Scottish Hydro-Electric Pension Scheme

Disclosures in respect of Taskforce on Climate-related Financial Disclosures ("TCFD") for the Scheme year ending 31 March 2026

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Introduction

This report sets out the approach of the Trustee of the Scottish Hydro-Electric Pension Scheme ("the Scheme") regarding assessing, monitoring and mitigating climate-related risks in the context of the Trustee's broader regulatory and fiduciary responsibilities to our members.

We believe that climate change is a systemic risk and an immediate concern. To ensure a sustainable future and to safeguard economic growth, concerted global action is required. Greater transparency on climate-related matters will lead to better investment decision-making, improving member outcomes over the longer term. This has created focus and an imperative to act.

Therefore, we're supportive of any initiative that helps improve disclosures and enhances transparency. The Taskforce on Climate-related Financial Disclosures ("TCFD") framework provides a structure for companies, asset managers, asset owners and banks to outline the steps they've undertaken to identify, manage and monitor climate-related risks and opportunities. Designed to increase comparability, it also allows sufficient flexibility to communicate the specific approach adopted by each entity. We support the TCFD recommendations.

From 1 October 2021, pension schemes above a certain size were required to comply with the TCFD requirements for pension schemes. These requirements applied to the Scheme from 1 October 2022. Therefore, this report is our fourth disclosure under the TCFD.

The Scheme is a final salary defined benefit scheme, which comprised 4,170 (240 active, 702 deferred, 3,228 pensioner) members as at 31 March 2026, with total assets of £1,249m and liabilities of £1,023m, giving a funding level of 122% at 31 March 2026 on a gilts basis.

Background

The TCFD identifies two major categories of climate-related risks: those related to transitioning to a lower-carbon economy and those tied to the physical impacts of climate change. While these risks affect most economic sectors, they also create opportunities for organisations focused on climate mitigation and adaptation. The report acknowledges the challenge of estimating the precise timing and severity of climate change effects.

The taskforce structured its recommendations around four thematic areas that represent core pillars of how organisations operate: governance, strategy, risk management, and metrics and targets. These are designed to make TCFD-aligned disclosures comparable, but with sufficient flexibility to account for local circumstances.

This report provides details of our approach against the four pillars:

- **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 strategy and financial planning.
- **Risk management:** The processes used to identify, assess and manage climate-related risks to the Scheme.
- **Metrics and targets:** The metrics and targets used to assess and manage relevant climate-related risks and opportunities to the Scheme.



As well as developing our own reporting for TCFD, we expect our underlying Investment Managers to be aligned with TCFD. We'll continue to monitor this through our regular reporting and ongoing dialogue with the Scheme's Investment Managers.

We appreciate the complex subject matter of this report, which contains varying disclosures we must report on. As a result, readers may encounter unfamiliar technical terms and concepts. We've included as an appendix a glossary that provides further explanation and detail.

Report Summary

We've set out a summary of this report across each of the four pillars of TCFD below.

Governance:

There have been no major changes to our governance approach since our 2024/25 TCFD report. Over the year, we completed an in-depth review of our RI beliefs and policy. We concluded that no major changes were required, with the existing beliefs and accompanying policies still appropriate for this year's report.

Strategy:

We've liaised with our advisers and managers to understand processes and current risks to the Scheme, the ability to set targets and how to make changes. We've worked to understand risks and opportunities at two levels:

- **Assessing climate risk at mandate level** – With support from our Investment Adviser, we worked with each of our Investment Managers to understand their processes to identify and manage climate risks. We're currently focused on improving the quality of climate-related data through specific targets for relevant investment mandates, which is vital for assessing and quantifying climate risks.
- **Assessing climate risk within the overall investment and funding strategy** – We have undertaken new climate scenario analysis of the Scheme's assets and liabilities (to test the strategy's resilience to various climate scenarios) this year. We previously undertook climate scenario analysis for the 2022/23 TCFD report, using a largely qualitative approach supported by limited quantitative analysis, reflecting the Scheme's strong funding position. No interim analysis was carried out, as the Scheme's strategy and funding objectives remained broadly unchanged and we expected minimal changes in modelling outputs. This year, the analysis leveraged stochastic modelling that was undertaken to assist with wider discussions on the Scheme's long-term strategy. We combined this modelling with narrative-based climate scenarios and focused on determining the level of funding the Scheme is expected to achieve in 15 years under different climate scenarios. The results of the updated modelling were consistent with the previous analysis, indicating that the Scheme is broadly resilient to the impacts of climate change.

We recognise that climate change could have significant impacts in more extreme scenarios. Climate scenario modelling continues to be an evolving area, with many limitations. Therefore, while the Scheme is currently modelled as being broadly resilient to climate change, we also monitor and mitigate climate-related risks as part of our risk management process.

We focus our activities in areas we envisage having medium- to long-term strategic importance to the Scheme. Our strategic journey plan expects the number of investment mandates to reduce over the short term, given several existing mandates are in the process of run-off. In particular, the current funding regime means our strategy will include a large allocation to UK government bonds, over which the Scheme has little influence and is dependent on external factors.

Over the year, discussions on our long-term objectives and the implications for the Scheme's investment strategy, factoring in the potential impact of the Pension Schemes Act 2026, have continued. We will include any relevant updates as part of our 2026/27 report.

Risk management:

We consider climate risk as part of our approach to managing risk within the Scheme and as part of our wider activity – for example, when we carry out a strategy review or when we engage with Investment Managers.

Our risk management approach is focused around seven principal risks, which we deem could have the most significant impact on the Scheme. Our regular and project activities are framed in this context and our meeting agendas are structured in line with the principal risks, ensuring each is given sufficient attention. Each principal risk has also been allocated the oversight of a Trustee Director who will be closely involved with any work relating to that risk. We have not made any major changes to this approach over the year but have sought to refine the process, which is an ongoing project.

We've recognised environmental, social and governance ("ESG") issues (including climate-related risks) as key risks to the Scheme and have clearly identified controls and actions to manage and monitor them. This is incorporated into our decision-making process, alongside the other risk factors we consider when assessing our strategy.

Based on the latest scenario analysis undertaken, climate-related metrics measured and our other risk monitoring and management processes, we believe the Scheme's current strategy is resilient, with suitable controls in place. Therefore, we don't believe that significant strategic changes are needed at present to specially address climate risks.

Metrics and targets:

To inform our decision-making, and to meet the TCFD requirements for the Scheme, we've selected several climate metrics to help measure the Scheme's position and exposure to climate risks and opportunities. We've collected these metrics for the Scheme's mandates as far as they are available and have used them to inform the potential risks identified. Data reported and estimated varied across managers, while some attempted to estimate emissions from other sources.

We also have a specific mandate target, which focuses on emissions reduction within the Scheme's investment-grade credit mandate. This sits alongside the existing targets, focusing on improving data quality across all Insight mandates, which we've reviewed and believe remain appropriate. More detail on the metrics monitored and targets set can be found in the Metrics and Targets disclosures.

Next steps – we will:

- Continue to refine our risk management approach to climate-related risks and opportunities where required as part of our continual review of the Scheme's principal risks.
- Continue to undertake annual climate metric reporting against the chosen metrics for the Scheme and use this to monitor performance against our targets and aid in our investment decision-making as appropriate – engaging with our Investment Managers to understand the drivers behind data changes and trends.
- Consider revisiting further net-zero targets for our mandates and perform a deeper dive of the guidelines within our investment-grade credit mandate including those that are responsible investment aligned.

- Continue work on refining a structured framework for engaging with our providers.

We will provide an update on these steps in our next report. The following pages provide detail on our climate risk disclosures for the Scheme year ending 31 March 2026.

Governance

The governance of the Scheme with respect to climate-related risks and opportunities is set out below. This focuses on how we have oversight of climate-related risks and opportunities (TCFD Governance Disclosure 1) and the role of the Trustee, as well as the roles of other important parties, in assessing and managing climate-related risks and opportunities (TCFD Governance Disclosure 2).

