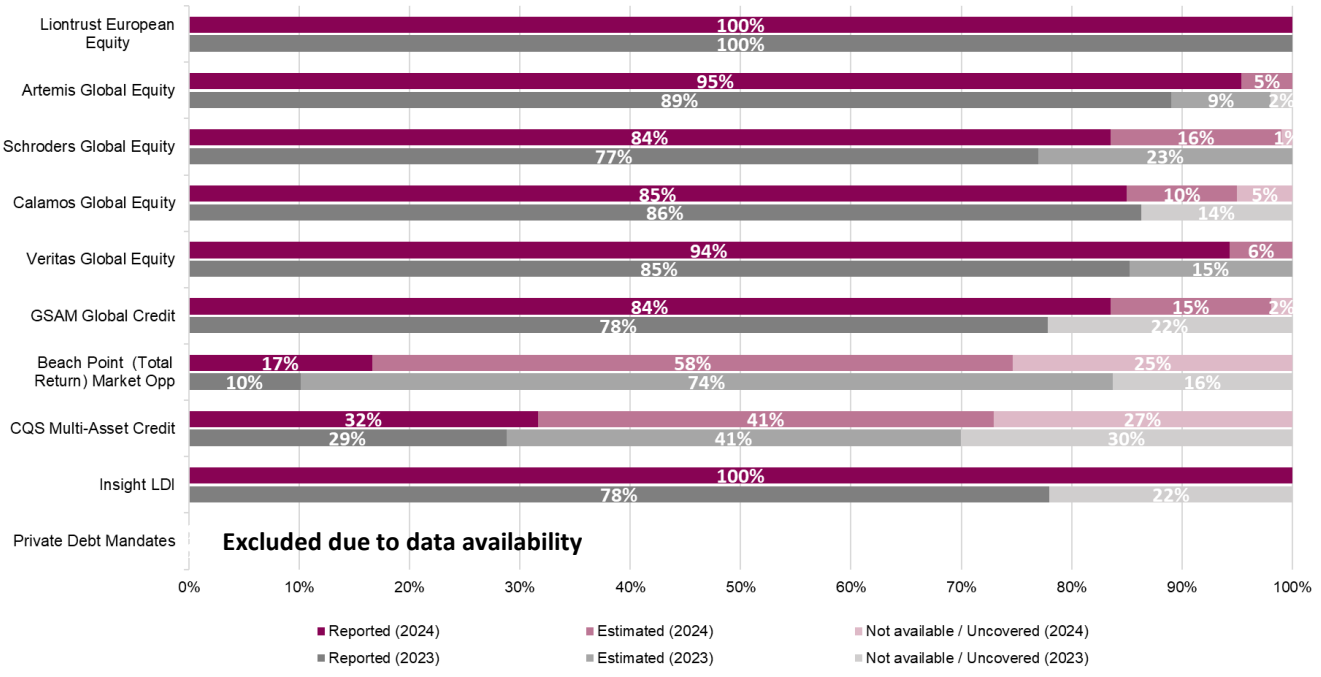
Source: Investment managers.

Data quality

The Trustee monitors the development of data quality year on year and expects this to increase over time. Figure 17 show the data quality for Scope 1&2 emissions, where data has been provided. The Trustee notes that:

- Data quality for the Liability Driven Investment (LDI) mandate is based on the proportion of the gilt exposure that is fully funded (the LDI mandate is a strategy which aligns investment portfolios with future liabilities). This proportion has increased over the year and therefore data quality has improved.
- For the rest of the Scheme's assets, data quality is mixed, with equity mandates having the largest proportion of reported data. On the other hand, only a limited number of private debt managers could provide up to date data. Where data is available, this has been included in Appendix 4. The Trustee will continue to engage with the private debt managers on the provision of climate metrics data.
- Overall, there has been a slight improvement in data reporting. Artemis, Calamos, GSAM, CQS and Insight have all increased their reporting coverage (% reported + % estimated) while the overall proportion of data unavailable rose for Schroders and Beach Point. Beach Point have noted that this lower coverage was due to changes in the underlying holdings which impacted the availability of data, with coverage of 75% of assets this year versus 84% last year. The Trustee will continue to engage with Beach Point on this.
- 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 17: DB Section data quality as at 30 September 2024 versus 2023 for Scope 1&2 emissions data



Source: Investment managers.

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. AllianceBernstein produces the agreed emissions-based metrics. This enables the Trustee to consider the carbon emissions data in a consistent manner across the DC mandates.

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 five popular DC arrangement 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 TDF's are shown in Figures 18 - 23. 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 2024, c.50% of the DC assets were held in popular arrangements. Popular arrangements as at 30 September 2024 are marked in **bold.**

The Trustee notes that AllianceBernstein were unable to provide data quality for Scope 3 emissions since the system that is used to report metrics currently does not have the functionality to provide this data. This is being investigated with MSCI. AllianceBernstein were also unable to provide WACI figures for Scope 3 emissions as the data is not currently available for the portfolios from AllianceBernstein's third-party provider, MSCI. Although they have not been given a timeline for when this data will be fully available, AllianceBernstein will continue to monitor future developments.

Following further engagement with AllianceBernstein, they have been able to provide some metrics data for the sovereign exposures within the TDF for this year's report. This is included within Figure 20.

DC Section: TCFD Metrics Summary

Over the year to 30 September 2024, data coverage increased for TDFs up until 2043, while it decreased marginally for all TDFs after this date. AllianceBernstein have confirmed this is due to changes to the underlying allocations that were implemented over the year.

