

DC Section – Climate Change Report Summary – Highlights for Year to 5 April 2026

This summary sets out the actions we are taking and targets we are measuring to address climate change-related risks and opportunities within the investments we manage for our members. The analysis included is based on the **default investment strategy (AllianceBernstein Target Date Funds – “TDFs”)**, which is where the majority of our DC members are invested.



Why do we produce a TCFD report?



The Task Force on Climate-related Financial Disclosures (or TCFD for short) was set up to encourage businesses and investors to report the financial risks and opportunities from climate change.



The UK government requires pension schemes like ours to disclose their climate change-related risks and opportunities, in line with TCFD recommendations.



Our climate change report outlines how we are managing these climate-related risks, and finding climate investment opportunities, on your behalf. You can read our full report here: www.abfpensions.com/tcfd.



How does climate change impact your pension investments?

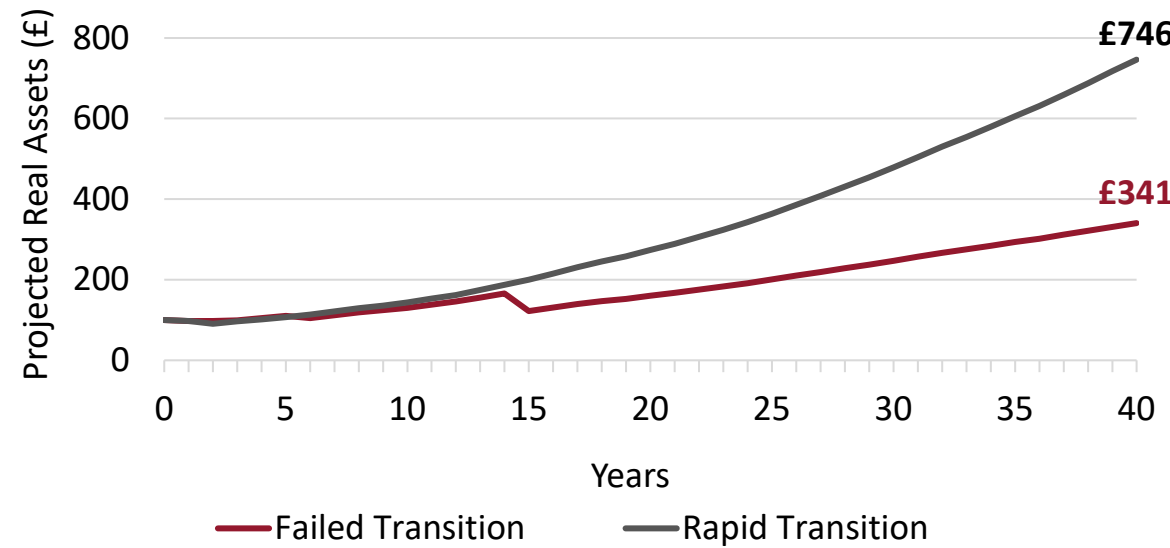
Climate change can affect companies’ costs in different ways (e.g. extreme weather damage and disruption, demand shift from high-carbon products). If a company’s costs rise or revenues fall, it may make less profit, which can reduce the value of investments and the returns investors receive.

If no action is taken, climate change could have a significant impact on your pension pot, due to these potential falls in investment returns. To demonstrate this, we have shown below the effect of two global warming scenarios, based on an initial investment of £100:



Failed Transition: The world fails to transition to a low-carbon economy, resulting in a rise in global warming of 3.7°C* by 2100. This leads to increased damage and disruption caused by more extreme or changing weather (e.g. flooding, heatwaves, storms and droughts).

Rapid Transition: Governments and society take action to limit the rise in global warming to 1.6°C* by 2100.
*Above pre-industrial levels.



Analysis based on AllianceBernstein TDF 2074-76



If action is taken to transition to align with the goals of the Paris Agreement, in 40 years time, a £100 investment could increase by £405, or 120%, relative to a Failed Transition scenario.

What is the Paris Agreement?