Governance Disclosure 1: Describe the Trustee's oversight of climate-related risks and opportunities.

We are aware of climate change and its potential impact – not just on the environment but on pension schemes and member outcomes. We have acknowledged this by building climate risks and opportunities, as well as other climate-related issues such as policy directions, into our ongoing training, beliefs and wider governance policies and processes.

We have overall responsibility for ensuring that RI considerations, including climate change, are considered, where relevant, in all areas of the Scheme's management. We also retain overall responsibility for the setting and implementation of the Scheme's RI beliefs, RI policy, and other governance documentation that feeds into how climate-related issues are considered and managed. This also includes the oversight of other parties, which is discussed in more detail later in this section.

Trustee training and discussion of climate change at meetings

Continued training is undertaken to maintain our understanding of climate change and its impacts on the Scheme. During the year, the Responsible Investment Working Group (''RIWG'') undertook refresher training on climate scenario analysis and the approach to manager engagement, with relevant recommendations and/or learnings fed back to the wider Trustee Board. The scenario analysis training acted as an aid for the refreshed modelling conducted for this year's report.

Additionally, climate change was discussed more broadly during the year at meetings held by us, our advisers and the RIWG. The RIWG met twice during the reporting period and discussed a range of topics including those related to meeting TCFD regulation requirements. The outcomes of these discussions were fed back to the wider Trustee Board, where appropriate.

Climate change will continue to be considered as part of broader processes at our meetings, where relevant and where it helps to inform our decision-making.

We are satisfied that, for the reporting period, we have sufficient knowledge and understanding of climate-related risks and opportunities to make decisions on these issues, with advice from our advisers where relevant.

Investment beliefs

Our initial beliefs were set in 2022. We undertook an in-depth review of our climate-related investment beliefs during the 2025 reporting period and agreed that no major changes to the original beliefs were necessary.

These beliefs are documented in the Scheme's RI policy (on which more information is below). The wider principles that govern our approach to investment, including the RI policy, are documented in the Scheme's Statement of Investment Principles, published on the Scheme's website here.

We plan to review these beliefs regularly, with an in-depth evaluation at least every three years. We will embed them into our wider governance and decision-making processes, guiding our approach to specific issues and how we address them in our strategy.

Responsible investment policy

In 2022, we prepared and agreed a formal RI policy for the Scheme outlining our approach to climate-related issues and the oversight of climate risks and opportunities. The intention will be to review this at least every three years, with the last review of our beliefs carried out in 2025. During this review, no changes were made to our overarching approach.

The policy sets out roles and responsibilities regarding climate-related issues and how they're brought to our attention. This includes monitoring Investment Managers and ensuring all regulatory requirements are met, while

making sure that the Scheme's governance processes are appropriate for the proper management of all ESG and climate-related risks.

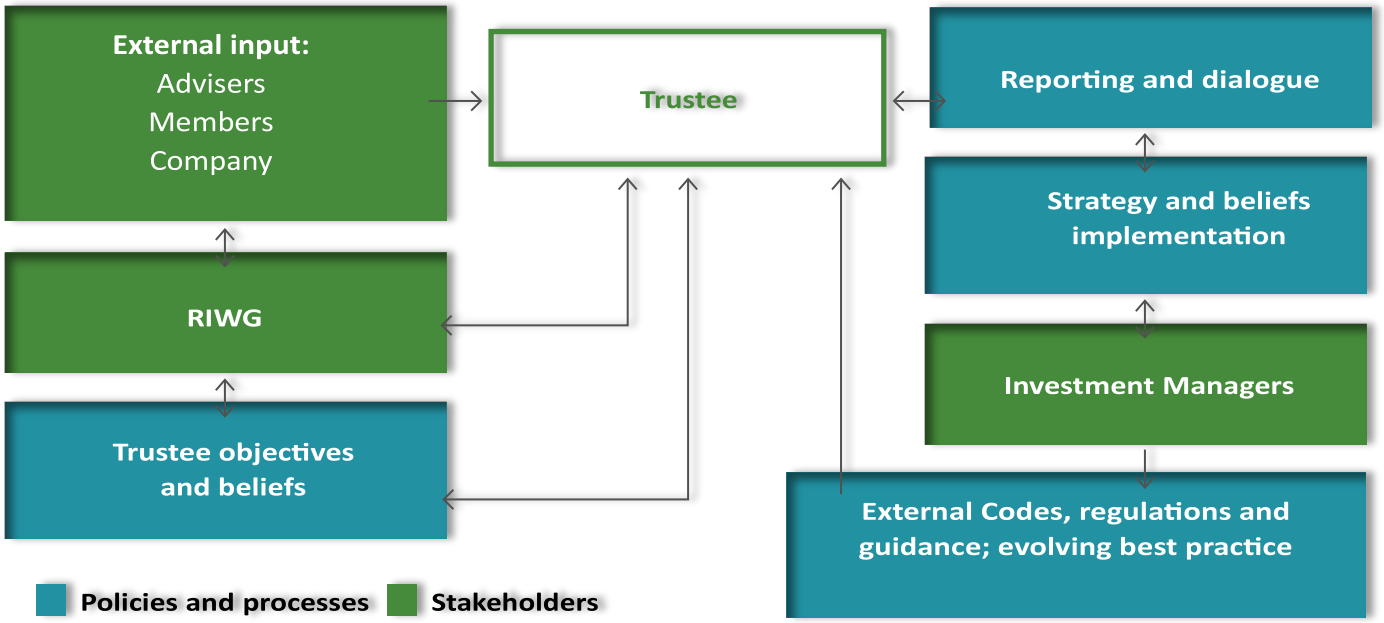
The Scheme's RI policy considers the whole ESG spectrum. This includes climate change, to which we give due consideration given its financial materiality. In this report, we refer to climate change; however, relevant sections in the RI policy may refer to ESG more broadly.

Governance policy and structure

In fulfilling our duties, we delegate certain responsibilities to other parties. The parties with a role in the Scheme's management; how they incorporate the identification, assessment and management of climate-related risks and opportunities into that role; and the methods we use to assess each party are set out in this document and in the section below. We have formed a RIWG which comprises a sub-set of the Trustee and plays a key role in helping manage RI considerations.

We oversee the Scheme advisers by challenging and reviewing advice at working group and Trustee meetings. Our Investment Adviser also has set objectives in place, and we undertake an annual review of performance against these objectives. The current governance structure of the Scheme and key relationships is illustrated in the chart below.

Diagram 1 – Scheme governance structure and key relationships



Delegation and oversight

Some responsibilities are delegated to the Scheme's Investment Managers. The RIWG monitors these asset managers, with a specific focus on climate-related issues. Our Investment Adviser assists with the ongoing monitoring of the Investment Managers, including rating the managers' approaches to climate-related issues.

We have delegated a number of actions, including the initial consideration of RI-related issues across the Scheme's investments, to the RIWG. The RIWG meets when necessary to ensure that key RI legislative changes are understood and that the minimum requirements the Scheme must adhere to are complied with. Further roles and responsibilities with respect to climate-related issues are outlined in the Terms of Reference for the RIWG. Trustee effectiveness reviews are carried out annually, including assessment of the governance structures in place such as the RIWG.

Governance Disclosure 2: Describe the Trustee's role in assessing and managing climate-related risks and opportunities.

The parties with a role in the Scheme's overall approach to climate-related issues, including the assessment and management of climate-related risks and opportunities, are set out below along with the methods we use to assess each party.

Assessing advisers

Competence of advisers regarding climate issues is a key factor considered when discussing their appropriateness. This emphasises the importance we place on having climate expertise when assisting the Scheme. It also aligns with best practices for Trustee governance and risk management in the context of climate-related financial disclosures.

We have set objectives for the Scheme's Investment Adviser, including objectives relating to RI support. The objectives are targeted to ensure that the practice of our advisers, especially within RI topics, continually improves. The Investment Adviser is assessed against these objectives annually. The objectives themselves are assessed regularly to ensure they remain appropriate and are available as a separate document.