Carbon emission and intensity measures fell for all TDFs between 2023 and 2024. These reductions were driven by two primary effects: investment policy actions taken directly within the portfolios, and the decarbonisation of the broad investment universe, whose carbon footprint has fallen by 22% as measured by the MSCI ACWI.

Over the year to 30 September 2024, AllianceBernstein made changes to their developed market equity exposures, including the previously held Climate Transition Equities allocation. This equity allocation includes specific index methodologies to maintain desired characteristics such as factor exposures and a carbon tilt which is consistent with the previous methodology. It seeks to re-weight securities based upon the opportunities and risks associated with the transition to a lower carbon economy, while employing the minimum standards of the EU Climate Transition Benchmark. This includes a reduction of emissions intensity by at least 30% (compared to parent index) and a reduction in carbon intensity of 7% per annum. More broadly, the TDF strategy continues to employ positive screening (e.g. tilt toward companies with better management of ESG factors) and negative screening (e.g. removal of corporates associated with thermal coal) techniques that have continued to focus investments towards less carbon-intensive companies and away from the most carbon-intensive.

Implied temperature rise rose across all TDF's from the previous year. AllianceBernstein have confirmed that they have observed this as a broader market trend, as seen with the MSCI ACWI. For this global equity market benchmark, the ITR metric increased more significantly in both relative and absolute terms between September 2023 and September 2024 (from 2.14 °C to 2.46 °C, a c.15% increase) compared to the TDFs on aggregate (from 2.05 °C to 2.30 °C, a c.12% increase).

Figure 18: Analysed Funds in the DC Section as at 30 September 2024 – Corporate emissions, Scope 1&2. Change over the year shown in brackets beneath each metric.

Vintage	Scope 1&2 carbon related metrics						
	Total Assets (£m)	% of total assets	Total GHG Emissions (tCO2e)	Carbon Footprint (tCO2e/US $M invested)	WACI (tCO2e/US $M sales)	Implied temperature rise (°C)	Data coverage (% reported + % estimated)
2011-13	0.2	0.0%	3 (+23%)	40 (-24%)	65 (-8%)	2.2 (+14%)	61% (+53%)
2014-16	0.8	0.1%	13 (-73%)	40 (-24%)	66 (-8%)	2.2 (+13%)	61% (+55%)
2017-19	4.8	0.4%	73 (+31%)	41 (-23%)	67 (-8%)	2.2 (+13%)	61% (+57%)
2020-22	10.4	0.9%	162 (+8%)	42 (-23%)	69 (-8%)	2.2 (+13%)	62% (+55%)
2023-25	28.7	2.6%	463 (+10%)	44 (-22%)	71 (-7%)	2.3 (+13%)	63% (+49%)
2026-28	53.3	4.8%	863 (+2%)	44 (-25%)	71 (-12%)	2.3 (+12%)	64% (+29%)
2029-31	70.7	6.3%	1,204 (+2%)	45 (-28%)	71 (-17%)	2.3 (+11%)	68% (+24%)
2032-34	85.4	7.6%	1,614 (-4%)	46 (-27%)	74 (-15%)	2.3 (+12%)	76% (+25%)
2035-37	**116.5**	**10.4%**	2,400 (+5%)	46 (-28%)	73 (-17%)	2.3 (+11%)	83% (+25%)
2038-40	**113.9**	**10.2%**	2,593 (+4%)	46 (-29%)	74 (-17%)	2.3 (+11%)	92% (+22%)
2041-43	**113.2**	**10.1%**	2,540 (-11%)	47 (-28%)	74 (-17%)	2.3 (+11%)	92% (+7%)
2044-46	**108.6**	**9.7%**	2,399 (-18%)	48 (-28%)	74 (-16%)	2.3 (+12%)	92% (-3%)

Vintage	Scope 1&2 carbon related metrics						
	Total Assets (£m)	% of total assets	Total GHG Emissions (tCO2e)	Carbon Footprint (tCO2e/US $M invested)	WACI (tCO2e/US $M sales)	Implied temperature rise (°C)	Data coverage (% reported + % estimated)
2047-49	**104.0**	**9.3%**	2,286 (-19%)	48 (-28%)	74 (-16%)	2.3 (+12%)	93% (-3%)
2050-52	92.6	8.3%	2,036 (-19%)	48 (-28%)	74 (-16%)	2.3 (+12%)	93% (-3%)
2053-55	83.1	7.4%	1,826 (-17%)	48 (-28%)	74 (-16%)	2.3 (+12%)	93% (-3%)
2056-58	59.4	5.3%	1,306 (-15%)	48 (-28%)	74 (-16%)	2.3 (+12%)	93% (-3%)
2059-61	33.5	3.0%	736 (-10%)	48 (-28%)	74 (-16%)	2.3 (+12%)	93% (-3%)
2062-64	16.1	1.4%	354 (+3%)	48 (-28%)	74 (-16%)	2.3 (+12%)	93% (-3%)
2065-67	4.5	0.4%	99 (+63%)	48 (-28%)	74 (-16%)	2.3 (+12%)	93% (-3%)
2068-70	0.4	0.0%	10 (+110%)	48 (-28%)	74 (-16%)	2.3 (+12%)	93% (-3%)
2071-73	0.0	0.0%	1 (-79%)	48 (-28%)	74 (-16%)	2.3 (+12%)	93% (-3%)

Source: AllianceBernstein.