The Paris Agreement is a global deal where almost every country (covering over 98% of global greenhouse gas emissions) agreed to cut greenhouse gas emissions and support each other to limit global warming to well below 2°C, aiming for 1.5°C above pre-industrial levels.



Climate change can also impact life expectancy. **Without action, climate change is likely to have a negative impact on future life expectancy (particularly for younger generations).**

Our Beliefs



Climate change is a major long-term risk and opportunity we monitor



Engagement and voting can change corporate behaviour and improve returns



Environmental, social and governance issues matter because they can affect investment returns and risk



Active stewardship (engagement and voting) helps protect and grow company value for members



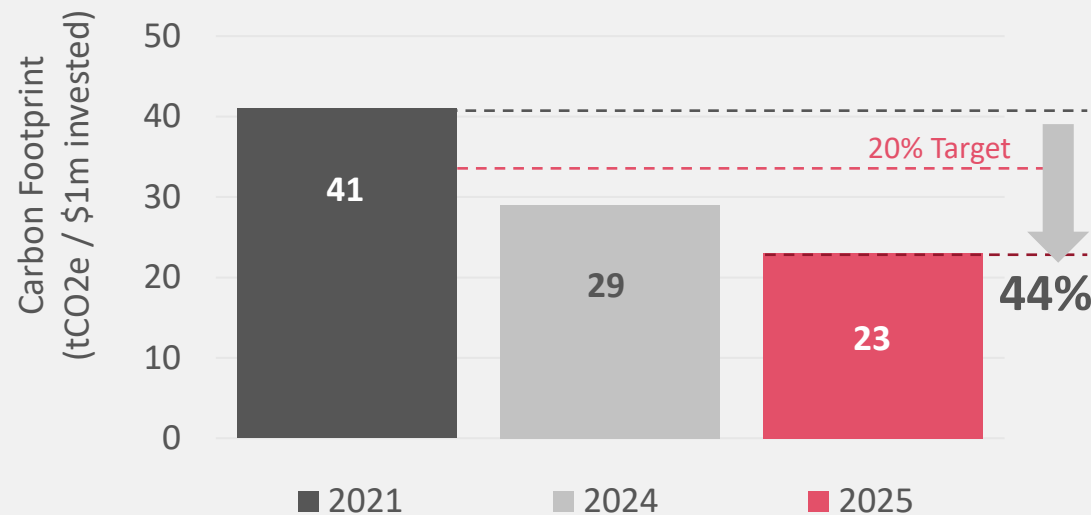
Our key engagement priorities are:

- Climate change
- Human rights
- Executive remuneration

Our Targets



We have a target to reduce Scope 1 and 2 emissions for all Target Date Funds by 20% or more by 30 September 2030, as measured by carbon footprint, relative to the position as at 30 September 2021.



The DC Section remains **ahead of the agreed target**.

AllianceBernstein* has confirmed that the positive progress mainly reflects using investment filters that **favour lower-carbon companies and avoid higher-carbon areas (such as coal)**, alongside a **broad reduction in emissions across global markets**.

AllianceBernstein note that maintaining current progress relative to the target is **not guaranteed** and short-term fluctuations are expected. AllianceBernstein is therefore **comfortable maintaining the current target**.

**AllianceBernstein manage your assets within the TDFs.*

For more details on the other metrics we measure and our progress, please see our full report: www.abfpensions.com/tcfd.

What does Carbon Footprint measure?



This measures the amount of greenhouse gas emissions produced by the companies your pension invests in, relative to the amount of money it earns from its business activities.

It is shown as tonnes of CO2e per \$1 million invested – the lower the number, the less carbon intensive.

What are the different types of emissions?



Scope 1 “direct” emissions: those from sources owned or controlled by a company.



Scope 2 “indirect” emissions: those caused by the generation of energy (e.g. electricity) purchased by a company.



Scope 3 “indirect” emissions: all the emissions associated, not with the company itself, but that occur in the value chain.

*Our target does **not** currently include Scope 3 emissions because there is limited reported data available. We will review this in future as data quality improves. Scope 3 emissions are included in our full report.*

What’s next?

We will continue to engage with our investment managers to ensure climate-related risks and opportunities are being monitored and managed.