The Trustee

The role of the Trustee is to oversee the management of the Scheme's strategy and assets, including the implementation of the RI beliefs set out in the RI policy. We incorporate RI considerations into our management of the Scheme's assets, including identifying and managing ESG-related risks and opportunities in all areas including asset allocation decisions, manager appointments and monitoring of the Scheme's current investment managers. We are also responsible for ensuring that there are appropriate levels of resource to complete all RI-associated requirements, including TCFD reporting, and have agreed to deliver TCFD compliance through the RIWG. We annually review our own effectiveness and responsibilities, as well as with those of the service providers to the Scheme.

Responsible Investment Working Group ("RIWG")

As noted above, the RIWG is a sub-set of the Trustee. The RIWG aims to carry out all tasks required to enable the Trustee to:

(a) Act in line with the beliefs and principles set out in the Trustee's agreed RI policy.

(b) Continue to progress towards becoming more active in all areas of RI.

(c) Meet the requirements of the new climate related regulations that came into force from October 2022.

The RIWG consists of two Trustee Directors plus the Scheme secretary and meets at least twice per year. Our Investment Adviser is invited to attend all RIWG meetings. The RIWG provides regular updates to the Trustee Board as necessary.

Investment Adviser

The Scheme's Investment Adviser, Hymans Robertson, is responsible for assisting the RIWG and the Trustee to ensure climate-related risks and opportunities are embedded into all investment decisions. They provide advice and training to the RIWG and Trustee about regulatory requirements and are expected to incorporate RI considerations into advice regarding any strategy changes or manager appointments. We have set objectives for the Scheme's Investment Adviser, including objectives relating to RI support. The objectives are targeted to ensure that the practice of our advisers, especially within RI topics, continually improves. The Investment Adviser is assessed against these objectives annually, with a quarterly log to help evidence relevant performance also maintained. The objectives themselves are assessed regularly to ensure they remain appropriate and are available as a separate document.

Actuarial Adviser

The Scheme's Actuarial Adviser, Hymans Robertson, is responsible for identifying any RI and climate considerations that should be incorporated into the Scheme's funding strategy (both short and long term) and in our integrated risk management approach. This includes the setting of individual financial and demographic assumptions.

Investment Managers

The Scheme's investment managers are required to integrate ESG considerations, to the fullest extent possible, into their management of each of the Scheme's mandates. The Scheme's investment managers are required to provide frequent reporting on ESG topics including updates at each manager meeting. On the appointment of any new manager, we assess their RI capabilities, with assistance from the Scheme's Investment Adviser, to determine if that manager's approach is aligned with our RI beliefs. Once they're appointed, we monitor all managers regularly, assessing each manager's RI processes and policy and challenging managers on any issues identified. The RIWG also liaises with the investment managers in relation to RI matters, as required. Any issues identified and the outcome of the

Scheme's monitoring are regularly fed back to the Trustee Board, via the Scheme's Investment Adviser.

SSE plc

The Scheme's sponsor is SSE plc ("the Company"). The Company maintains its own RI policies, objectives and action plan. We ensure that there is regular dialogue with the Company so that both parties are aware of each other's approach in this area.

Covenant Advisers

While the Scheme does not have formal Covenant Advisers in place, we undertake monitoring activities on the Company covenant. This includes ongoing dialogue with the Company and regular reporting from the Company via a representative at Trustee meetings. Consideration is also given to covenant in the Scheme's risk register, which will be discussed in greater detail in the Risk Management section of this report. We maintain awareness of the Company's approach to climate-related issues, and we ensure those issues relevant to the Scheme are considered where appropriate, encouraging synergy between the Scheme's and Company's approaches

Strategy

There are a number of strategy considerations for the Scheme when considering climate-related risks and opportunities. This section focuses on what the short, medium, and long term means for the Scheme, the climate-related risks and opportunities that may arise over these time horizons (TCFD Strategy Disclosure 1), the potential impact on the Scheme's strategy and financial planning (TCFD Strategy Disclosure 2), and the scenario analysis that we have undertaken for the Scheme (TCFD Strategy Disclosure 3) – which helps to inform what possible risks and opportunities may arise.

Strategy Disclosure 1: Describe the climate-related risks and opportunities the Trustee has identified over the short, medium and long term.

We believe that climate change and the expected transition to a low-carbon economy is a long-term financial risk to the Scheme and member outcomes. Therefore, we've incorporated climate change factors in our strategic decision-making process as far as possible.

Scheme time horizons

In the context of the Scheme, we regularly consider short-, medium- and long-term time horizons, typically around strategy and journey planning. However, in line with TCFD requirements, we've defined these time horizons as they relate to climate-related risks and opportunities. Displayed below, these climate-related time horizons are referred to in this report as our 'time horizons'. However, where we refer to short, medium or long term, this is in the context of the Scheme's broader timescales. We've reviewed our time horizons for this report and adjusted them to reflect the time since our last TCFD report. No changes were made to the methodology for determining the time horizons.

Table 1 – time horizons over which climate risks and opportunities are measured.

Short-term time horizon	Medium-term time horizon	Long-term time horizon
1 years from now We've chosen 1 years as our short-term time horizon because it is in line with the actuarial valuation cycle (next valuation in 2027).	**4–7 years from now** We've chosen 4-7 years as our medium-term time horizon as this is broadly aligned with the Scheme's current target date for full funding (2033) and the Company's climate-related targets (2030).	**12 years from now** We've chosen the long-term time horizon to align with the duration of the Scheme's liabilities at the most recent actuarial valuation (ie when the cashflow out of the Scheme to pay benefits is at its peak), as this can be viewed as a measure of Scheme maturity.

To note, the periods between our chosen time horizons above are transitional and will still be captured as part of our assessment of climate-related risk and opportunities.

As the Scheme continues its journey plan, the above timescales will be reassessed and amended.

Scheme journey plan

Our long-term objective is to be fully funded on a gilts basis and is intended to be a proxy level at which:

- we can invest the assets in a very low-risk strategy (largely matched to the liabilities) to minimise the risk of shocks to the funding level, with a strong emphasis on meeting cashflow requirements.
- the probability of being able to pay all benefits is high and the likelihood of having to ask the Company for further contributions will be low.
- it is likely to be possible to buy in/out (insure) more, or even all, of the liabilities.

We have agreed a strategic journey plan. Our existing illiquid and multi-asset credit mandates are currently in the process of running off.

Following our triennial actuarial valuation, we have been revisiting our long-term objectives and exploring the options available to the Scheme regarding endgame planning, factoring in the potential impact of the Pension Schemes Act 2026. This work is ongoing and we will provide further updates in our 2026/27 report once any changes are agreed.

Table 2 – Our strategic journey plan

	Current strategy as at 31 March 2026	Long-term strategic target as at 31 March 2026
Growth assets	-	-
Income assets	20%	20%
Investment-grade multi-asset credit	5%	-
Investment-grade credit	15%	20%
Protection assets	80%	80%
Total	**100%**	**100%**

We achieved our funding target early, so our focus is now on maintaining this strong funding position and managing remaining risk within the Scheme. Given the Scheme's maturity and the current funding position, our focus remains on reducing risks as far as possible whilst also integrating ESG considerations. This includes taking the opportunities we have to make positive changes to our assets whilst ensuring these are reflective of the Scheme's current position from a risk and return perspective.

Given the Scheme's strong funding position and limited reliance on the Company, we believe our strategy is broadly resilient, assuming the financial system continues to function effectively. However, we recognise the potential for severe downside risk to emerge in extreme scenarios, which could threaten the ability to meet our objectives and to pay benefits. It's not possible to escape these downside systemic risks, so we focus on areas where we can have the highest impact on real-world outcomes and risk reduction, as well as those of strategic importance to us. This is set out in more detail below.