Figure 19: Analysed Funds in the DC Section as at 30 September 2024 – Scope 3. Change over the year shown in brackets beneath each metric.

Vintage	Scope 3 carbon related metrics			
	Total Assets (£m)	% of total assets	Total GHG Emissions (tCO2e)	Carbon Footprint (tCO2e/US $M invested)
2011-13	0.2	0.0%	30 (+48%)	450 (-17%)
2014-16	0.8	0.1%	138 (-25%)	451 (-18%)
2017-19	4.8	0.4%	806 (+52%)	455 (-20%)
2020-22	10.4	0.9%	1,769 (+28%)	456 (-20%)

Vintage	Scope 3 carbon related metrics			
	Total Assets (£m)	% of total assets	Total GHG Emissions (tCO2e)	Carbon Footprint (tCO2e/US $M invested)
2023-25	28.7	2.6%	4,982 (+30%)	459 (-20%)
2026-28	53.3	4.8%	9,295 (+21%)	447 (-25%)
2029-31	70.7	6.3%	12,892 (+26%)	427 (-30%)
2032-34	85.4	7.6%	16,998 (+18%)	412 (-34%)
2035-37	**116.5**	**10.4%**	25,256 (+28%)	400 (-36%)
2038-40	**113.9**	**10.2%**	27,155 (+27%)	399 (-37%)
2041-43	**113.2**	**10.1%**	27,726 (+13%)	397 (-38%)
2044-46	**108.6**	**9.7%**	27,282 (+8%)	395 (-39%)
2047-49	**104.0**	**9.3%**	26,352 (+9%)	394 (-39%)
2050-52	92.6	8.3%	23,472 (+9%)	394 (-39%)
2053-55	83.1	7.4%	21,056 (+11%)	394 (-39%)
2056-58	59.4	5.3%	15,062 (+13%)	394 (-39%)
2059-61	33.5	3.0%	8,484 (+20%)	394 (-39%)
2062-64	16.1	1.4%	4,080 (+37%)	394 (-39%)
2065-67	4.5	0.4%	1,143 (+118%) *	394 (-39%)
2068-70	0.4	0.0%	144 (+247%) *	394 (-39%)
2071-73	0.0	0.0%	11 (-72%)	394 (-39%)

Source: AllianceBernstein.

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

Figure 20: Analysed Funds in the DC Section as at 30 September 2024 versus 2023 – Sovereign Carbon Intensity metrics.

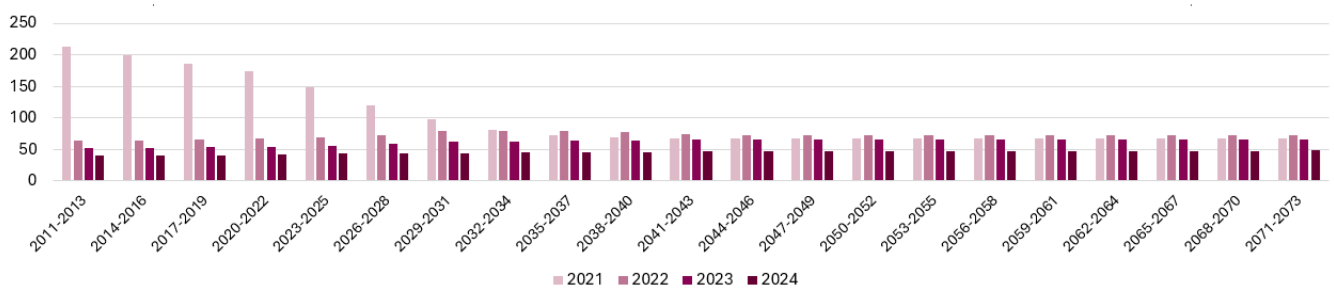
Please note that the units used for Sovereign assets are different to that of the corporate emissions metrics shown in Figures 18 and 19.

Vintage	Sovereign Carbon Intensity					
	Total Assets (£m)	% of total assets	Sovereign Carbon footprint (GHG intensity t / USD million nominal GDP	Production sovereign carbon intensity (tCO2/$m PPP – Adjusted GDP) (incl. LULUCF*)	Consumption Sovereign carbon intensity (tCO2 / capita)	Data coverage (% reported + % estimated)
2011-13	0.2	0.0%	139	107	6	100%
2014-16	0.8	0.1%	139	107	6	100%
2017-19	4.8	0.4%	139	107	6	100%
2020-22	10.4	0.9%	139	107	6	100%
2023-25	28.7	2.6%	139	107	6	100%
2026-28	53.3	4.8%	139	107	6	100%
2029-31	70.7	6.3%	139	107	6	100%
2032-34	85.4	7.6%	139	107	6	100%
2035-37	**116.5**	**10.4%**	139	107	6	100%
2038-40	**113.9**	**10.2%**	236	225	18	100%
2041-43	**113.2**	**10.1%**	236	225	18	100%
2044-46	**108.6**	**9.7%**	236	225	18	100%
2047-49	**104.0**	**9.3%**	236	225	18	100%
2050-52	92.6	8.3%	236	225	18	100%
2053-55	83.1	7.4%	236	225	18	100%
2056-58	59.4	5.3%	236	225	18	100%
2059-61	33.5	3.0%	236	225	18	100%
2062-64	16.1	1.4%	236	225	18	100%
2065-67	4.5	0.4%	236	225	18	100%
2068-70	0.4	0.0%	236	225	18	100%
2071-73	0.0	0.0%	236	225	18	100%

Source: AllianceBernstein.
*Land Use, Land Use Change and Forestry ("LULUCF")

Carbon footprint

Figure 21: DC Section carbon footprint evolution for Scope 1&2 emissions



Source: AllianceBernstein.