Climate-related risks and opportunities

When considering the impact on the Scheme, climate risk can be defined as the potential impact on future financial returns that may arise from climate change. Climate-related risks are typically split into two parts: transition risk and physical risk. These may vary in likelihood and intensity over different time horizons and are dependent on how quickly and effectively the world transitions to a low-carbon economy. This is illustrated in the diagram below.

Diagram 2 – The varying impacts on climate risk depending on the global response



We transition to a low-carbon economy, so transition risks dominate. These include:

Policy: seeks to create the changes needed in society (eg carbon pricing)

Technology development and adoption: enable changes (eg renewable energy)

Climate change continues to worsen, so physical risks and impacts dominate. These include:

Chronic changes: impact economic and social systems (eg sea-level rise, agricultural systems failure)

Acute changes: create damage and give rise to costs of adaptation and reconstruction (eg storms, wildfires)

The Scheme is a long-term investor. Given the nature of climate change and the time horizons over which its impacts may be felt, climate-related risks can be expected to impact the Scheme in various ways.

Climate-related risks over the Scheme's time horizons

We expect transition risks to feature more prominently over shorter time periods due to the likely escalation in climate change regulation over the short- to medium-term time horizons. This also extends to the Company, whose vision is to be a leading energy company in a net-zero world. Over longer-term periods, we expect increasing physical risks. Both transition and physical climate risks are likely to impact the Scheme during its lifetime.

Climate-related risks may be identified, assessed and monitored in several different ways. These include looking at climate-related risks and opportunities in detail for each asset in which the Scheme invests. We consider climate-related risks at an overall strategy level, as well as with respect to each asset in which the Scheme is invested. We then engage with the individual managers of these assets and consider what, if any, improvements can be made. We maintain a climate-risk dashboard, which records the risks identified through these processes (both the Scheme-level and mandate-level assessments) and is used to prioritise areas for action.

We assess climate-related risks and opportunities when setting investment and funding strategy, considering covenant, to ensure a holistic and consistent approach. The table below shows a summary of the key ESG risks we've identified and monitor. We also consider how the impacts of these risks will manifest over the short, medium and long term. Further details on the risk management processes in place for the Scheme are explained in the next section of this report.

Table 3 – Our climate risks & opportunities dashboard – Scheme level

Risk area	Identified risks	Impact: Short-term time horizon (ie to 2027)	Impact: Medium-term time horizon (ie to 2030–2033)	Impact: Long-term time horizon (ie to 2038)	Identified opportunities
Investment	Over the short- to medium-term time horizons, the Scheme is exposed to risk through the credit asset allocations. These are expected to be increased as part of the strategic journey plan. Medium- to long-term time horizon plans will see exposure to UK government through the Scheme's Liability Driven Investment ("LDI") portfolio, investment-grade credit and buy-ins. The risk is that the ability of underlying investee companies to service debt could be impacted by transition or physical risks. Climate scenario analysis conducted in April 2026 highlighted that the investment strategy appears broadly resilient to climate risks, having a high probability of the Scheme remaining above 100% funded over the next 15 years. Given the Company's role, the Trustee recognise that ongoing liaison and updates on its plans will be important. The Trustee also acknowledges the limitations of modelling which does not account for impacts of longevity and the key assumption that financial markets continue to function as normal.	Low	Low	Medium	Limited investment opportunities given the low-risk investment strategy and strong funding position. Over the next 12 months the Trustee will consider options for the investment of surplus and climate risks and opportunities will form part of any assessment. Through the bulk annuity (buy-in) policies we hold with Pensions Insurance Company ("PIC"), we expect insurers will be seeking out opportunities as part of their own climate risk and opportunities assessments under TCFD, due to their long-term investment horizons and economies of scale.

Funding	The longevity impact from climate change and potential uncertainties in the funding assumptions pose a risk to the Scheme. This impact will take time to emerge, so we might expect minimal impact over the period to our short-term time horizon, with the greatest potential impacts in the longer term. Inflation and interest-rate changes impact liabilities, but the Scheme has high levels of hedging to protect the funding level against movements in these market factors.	Low	Low	Medium	Limited opportunities for Scheme funding.
Covenant	Risk of the Company not meeting climate risk targets, which may impact profitability and strength of covenant. Longer-term physical risks could impact Company assets and infrastructure, leading to destruction of value. Reliance on Company covenant is limited because of the Scheme's funding position but could increase in importance if the funding level was to fall due to other risks outlined above.	Low	Low	Medium	Capital investment plan to accelerate progress towards net zero, initially set over five years to 2027, and expanded to 2030, could see greater growth achieved. Company's latest climate reporting highlight potential upside in a number of scenarios.

We had a particular focus on the covenant section of the risk dashboard when reviewing the relevant risks for the 2023/24 report. With no major changes in last year's exercise, this year we focused on investment. Our updated scenario analysis showed similar results to our previous analysis, indicating the Scheme appears broadly resilient to climate risks (whilst acknowledging the limitations of the modelling).

At an underlying mandate level, we continue to focus on the mandates that we have the most ability to exert control over and that we expect to hold as part of the Scheme's longer-term investment strategy: the Insight investment-grade credit buy and maintain and LDI mandates. We have agreed RI objectives for the buy and maintain mandate (discussed further in the metrics and targets section of the TCFD report). We believe this mandate, and the related RI objectives, will also allow the manager to take advantage of opportunities arising from the climate transition.

The current funding regime means our strategy will include a large allocation to UK government bonds (within the LDI mandate), for which the Scheme has little influence over and is dependent on external factors.

With respect to the buy-ins that the Scheme holds, we expect insurers will be seeking out opportunities as part of their own climate-related risk and opportunities assessments under TCFD, due to their long-term investment horizons and economies of scale.

Given the uncertainty around climate change, the potential global approach and, therefore, the balance of transition and physical risks that may manifest, the long-term time horizon risks to the Scheme continue to all be classed as medium. This reflects our prudent approach when rating these risks.

Strategy Disclosure 2: Describe the impact of climate-related risks and opportunities on the Scheme's strategy and financial planning.

The systemic nature of climate-related risks has the potential to reduce returns across all asset classes and will have a macroeconomic impact that could affect the entire Scheme. Equally, the need to transition to a low-carbon economy and the innovation required present several potential investment opportunities.

Over recent years, we've dedicated considerable time and resource to ensuring that climate-related risks and opportunities are appropriately embedded within our investment processes. This has included engaging with the Scheme's Investment Managers on individual investee companies and the managers' contributions to wider industry initiatives, while considering the resilience of our investment strategy to climate change risks.

We have focused, and continue to focus, our activities in areas we envisage having medium- to long-term strategic importance to the Scheme, including:

- Establishing and refining our RI policy and beliefs, aiming to make these publicly available.
- The investment-grade credit mandate, which forms a key part of our long-term target strategy and allows us to integrate RI and climate objectives into the mandate.
- Ongoing engagement with the Company on its climate transition plans and commitments. While the current strong funding position limits the Scheme's reliance on the Company, climate change and the net-zero transition are highly relevant to its key business activities. The Company's strategy includes considerable capital investment to accelerate progress towards net zero to 2030, the majority of which will go to low-carbon infrastructure. The Company has established its own net-zero transition plan, with interim commitments on carbon reduction.
- As part of all valuations, consideration of climate risks and opportunities forms part of the covenant review.
- Consideration of RI and climate change as part of the assessment of further insurance transactions.
- Consideration of RI and climate change in reviewing strategic investment options for investment of any surplus assets

In line with embedding climate-related issues into the Scheme's integrated risk management approach, we will also consider the impact of climate risks on the Scheme's liabilities. This will include possible margins of prudence to allow for the

economic impacts of climate change, as well as its long-term effects on assumptions such as longevity and mortality. We continue to engage with the Company on the impact that climate-related risks and opportunities may have on the covenant of the Company over the short-, medium- and long-term time horizons, as outlined under the Strategy disclosures.

Strategy Disclosure 3: Describe the resilience of the Scheme's strategy, taking into consideration different climate-related scenarios, include a 2°C or lower scenario.

When developing our assessment of risks to the Scheme as set out in Strategy Disclosure 1, we considered the impact of three climate scenarios, which differ by how quickly and decisively the world responds (or fails to respond) to climate change. We used a combination of qualitative and quantitative assessment to consider what downside scenarios could disrupt or materially impair the Scheme's ability to meet benefit payments.

Quantitative analysis was used to illustrate the potential impact on the Scheme's funding level under the scenarios considered. The scenario analysis was carried out using a model produced by the Scheme's investment adviser.

We previously carried out scenario analysis for the 2022/23 report. We did not refresh the analysis for interim reports, given the lack of material changes to the Scheme in that period and our expectation that any additional modelling would yield similar results. However, in-line with regulatory requirements, we have carried out updated climate scenario modelling for this year's report. Our approach this time focused on narrative-based modelling, specifically what impact a shock to the world's food supply would have on the Scheme. The results from this updated modelling showed similar results to previous analysis i.e. that the Scheme is broadly resilient to modelled impacts from climate change.

In the table below, we summarise the scenarios included in the latest modelling and how they correlate to the variance of the world's transition to a low-carbon economy, as outlined under Strategy Disclosure 1.

Results

Based on the specific scenarios considered, and factoring in potential funding impact, we think the current funding position provides sufficient buffer to withstand potential risks and some combination of risks, while still securing the underlying benefits.

That said, we recognise the potential for severe climate-related downside risk to emerge, which could threaten the ability to meet our objectives and pay benefits, as well as impact wider quality of life for our members. It's not possible to escape these systemic downside risks, so appropriate risk management and sound stewardship practices will be crucial. We'll continue to monitor the Scheme's exposure to climate-related risk through the collection of climate metrics and ongoing monitoring of the investment strategy, which will flag specific risks and opportunities in portfolio companies. We'll also continue to monitor climate-related risks and opportunities.

It is important to note that scenario modelling, whilst an important tool in assessing the possible effects of climate change, should be used with care. This analysis, as with any scenario modelling, uses simplified models of the world and relies on the assumptions and data that underpin the model. The scenarios considered may or may not occur in practice and, as such, are used by us to inform decision-making more broadly, rather than being the sole basis for decisions. We are also aware that the data and methodologies used within climate scenario modelling have been criticised for understating potential impacts and, to reflect this, are evolving rapidly. We will take this into account in future years when we consider whether or not to update this scenario analysis and will be clear in future reports on how the approach to scenario analysis has changed when we undertake it.

Diagram 3 – The scenarios we have considered and how these may play out in practice

Pathway	Short term	Medium term	Long term
Green growth	• Adverse weather conditions across multiple regions trigger a synchronised crop failure. • Yields for maize, rice, wheat, and soy are down by 10-20% with 100% of the annual harvest wiped out in some regions. • Low crop yields create food price inflation whilst states try to insulate their populations from the worst effects these price increases through export controls and price subsidies • Price signals incentivise intensive food production and the pursuit of self-sufficiency. • Impact muted in developed economies with developing markets primarily impacted. High food prices increase headline inflation. • Central banks are reluctant to raise interest rates, leaving real interest rates suppressed. • Resources are directed towards securing food supplies, corporate earnings undershoot, and stock prices correct • Broad price inflation takes hold as energy and labour costs increase.	• Collaborative regeneration takes place as a reaction to multiple breadbasket failure. • Concerted policy action starting now, including carbon pricing, green substitutes. • Public and private spending on "green solutions". • Improved disclosures encourage market prices to shift quickly.	• Policy-driven transitions happen, although there are transitions risks in the short term, there is less physical risk in the long term • High expectation of achieving <2°C warming
Technological triumph		• Chronic issues emerge; agricultural output remains well below trend. Food security is prioritised by states for national security • Consumption patterns in the West shifts; Food producers respond to price signals; Governments subsidise agricultural inputs and relax environmental regulations; climate pledges dropped • Geopolitical tensions rise. China and the US take increasingly adversarial positions • Commitment to fossil-fuel based technology drives economic growth meaning fossil-fuels remain crucial to energy supplies. • National security concerns drive investment into research and development. Firms spend significant sums "reshoring" and "friendshoring" supply chains, however states provide support for this spending.	• Investments made by states pursuing their narrow self-interest pay off. Geopolitical tensions ease and states see climate action as key to proving the superiority of their governing systems. • Consumption patterns in the west coalesce around less energy intensive, sustainable lifestyles • Investment drives innovation and advances in low-carbon technology. Green technology continues its rapid improvement, facilitating sustainable agricultural practices. • Firms and states enjoy a "green dividend".
Climate catastrophe			• Physical risks multiply • No transitions happen

Scenario analysis includes testing several elements of the Scheme's overall strategy, such as:

- The current investment and funding strategy.
- The impact on the Company covenant.

Further information on the modelling carried out as part of this year's report is included within Appendix II.

How climate-related risks and opportunities impact our investment and funding strategy

The assessments described in the above sections suggest the funding and investment strategy is broadly resilient to climate change, assuming existing financial systems continue in their current form. We recognise that the full impact of climate change is unknown and there exists the potential for wider systemic risks. These systemic risks could impact our ability to meet our objectives but cannot be removed due to their nature. Therefore, we focus our approach on where we can have the highest impact on real-world outcomes and risk reduction, as well as on those that are of most strategic importance to us.

Risk management

The risk management of the Scheme with respect to climate-related risks and opportunities is set out below. This focuses on our risk management processes, i.e. how we identify, assess, and manage climate-related risks (TCFD Risk Management Disclosures 1 and 2), as well as how these processes are integrated into our overall risk management (TCFD Risk Management Disclosure 3).

Risk Management Disclosure 1 and 2: Describe the processes for identifying and assessing climate-related risks and the Scheme's processes for managing climate-related risks.

As part of our responsibility for setting and implementing the Scheme's RI policy, we must ensure that ESG-related risks, including climate change, are identified, assessed and effectively managed. Therefore, it's crucial that the management of these risks is integrated into the Scheme's overall approach. We delegate some responsibility to other parties but retain overall oversight. Below, where we have referred to ESG risks more broadly, these will include consideration of climate change risks.

At a simple level, the Scheme's risk management process comprises identification, assessment, monitoring and control of risk. We currently take a top-down approach to risk management, which uses the Scheme's long-term objectives as the starting point for the risk management process.

Our risk management approach is focused around seven principal risks (and the associated sub risks), which we deem could have the most significant impact on the Scheme. Our regular and project activities are framed in this context and our meeting agendas are structured in line with the principal risks, ensuring each is given sufficient attention. Each principal risk has also been allocated the oversight of a Trustee Director who will be closely involved with any work relating to that risk. We have not made any major changes to this approach over the year but have sought to refine the process.

Once risks are identified, they are then evaluated and prioritised based on the overall threat posed to the Scheme. This helps us build up a picture of the Scheme's risks more widely and where climate-related risks sit in the overall risk management framework. We regularly consider existing and emerging risks to the Scheme. If new risks are identified, we consider whether these are related to existing principal risks or need to be added as a new principal or sub risk.

As set out in the strategy section, our climate-risk dashboard supports the overall risk management process and contains our assessment of climate related risks and opportunities from both the top-down Scheme level and bottom-up mandate level.

Risk Management Disclosure 3: Describe how processes for identifying, assessing and managing climate-related risks are integrated into the overall organisation's risk management.

As noted under Risk Management Disclosures 1 and 2, the management of ESG risks is integrated into the Scheme's current risk management processes in several ways. ESG and climate-related risks are considered relevant as standalone risks, as well as in the context of other strategic risks to the Scheme.

Due to the wide variety of risks, as well as their complexity and how they may interact, there is significant uncertainty about the net impact of climate risk and how it may impact the Scheme's strategy across funding, investment and covenant.

We use both scenario analysis and the climate-related metrics chosen and collected for the Scheme to help inform our approach to this uncertainty, as well as to better understand the resilience of the Scheme to climate change. The scenario analysis and climate-related metrics are covered in more detail under the strategy and metrics and targets sections of this report. These have also been used to inform the climate-risk dashboard under Strategy Disclosure 1, as well as how we undertake ongoing Scheme actions.