Over the year to 30 September 2024, the carbon footprint measures for the TDFs have decreased. 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 whose carbon footprint has fallen by 22% over the year. This has largely been driven by a reduced weight of high-intensity sectors – such as utilities, energy, basic materials and industrials – in favour of less intensive sectors – such as technology and healthcare. 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.

Data quality

Data quality for Scope 1&2 emissions data has increased across the earlier vintages, however decreased marginally for all TDFs after this date. Over the year to 30 September 2024, AllianceBernstein made some adjustments to asset allocation that impacted the data quality and coverage across both younger and older vintages (with the impact tending to be an increase in data quality for older members and marginal decrease in data quality for younger members).

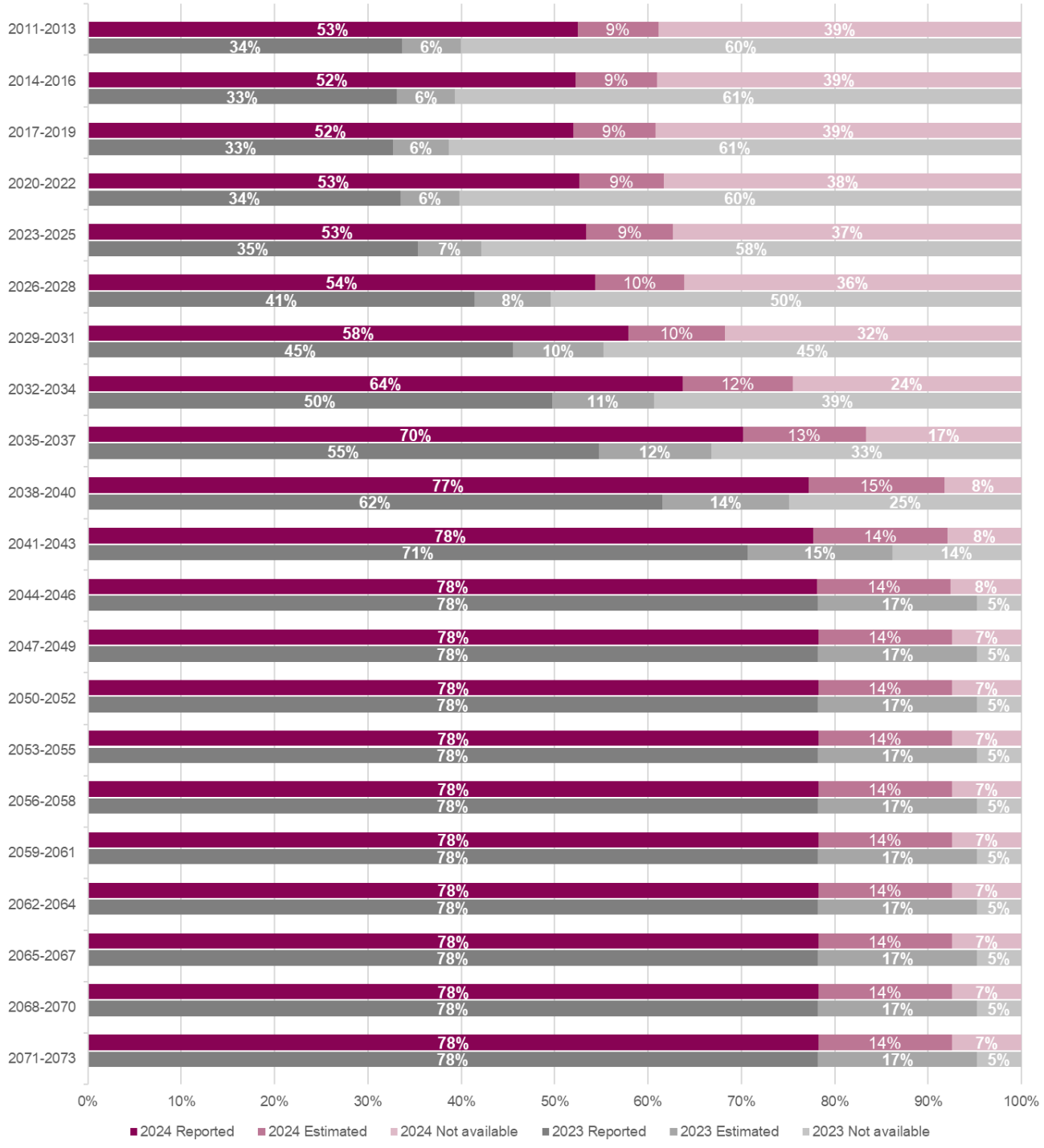
For younger members, the asset allocations changes have broadly been a reduction in listed equities and bonds into and increased exposure to securities with less data coverage, such as private credit. There was also an increase in exposure to private equity and sustainable opportunities which also have lower coverage.

For older members, there was an increase in public equity exposure and private credit allocations. This was funded primarily from UK government bonds and to a lesser degree publicly-traded corporate bonds. Even though the coverage of these allocations varies, the increased allocation to public equities increased the proportion of reported data.

Note the 'Not available' figures within Figure 22 include sovereign assets such as UK government bonds.