More broadly, climate-related risks and their interactions is also covered at a high level within the Scheme-level climate-risk dashboard, as set out under Strategy Disclosure 1.

Building risks into wider Scheme processes:

We have built climate-related risk management processes into several of our other Scheme activities which all form part of our risk management framework. ESG risks are identified as part of the following processes:

- **Valuations and covenant reviews** – We also consider climate and ESG-related risks as part of the triennial Actuarial Valuation process ensuring that this analysis considers the funding, covenant and investment risks in a joined-up way. The Scheme Actuary will incorporate the consideration of climate and ESG-related risks in the actuarial assumptions advice and any projections which are considered to evaluate the possible long-term funding outcomes for the Scheme.

  When assessing the Sponsor's covenant we consider the ESG risks to the Sponsor, including the Sponsor's plans to manage the climate and ESG-related risks identified. We consider the extent to which any adjustment is needed to the funding approach or strategy because of any ESG risks identified through the "identifying" stage described above. This will be considered in the context of the investment and covenant risks faced by the Scheme and may consider the appropriateness of actuarial assumptions and of overall security provided to the Scheme.

- **Investment strategy reviews** – We consider climate and ESG-related risks as part of the Scheme's regular investment strategy reviews that are carried out. These reviews cover the extent to which social, environmental and governance considerations are considered in the selection, retention and realisation of investments. Our Investment Advisers are expected to integrate ESG considerations into their strategy advice and to highlight any key risks that are included within any potential investment strategy.

  When assessing new asset classes, potential ESG risks are assessed and discussed as part of the training provided. Key ESG risks are considered when comparing alternative options.

- **Selection of investment managers** – When appointing a new investment manager, our Investment Adviser provides information and their view on each manager's ESG policy and capabilities. Each manager is also asked to provide information regarding their own ESG risk management processes as part of the selection process. This information allows us to identify potential risks when comparing potential providers. We consider whether to invest with managers whose mandates are expected to introduce an unacceptable level of risk or who do not have adequate processes for the identification and management of ESG risks. Further expectations of our managers are outlined below.

- **Individual mandates and investments** – We also undertake risk analysis at the individual asset level by way of our climate-related metrics. The Scheme's investment managers are responsible for the identification and assessment of ESG risks, including climate related risks and opportunities and will be expected to identify and disclose these risks to the us in the following ways:

  - As part of their regular reporting as investment strategy is subject to continuous review by us, via our investment consultants;
  - During their presentations when meeting with us;
  - By providing climate metric data in line with the TCFD requirements.

  We expect our investment managers to manage the climate and ESG-related risks identified within their own mandates by integrating the analysis of these risks into the overall assessment of any potential investment, and engaging with investee companies where risks have been identified, to understand and encourage their management of ESG and, in particular, climate-related risks.

Expectations of investment managers

Our expectations of the investment managers regarding the integration of ESG risks are set out in the Scheme's Statement of Investment Principles (SIP) and Responsible Investment Beliefs. These documents are shared with the Scheme's investment managers who are asked to report regularly on how their strategy is aligned with our intentions and to discuss with us any

investments which do not comply with these policies. We monitor the ESG activities of all managers through regular reporting and meetings, as set out above. We maintain an ESG log to document all ESG-related activities and discussions.

We engage with current investment managers where risks have been identified to agree a plan of action. This may include setting specific targets for certain mandates and more regular monitoring of mandates at higher risk. In some circumstances, this could include requesting more detail on the rationale for certain investments, requesting the manager disinvest from certain investments or by disinvesting from specific investment mandates. However, we do not believe disinvestment is always the best option.

Stewardship

The Scheme's approach to stewardship is also a key aspect of the management of climate-related risk. We expect our investment managers to consider and take appropriate steps to manage climate-related risks within their funds, including engagement with underlying investee companies on their management of climate risks.

We prepare an annual Implementation Statement with the assistance of our Investment Advisers that assesses the engagement and voting activities (where applicable) of investment managers and is used to monitor managers' activities in this area. As part of this, we receive an annual summary report on engagement and voting activities (where applicable) of the Scheme's investment managers. We use the annual report to inform our monitoring of manager stewardship practices. Where managers are not acting in line with expectations, we engage with the manager to understand why and work to improve the stewardship practices and/or performance, further to which we undertake a formal review if this does not occur.

Metrics and Targets

Metrics and Targets Disclosure 1: Disclose the metrics used by the Scheme to assess climate-related risks and opportunities in line with its strategy and risk management processes.

We receive reporting on a quarterly basis from our Investment Managers, which includes a variety of climate-related metrics, where available. We believe it's important to consider both forward- and backward-looking metrics. On an annual basis, we receive ESG reporting from our Investment Adviser, where information is available.

Carbon equivalent risk metrics are expected to form an important part of our investment decision-making process to measure, manage and disclose climate risk. The selected metrics will also aid us in identifying opportunities for further engagement with Investment Managers and underlying investee companies.

The TCFD requirements present clearly defined expectations for the categories of metrics that must be measured and reported on. For clarity, those requirements have been set out below, as well as the metrics chosen by us for the Scheme:

- One absolute emissions metric is to be chosen and monitored:
  - There is only one choice of absolute emissions metric – Total Greenhouse Gas ("GHG") emissions.
- One emissions intensity metric is to be chosen and monitored:
  - There is a choice of Carbon Footprint or Weighted Average Carbon Intensity ("WACI") for the emissions intensity-based metric. We've chosen to measure both the Carbon Footprint and WACI of the Scheme.
- An additional climate change metric that is non-emissions based:
  - There are a wide variety of outcome-based and process-based metrics that may be chosen. We've chosen to measure data quality of the Scheme's emissions-based metrics.
- A forward-looking portfolio alignment metric:
  - There are three different portfolio alignment metrics that may be chosen from. We've chosen a binary target metric – the percentage of assets with clear net-zero targets in place.

Our metrics are presented in the table below.

Table 4 – The Scheme's chosen TCFD metrics

Type	Metric	Reasoning	Measurement
Absolute emissions metric	Total GHG emissions	In line with guidance.	The volume of Scope 1 and Scope 2 emissions from the Scheme's assets – measured in tonnes of CO_2e.
Emissions intensity	Carbon footprint	In line with guidance but recognising the range of data available from the managers.	The volume of Scope 1 and Scope 2 emissions per unit of capital invested from the Scheme's assets measured in tonnes CO_2e per £m EVIC

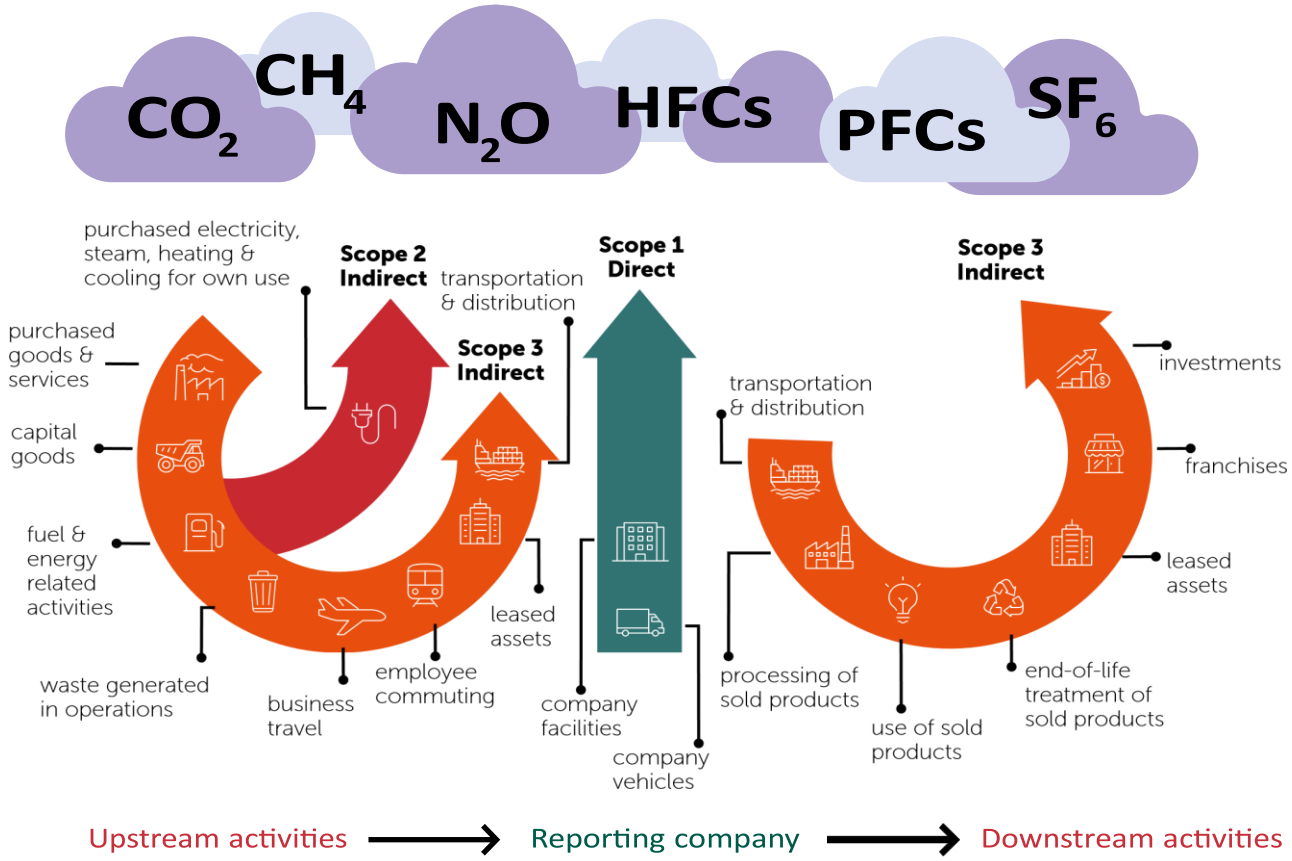
	WACI	Recognising the range of data available from the managers, this has been selected as an additional intensity-based metric to improve understanding of the Scheme's position.	The volume of Scope 1 and Scope 2 emissions per unit of sales for each portfolio company, weighted by the size of allocation to each company within the Scheme's assets measured in tonnes CO_2e per £m invested.
Additional climate change metric (non-emissions based)	Data quality – a measure of the level of actual and estimated data available from the Scheme's managers.	Focus on a single metric that is more meaningful to the Scheme's current portfolio.	Percentage of mandate for which actual data (versus estimated or modelled data) has been used to calculate emissions data.
Portfolio alignment metric	Binary target measurement	This metric is currently the easiest portfolio alignment metric to calculate, collect and understand.	Measured as percentage of portfolio at year-end with specific net-zero targets.

Many climate-related metrics are based on the level of GHG emissions that are related to a particular asset or investment. GHG emissions are categorised into three scopes:

- **Scope 1:** All direct GHG emissions from sources owned or controlled by a company (eg emissions from factory operations).
- **Scope 2:** Indirect GHG emissions that occur from the generation of purchased energy consumed by a company.
- **Scope 3:** Indirect emissions that arise from a company's activities (eg supply chains and the use and disposal of their products). These are sometimes the greatest share of a carbon footprint, covering emissions associated with business travel, procurement, production of inputs, use of outputs, waste and water.

There is overlap on emissions data between different companies and between companies and governments on some measures. As a result, aggregate total GHG emissions reported across all investments may include some double counting in relation to the actual level of GHG emissions, especially as the coverage continues to expand and Scope 3 is fully included. For example, fossil fuels sold by a producer to a utility for electricity generation would be Scope 3 for the producer, Scope 2 for the electricity consumer and Scope 1 for the utility. In addition, if the basis for attributing emissions to government bonds was total country emissions, they are also included in the government bond emissions for the relevant country.

Diagram 4 – Overview of emissions scopes across the value chain



Source: Greenhouse Gas Protocol

While the availability of Scope 3 emissions data for the Scheme's investments is improving, there remain notable challenges in obtaining comprehensive and reliable information. Consequently, Scope 3 data has been presented separately in this report to reflect these limitations.

We recognise that data on GHG emissions from investee companies – particularly Scope 3 emissions – remains incomplete or inconsistently reported. In cases where data is unavailable, estimates may have been used, or the information may not yet be disclosed. We are committed to enhancing the quality and completeness of our emissions data and will continue to seek additional disclosures for future assessments.

In the interim, the metrics presented are considered to provide a reasonable representation of the portfolio's emissions profile. However, we acknowledge the limitations in data availability and take these constraints into account when interpreting the results for decision-making purposes.

Metrics and Targets Disclosure 2: Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

The table below sets out a summary of the GHG emissions data provided by our Investment Managers and the measurement of each metric using this data. Due to the nature of some mandates and the difficulty in collecting emissions data more frequently, the data provided is not all reported on at the same date. Data has been sourced from a combination of the managers and our Investment Adviser, utilising data from a third-party source for listed assets.

We recognise the challenges in collecting consistent data across asset classes but acknowledge the importance of aligning data to common reporting dates. To address this, we are engaging more closely with the Scheme's managers on data

availability – an approach reflected in the Scheme's TCFD-aligned target (see Metrics and Targets Disclosure 3 for further detail).

Tables 4 and 5 present the Scheme's carbon emissions and carbon footprint metrics, as reported by our managers. These metrics were initially selected in 2021 to enhance our understanding of the Scheme's ESG- and climate-related positioning, based on relevance and data availability at the time. We believe they remain appropriate at this current point in time.

Where only one of the two key metrics – carbon emissions or carbon footprint – was provided, we estimated the other using the relationship between them. In some cases, emissions data did not distinguish between Scopes 1, 2 and 3; this has been factored into our assessment of data quality and target setting. We note that the data provided by managers has not been independently verified.

Table 5 – The Scheme's Scope 1+2 emissions per mandate

Mandate	Asset allocation[8]	Long-term importance	Measurement date	Total carbon emissions – Scope 1+2 (tCO_2e)	Carbon footprint – Scope 1+2 (tCO_2e/£m EVIC)	WACI – Scope 1+2 (tCO_2e/£m sales)
Adams Street Partnership Fund Program	0.0%	Very low	31/12/2025	31	88[1]	73[1]
HPS Core Senior Lending Fund LP	4.2%	Very low	31/12/2025	1,511	5[1]	6[1]
Insight Multi-Asset Credit	3.5%	Very low	31/03/2026	1,385[2]	32[2]	40[2]
Insight Buy & Maintain	17.5%	High	31/03/2026	7,784[3]	36[1]	80[1]
Insight LDI[6]	36.0%	High	31/03/2026	68,726[3]	153[4]	81[5]
Pension Insurance Corporation (PIC) Buy ins	38.2%	High	31/12/2025	49,995[7]	110[4,7]	169[7]

Notes:

[1] Converted to £m using USD to GBP exchange rate as at measurement date.

[2] Coverage only includes c40% of the portfolio.

[3] Calculated using carbon footprint multiplied by the £m invested by the Scheme.

[4] tCO_2e/£m invested.

[5] tCO_2e/GK$m GDP (ie UK GHG emissions divided by UK GDP in GK$, which is the international dollar as published by the IMF).

[6] In our experience, LDI data is available but comes heavily caveated and with numerous disclaimers/limitations. Given the strategic importance of LDI to UK private sector DB schemes, we expect LDI managers will face significant pressure from the industry to improve their disclosure, but it is currently unable to be aggregated with other carbon data.