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 22: DC Section data quality as at 30 September 2024 versus 2023 for Scope 1&2 emissions data



Source: AllianceBernstein.

Targets

The Trustee has set the following interim climate targets, covering the Scheme's whole Equity portfolio and the Fixed Income GSAM portfolio for the DB Section, as well as the TDFs for the DC Section:

- Reduce greenhouse gas emissions (Scope 1 and 2) for the aggregate DB Equity portfolio by 40% or more by 30 September 2030.
- Reduce greenhouse gas emissions (Scope 1 and 2) for the DB Fixed Income GSAM portfolio[6] by 50% or more by 30 September 2030.
- Reduce greenhouse gas emissions (Scope 1 and 2) for all DC TDFs by 20% or more by 30 September 2030.

Each target is measured against the carbon footprint metric with a 30 September 2021 baseline.

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 reported (as opposed to estimated or not available). Although data quality has increased for those managers not currently covered by targets 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.

The targets cover 31% of the assets for the DB Section and 98% of assets for the DC Section.

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 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 2024 Trustee meeting. The updated metric data and progress update will be reviewed and discussed at an ISC meeting, ahead of any Trustee review.

[6] A target is only set for the Fixed Income GSAM portfolio at this stage due to data quality issues for the other Fixed Income mandates.

Over the three years to 30 September 2024, the Trustee and the respective investment managers made the following progress against their climate targets:

Figure 23: Summary of greenhouse gas emissions target and reduction to 30 September 2024

Mandate	Baseline Carbon Footprint (2021)	2024 Carbon Footprint	% Reduction to 2024	Target Reduction Required by 2030
DB Equity Portfolio	108	47	-56%	40%
DB Fixed Income GSAM portfolio	50	52	+4%	50%
DC TDFs	82	47	-43%	20%

Source: Investment managers.

The Trustee notes that the carbon footprint reduction for the whole DB Equity portfolio was achieved in 2023 and has remained below the 2030 target for 2024. Liontrust and Artemis have, in particular, achieved significant carbon footprint reductions over the 3-year period. Whilst this is promising, the Trustee notes that it is targeting consistent reductions in carbon footprint and that data quality in this area is continuously evolving and improving. We may therefore see fluctuations in the metric data in early years. As such, the Trustee intends to maintain the target of reducing carbon footprint by 40% by 2030. The Trustee is looking for this reduction to persist over the longer-term before re-considering the target, especially as a fall in carbon footprint metric could be a result of an increase in the enterprise value of the underlying companies invested in.

The Trustee also notes that the carbon footprint for the GSAM portfolio has increased over the 3-year period to 30 September 2024. However, over the year the carbon footprint has reduced. The Trustee will continue to engage with GSAM regarding progress towards the target and will also consider the appropriateness of setting targets for the new credit managers.

In addition, 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.

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 managers' progress 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 2025

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 61% of the Scheme's DB and 98% of the Scheme's DC assets.
- Included sovereign metrics for the AllianceBernstein TDFs, where data was available.
- Collected climate data from private debt managers where possible.
- Engaged with managers to understand movements in metrics over the year. For instance, engaged with Artemis about their reductions in emissions across all fronts, who attributed this to changes in sector exposures for the portfolio.
- 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.

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 24: Summary of greenhouse gas emissions target and reduction to 30 September 2024

Portfolio	Greenhouse gas emissions target [7]	Greenhouse gas emission reduction to 30 September 2024 [8]
DB Equity	40% reduction	Reduction of 56%
DB Fixed Income GSAM portfolio	50% reduction	Increase of 4%
DC Target Date Funds	20% reduction	Reduction of 43%

Source: Investment managers.

The Trustee does note that, none of the DB managers were aligned with a 1.5°C warming scenario. The DC TDFs had a lower carbon footprint across all vintages as at 30 September 2024, following a significant reduction in this metric over the year for earlier vintages.

Data quality improved over the year but continues to be low within private markets.

[7] By 2030 relative to the 30 September 2021 baseline

[8] Relative to the 30 September 2021 baseline

Climate Scenario Analysis

The DB investment strategy demonstrated robustness with respect to the potential impact of climate change across the scenarios and timeperiods considered. The Scheme's DB assets were projected to be significantly in excess of the DB liabilities across all scenarios and timeperiods considered. The Trustee notes this is largely due to the strong starting funding level and the transition to the low-dependency portfolio, which has lower exposure to equity and other growth asset classes that typically have a higher exposure to climate risk. As the climate scenario analysis performed in 2023 reflected the transition to the low-dependency portfolio, the Trustee has decided not to update the analysis as it continues to reflect the current and future strategy of the Scheme.

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. 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. In the coming year, the Trustee will update the climate scenario analysis to reflect the regulatory requirement for this to be produced every 3 years and will present the results of any updated analysis in their 2026 report.

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 2026:

- **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.
- **Climate Scenario Modelling:** The Trustee will undertake new climate scenario modelling in H2 2025 to reflect the updated climate scenarios and assumptions along with the changes to the investment arrangements. Results of this updated modelling will be presented in the 2026 report.
- **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. The Trustee aims to report on this data and consider the scope for setting appropriately informed climate metric targets for the portions of the Scheme's assets where this is not currently carried out once the data quality is sufficiently high. The Trustee will also engage further with Beach Point following the reduction in coverage over the year.
- **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. The Trustee aims to engage further to better understand metric movements in place. With regards to Sovereign metrics, the Trustee aims to engage further with Insight regarding the metrics data provided, and when they expect to report on Consumption emissions data.
- **Training:** Ongoing training and review of skills in conjunction with the investment adviser, 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 look to re-review the continued appropriateness of the target and time horizons in light of updated climate scenario analysis and the addition of the new credit managers within the DB Section, assessing whether these still remain appropriate and refreshing where necessary.

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: Assumptions, Limitations and Further Detail

Scenario Analysis Narratives

	4.0°C Scenario – Failed Transition	1.5°C Scenario – Rapid Transition	<2.0°C Scenario – Orderly Transition
Summary	The world fails to meet the Paris Agreement goals and global warming reaches 4.3°C above pre-industrial levels by 2100. Physical climate impacts cause large reductions in economic productivity and increasing impacts from extreme weather events.	Sudden divestments in 2026 to align portfolios to the Paris Agreement goals have disruptive effects on financial markets with sudden repricing followed by stranded assets and a sentiment shock.	Political and social organizations act quickly and predictably to implement the recommendations of the Paris Agreement to limit global warming to below 2°C.
Temperature change	Average temperature increase of >4°C by 2100.	Average temperature increase stabilises at 1.5°C around 2050.	This scenario includes additional economic damage consistent with 1.8°C of average temperature rise – peaking in 2070.
Cumulative emissions	5,127 GtCO2 (2020-2100)	416 GtCO2 (2020-2100)	The additional damage under this scenario could be associated with further human emissions or greater impacts from feedback loops and tipping points.
Key policy & tech assumptions	Existing policy regimes are continued with the same level of ambition.	An ambitious policy regime is pursued to encourage greater decarbonisation of the electricity sector and to reduce emissions across all sectors of the economy. Higher carbon prices, larger investment in energy efficiency and faster phase out of coal-fired power generation. This is earlier and more effective under a Rapid Transition than the Orderly Transition, which allows for less investment in energy efficiency and bioenergy with carbon capture and storage.	
Financial climate modelling	Physical risks are priced in two different periods: 2026-2030 (risks of first 40 years) and 2036-2040 (risks of 40-80 years).	Pricing in of transition and physical risks of the coming 40 years occurs within one year in 2025. 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 associated with 1.5°C up to 2050 takes place over the first 4 years. The additional damage, beyond 1.5°C, impacts asset performance on a year-by-year basis with no advance pricing in.
Physical risks considered	Physical risks are regionally differentiated, consider variation in expected temperature increase per region and increase dramatically with rising average global temperature. Physical risks are built up from: Gradual physical impacts associated with rising temperature (agricultural, labour, and industrial productivity losses) Economic impacts from climate-related extreme weather events Current modelling does not capture environmental tipping points or knock-on effects (e.g., migration and conflict).		

Capital market assumptions – cumulative climate return impact

	Failed Transition			Rapid Transition			Orderly Transition		
Asset Class	30/06/2022								
	5 Years	15 Years	40 Years	5 Years	15 Years	40 Years	5 Years	15 Years	40 Years
MSCI World Equity	3.1%	-8.9%	-38.1%	-12.0%	-10.4%	-7.0%	-3.3%	-4.1%	-10.3%
MSCI Paris Aligned Equity	1.6%	-11.0%	-39.8%	-5.9%	-3.2%	1.4%	-2.9%	-2.8%	-8.1%
Europe Equity	2.4%	-8.8%	-35.9%	-12.5%	-10.5%	-7.2%	-2.1%	-2.3%	-6.6%
Multi asset credit	-0.3%	-2.0%	-1.5%	-3.1%	-4.7%	-5.4%	0.0%	0.7%	-1.4%
Global IG Credit	-0.2%	-2.0%	-2.1%	-1.5%	-1.8%	-2.4%	0.1%	1.6%	-1.3%
UK Sovereign Bonds	0.3%	0.3%	-0.8%	0.2%	-0.2%	1.0%	-0.4%	0.1%	0.3%
Global Senior Private Debt	-0.4%	-2.4%	-4.4%	-2.1%	-1.6%	-2.6%	0.5%	1.7%	-2.9%
Global Private Debt	0.1%	-2.9%	-2.8%	-6.9%	-6.7%	-8.4%	0.3%	1.7%	-3.7%
Cash	-0.3%	-2.3%	-5.7%	0.2%	2.0%	2.0%	0.3%	2.0%	-0.9%
UK Real Estate	0.8%	-11.9%	-38.9%	-6.3%	-3.4%	0.9%	-1.7%	-0.8%	-4.5%

Capital market assumptions – annualised baseline returns

The baseline represents what we are assuming the market is currently pricing in. The baseline includes a 10% weight to a **Failed Transition**, 40% weight to an **Orderly Transition**, 10% to a **Rapid Transition** and 40% to a range of **low impact scenarios**.

Asset Class	30/06/2022		
	5 Years	15 Years	40 Years
MSCI World Equity	8.9%	9.1%	9.0%
MSCI Paris Aligned Equity	8.9%	9.1%	9.0%
Europe Equity	6.9%	7.4%	7.7%
Multi asset credit	9.9%	9.5%	8.9%
Global Investment Grade Credit	5.5%	5.3%	5.1%
UK Sovereign Bonds	4.6%	4.7%	3.8%
Global Senior Private Debt	9.1%	8.6%	7.3%
Global Private Debt	10.7%	10.1%	8.7%
Cash	4.2%	4.4%	4.1%
UK Real Estate	7.8%	7.9%	7.0%

Capital market assumptions – annualised scenario returns for the DB Section

	Annualised returns		
	Short term (5 Years)	Medium term (15 years)	Long term (25 years)
Baseline	7.7%	7.2%	7.1%
Rapid Transition	7.0%	7.0%	7.0%
Orderly Transition	7.5%	7.2%	7.1%
Failed Transition	7.9%	7.0%	6.8%

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. Looking at average asset class returns over multi-decade timeframes leads to small impacts. The results are potentially significantly underestimated.
3. There is a reasonable likelihood that physical impacts are grossly underestimated. Feedback loops or 'tipping points', like permafrost melting, are challenging to model particularly around the timing of such an event and the speed at which it could accelerate.
4. Financial stability and insurance 'breakdown' is not modelled. A systemic failure may be caused by either an 'uninsurable' 4°C physical environment, or due to the scale of mitigation and adaption required to avoid material warming of the planet.
5. 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.

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 2: 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.

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.

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 3: Private Debt Manager Information

Manager	Allocation (£m)	Carbon related metrics				
		Total GHG Emissions (tCO2e) (Scope 1&2 / Scope 3)	Carbon Footprint (tCO2e/US $M invested) (Scope 1&2 / Scope 3)	WACI (tCO2e/US $M sales) (Scope 1&2 / Scope 3)	ITR	Data coverage (% reported + % estimated)
Alcentra		8,481 / 105,132	6 / 81	11 / 104	2.0	Scope 1 & 2: 75% Scope 3: 68%
Arcmont	**Metrics unavailable. Please see information detailed below for extra information**					
Ares	**Metrics unavailable. Please see information detailed below for extra information**					
BeachPoint [2]		5,277 / 85,589 [2]	23 / 368	34 / 545	2.8	Scope 1 & 2: 71% Scope 3: 71%
BridgePoint		10,203	54	167 [3]	N/A	N/A
HIG	**Metrics unavailable. Please see information detailed below for extra information**					
MSIM[2]		161,819 / 548,701	30 / 102	57 / 198	N/A	6%
Muzinich [1]		10,854 / 117,656	18 / 197	24 / 217	N/A	N/A
Neuberger [2]		149,329 / N/A	92 / NA	196 / NA	N/A	N/A
Ninety One	**Metrics unavailable. Please see information detailed below for extra information**					

Source: Investment managers

[1] As at latest available date – 31 December 2023

[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] Please note this is the combined Scope 1, 2 and 3 emissions

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 consistent 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. Arcmont have noticed a significant increase in emissions across Scopes 1, 2 and 3 in certain portfolio companies, and reached out to external proxy data provider for an explanation.

Ares

While Ares were unable to report specifically on the required metrics, they have confirmed that relevant climate information can be found as a part of their Q2 2024 investor letters.

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

Bridge Point 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 provides guidance on calculating financed emissions and classifying data quality with a scoring according to the information that is used to calculate the financed emissions. Data quality scores range from 1 to 5, where 1 is the highest score and represents the use of verified reported emissions. 2 represents the use of company reported emissions and 4 refers to revenue-based calculation methodologies.

To calculate the 2024 financed emissions, Bridge Point Credit undertook a hybrid approach using a combination of company reported Scope 1 and Scope 2 emissions where available according to PCAF data quality 2 methodology and calculating Scope 3 (upstream only) emissions using a data quality 4 revenue-based calculation method that relies on environmentally-extended input output (EEIO) models. Building on last year's calculations, they have strengthened the robustness of Scope 1 and 2 financed emissions by increasing the number of companies calculated according to the data quality 1 or 2 methodology in 2024. The intend to continue to evolve their 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 advisor 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 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 within 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.

MSIM

MSIM have reached out to all managers in the ABF portfolio. Historically, only 2 underlying managers have provided data and they are the same managers who were able to provide data this time –Three Hills Capital Partners ("THCP") and Pennant Park. Neither of these underlying managers split out Scope 3 data across upstream and downstream categories.

Pennant Park were able to provide Scope 1, 2 and 3 data for GHG emissions, Carbon Footprint and WACI. They produce their numbers annually at 30 June and we have used 30 June 2024 data for this exercise.

THCP were able to provide Scope 1&2 data for GHG emissions and WACI. They produce their numbers annually at 31 December and we have used 31 December 2023 data for this exercise, which is the latest available at this point in time and is the same data that we used for the 2024 report. MSIM note that the capabilities of private credit managers are behind private equity managers, smaller managers are behind their larger peers and while they do expect increased market adoption they expect that to be a multi-year process and may be longer for small-mid size private credit managers, such as those contained in the ABF portfolio.

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 4 - Important Notices from Data Providers

Mercer

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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.

Liontrust

Data is derived from MSCI Carbon Analytic reports.

Artemis

All climate data is from MSCI. For Scope 1 and 2 emissions, where reported emissions data is not available from companies, MSCI uses an estimation methodology. We have used MSCI's estimated (rather than company-reported) Scope 3 data for all Scope 3 metrics because the quality, availability and consistency of Scope 3 disclosures reported by companies remains very limited. Although Artemis's information providers, including without Limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose.

Schroders

The calculation methodology is in-line with TCFD recommendations and principal adverse indicators under SFDR' and also include Schroders in the data source list.

Calamos

Data provided for the Associated British Foods plc Global Opportunities portfolio, managed on a discretionary basis by Calamos Advisors LLC, is attributable to ISS ESG, the sustainable investing arm of Institutional Shareholder Services.

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Beach Point

Please see the Beach Point ESG Disclosure document attached, along with our in-text disclaimer. **Disclaimer:** This report was created by Beach Point Capital Management LP ("Beach Point") and includes certain data sourced from ICE Climate Data as of 30 September 2024. There can be no assurance that CO2-related goals and/or objectives will be achieved. Beach Point's ability to influence credit investments may be more limited, while the availability of ESG data / disclosure may also be reduced relative to publicly-listed securities. In addition, due to the nature of the investments typically held in client portfolios, Beach Point generally has limited ability, if any, to influence and control the integration of financially material ESG factors by an issuer. Furthermore, Beach Point may have limited ability to conduct extensive ESG-related due diligence in connection with investments. There is no guarantee that the fund will have or create a positive ESG impact, that consideration of financially material ESG factors will enhance long-term value and financial returns for limited partners, or that ESG performance of the fund will align with any investor's ESG goals

CQS

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From December 2023 CQS switched to using EVIC (Enterprise Value including Cash) to calculate the carbon footprint and absolute GHG emissions, whereas prior to this date metrics were calculated using market capitalisation. The change was taken to align carbon metrics with industry standards and client expectations, now that coverage for EVIC has sufficiently increased for the asset classes in which the CQS Credit Multi Asset Fund invests. As a result, the 2024 data provided is not directly comparable woth the 2023 data previously reported.

Each issue Implied Temperature Rise is 2 plus the Global 2 Degree scenario Carbon Budget multiplied by the transient response to cumulative carbon dioxide emissions factor (TCRE) (that defines the relationship between the absolute additional emissions and temperature increase) multiplied by the proportion of the total budget of the issuer (in tonnes) and the total under/overshoot of the issuer (in tonnes). These are then weighted by the portfolio exposure, such that the covered exposure should be used for reporting purposes (this assumes the uncovered portion of the portfolio will represent the same temperature alignment as the covered portion of the portfolio).

The Manulife I CQS overlay methodology is the same essential methodology as that of the MSCI methodology, except that covered positions are adjusted based on the years to maturity for debt instruments and uncovered positions are proxy adjusted based on the GICS hierarchy of the issue and the years to maturity. For issuers covered by MSCI, we take the time series of year by year emissions budgets and projected emissions for each issuer up to 2070, we then cumulatively sum these from the year of the data run to the year of maturity for debt instruments, the total budget and over/undershoot is then calculated from this range. Equity positions take the full time series budget and over/undershoot. For issuers not covered by MSCI, the positions are proxied based on a waterfall approach (the same one used for carbon metrics).

The waterfall approach requires a minimum of 10 issuers within the proxy estimate group. If there are not 10 issuers in the proxy estimate group, it changes to a broader category group to increase the number of comparable issuers and continues moving to a broader group until a minimum group size of 10 issuers are obtained or 'sector' level is reached. The order is sub-industry first, then industry, then industry group, then finally sector. We take the average total budget and over/undershoot per the relevant proxy. These are then evenly spread across 50 years to get the average per year budget and over/undershoot, that are then regressed up to the years left to maturity for debt instruments.

Issuer budgets are assigned by MSCI based on their share of revenue in a GICS industry, such that the GICS industry is assigned a portion of the global budget assigned for a 2 Degrees temperature rise to 2100.

CQS have confirmed the 2023 Scope 3 GHG emissions figure quoted last year (1,115,772 tCO2e) was incorrect, as it showed for the whole fund rather than ABF's portion of it, and the correct figure was 11,628 tCO2e. CQS were only able to report on revised 2023 upstream emissions. As such, the % change quoted was calculated using only 2024 upstream versus 2023 upstream for a more accurate representation, given data availability.

Insight

Carbon emissions data based off provisional UK emissions sourced from the UK Government; total UK Debt sourced from the UK Debt Management Office and converted to market value by Insight; and the proportion of funded gilt exposure within the ABF portfolio.

Implied temperature rise based on analysis by Germanwatch and Climate Action Tracker on the UK's ability to hit net zero.

Please note that the 2023 figure used to calculate Insight's change in emissions has changed from last year's 222,582 tCO2e to 188,438 tCO2e. This is because the methodologies used to calculate this figure as per PCAF guidelines have changed since last year, and so in order to reflect the comparison between years more accurately, this figure has been restated for completeness.

AllianceBernstein

For illustrative purposes only. Historical analyses do not guarantee future results.

Carbon metrics are based on most recently reported or estimated Scope 1&2 greenhouse gas emissions and do not include estimates for Scope 3 emissions. Scope 3 emissions include indirect emissions resulting from activities such as business travel, distribution of products by third parties, and downstream use of a company's products (i.e. by customers). Data availability and quality with respect to Scope 3 emissions is currently poor. Total carbon is measured in metric tons of CO2e. Weighted Average carbon intensity is measured as tons CO2e/USD Millions of Sales and applied to corporate holdings only. Currently, government (sovereigns) data is not available to us via MSCI BarraOne, which is the system used for the metrics. This is being investigated with MSCI in order to improve reporting for future years.

The comparator used is the MSCI All Country World Index, which represents a broad opportunity set for investing in a globally diverse universe of large and medium sized corporates. This comparator has been selected to reflect the wider coverage and range of corporate ESG measures, as well as the role of equities across the entire TDF glidepath.