[7] Coverage only incudes 78-79% of portfolio

[8] Asset allocation as at 31 March 2026. Trustee bank account cash balance of 0.6% not included in the table. Adams Street Partners has a small non-zero residual amount left

The availability and accuracy of climate-related data continues to develop. We note that this is an evolving area but have sought to target an emissions reduction pathway for the mandate for which the data is currently most reliable and

meaningful (Insight Buy & Maintain). Further detail on the specific emissions-based target for this mandate is included in Metrics and Targets Disclosure 3. Compared to our 2024/25 report, we have seen a general decline in reported carbon metrics overall, particularly across the Insight Buy & Maintain mandate. It is also encouraging to see a carbon footprint and WACI figure being available for the Insight Multi-Asset Credit mandate for the first time, albeit covering a limited portion of the portfolio.

As noted earlier in this report, several of the above investments are currently in run-off, so we might expect the corresponding absolute emissions to fall as a result.

The methodology for Scope 3 emissions is currently less well defined than Scope 1 and 2 emissions and this has therefore been kept separate. Additionally, in part due to the complexities of measuring Scope 3 emissions in a consistent way, data for Scope 3 emissions is harder to gather and less reliable. As a result, and as may be expected, the Scheme's assets have poorer coverage of Scope 3 data. The Scope 3 emissions, where available, have been presented separately in Table 5 below.

Table 6 – The Scheme's Scope 3 emissions per mandate

Mandate	Asset allocation[4]	Long-term importance	Measurement date	Total carbon emissions – Scope 3 (tCO_2e)	Carbon footprint – Scope 3 (tCO_2e/£m EVIC)	WACI – Scope 3 (tCO_2e/£m sales)
Adams Street Partnership Fund Program	0.0%	Very low	31/12/2025	163	464[1]	563[1]
HPS Core Senior Lending Fund LP	4.2%	Very low	31/12/2025	3,228	Not available	20
Insight Multi-Asset Credit	3.5%	Very low	31/03/2026	Not available	Not available	Not available
Insight Buy & Maintain	17.5%	High	31/03/2026	67,177[2]	307[1]	559[1]
Insight LDI	36.0%	High	31/03/2026	Not available	Not available	Not available
Pension Insurance Corporation (PIC) Buy ins	38.2%	High	31/12/2025	40,300[3]	192[3]	543[3]

Notes:

[1] Converted to £m using USD to GBP exchange rate as at measurement date.

[2] Calculated using carbon footprint multiplied by the £m invested by the Scheme.

[3]Coverage only incudes 36% of portfolio

[4]Asset allocation as at 31 March 2026. Trustee bank account cash balance of 0.6% not included in the table. Adams Street Partners has a small non-zero residual amount left

Similar to the Scope 1 and 2 emissions, we note the limitations of using the Scope 3 data to make decisions. This is due to the issues encountered around data availability, methodology and, therefore, comparability from mandate to mandate. This is an area we hope will continue to develop as different methodology approaches converge and consistency improves. The other metrics chosen for the Scheme were also measured, as shown in the tables below.

Table 7 – Other Scheme metrics (data coverage and binary target measurement)[1]

Mandate	Asset allocation[3]	Long-term importance	Measurement date	Data coverage of emissions metrics – Scope 1 & 2 (%)			Data coverage of emissions metrics – Scope 3 (%)			Binary target measurement – % of the portfolio with specific net-zero targets
				Actual	Estimated	Unknown	Actual	Estimated	Unknown	
Adams Street Partnership Fund Program	0.0%	Very low	31/12/2025	0%	100%	0%	0%	100%	0%	N/A
HPS Core Senior Lending Fund LP	4.2%	Very low	31/12/2025	1%	93%	5%	N/A	N/A	N/A	N/A
Insight Multi Asset Credit	3.5%	Very low	31/03/2026	0%	16%	84%	N/A	N/A	N/A	N/A
Insight Buy & Maintain	17.5%	High	31/03/2026	89%	9%	2%	0%	98%	2%	21% of NAV aligned[2] 38% of NAV aligning[2] 39% of NAV committed[2]
Insight LDI	36.0%	High	31/03/2026	100%	0%	0%	N/A	N/A	N/A	N/A
Pension Insurance Corporation (PIC) Buy ins	38.2%	High	31/12/2025	69%	9%	22%	15%	21%	64%	21%

Notes:

Source: Investment Managers.

[1]Full definitions of these metrics and how they are measured can be found under Metrics and Targets Disclosure 1.

[2]Aligned, aligning or committed to achieving net zero by 2050.

[34]Asset allocation as at 31 March 2026. Trustee bank account cash balance of 0.6% not included in the table. Adams Street Partners has a small non-zero residual amount l

Data for several of the different metrics was not available on a proportion of the Scheme's investments. This is partly due to the nature of some of the investments and the difficulties in measuring climate metrics across them – for example, unlisted investments like private equity and private lending. For structured credit held within Insight Multi Asset Credit, the securitisation of large pools of underlying assets makes data collection particularly challenging. There has been a notable improvement in the provision of data this year for the Insight Multi Asset Credit mandate, largely due to improvements in the managers sourcing of estimated data across different asset classes where no actual data is available. We will continue to request improvements to the data provided to ensure a more comprehensive picture of the Scheme's position is reported.

Below is a summary of the commitments that the managers have implemented to improve data coverage in the past year and in future, with the reasons for poor data coverage where applicable.

Adams Street

- Given the mandate has largely been sold down and we expect to receive the final residual distributions over the coming years, the size of the holding and low importance of this mandate in the Scheme's overall strategic journey plan, the lack of overall data availability is less of a concern.

HPS

- HPS are committed to improve the availability and quality of climate related data through engagement with portfolio companies. They are mainly focused on high emitting sectors and note engagement is not conducted for all portfolio companies.
- Again, given the low importance of this mandate in the Scheme's overall strategic journey plan, the lack of data availability is less of a concern. Nonetheless, efforts will still be made to engage with the manager where possible.

Insight

- With respect to reporting on climate metrics for secured finance, this remains more challenging than with other asset classes. Insight notes that the types of securities that are held in the MAC portfolio do not report carbon metrics. They also note that there are no reliable external data providers, therefore Insight calculates emissions based on public data sources. As a result, no market-wide comparison is available. Insight have improved estimated coverage from 3% to 16% year on year and are continuing efforts towards improving coverage by working with originators, regulators and data providers.
- With respect to data coverage for LDI, Insight have been able to provide data for our Scope 1 and 2 emissions-based metrics. However, Scope 3 emissions data comes with a three+ year lag. This is due to a risk of 'double counting' emissions, as it is difficult to obtain sovereign emissions data that excludes corporate emissions. During 2025, Insight chaired a roundtable with clients and consultants on divergence in sovereign emissions metrics for gilts and reviewed how its sovereign net-zero model could support portfolio-alignment metrics in LDI clients' TCFD reporting.
- With respect to data coverage for the buy and maintain mandate, Insight currently provide good data coverage on our chosen metrics. We will continue to consider if new metrics to monitor would be appropriate. We will also ensure Insight maintains the data quality provision in-line with our target set for the mandate.

The chosen emissions-based metrics are reported on an EVIC basis, this change was implemented in the 2024/25 report. As such, evaluations of metrics against reports prior to 2025 will be difficult. However, data availability has continued to improve modestly for the majority of the Scheme's assets, which remains comparable year on year.

We will continue to monitor our chosen metrics on at least an annual basis and identify where performance has significantly improved or deteriorated over time. Where performance has materially deteriorated, we will engage further to understand the reasons for this and will undertake any appropriate remedial actions. The metrics will also be used to monitor the Scheme's performance in line with climate-related targets (see Metrics and Targets Disclosure 3).

We acknowledge that limited data is available on industry-wide comparisons. We have relied heavily on the benchmark set for each fund and the market knowledge of our advisers in understanding how well the funds are performing and whether further improvements could be made.

Metrics and Targets Disclosure 3: Describe the targets used by the Scheme to manage climate-related risks and opportunities and performance against targets.

Given the nature of the assets and availability of data, we have considered targets on a mandate-by-mandate basis to appropriately reflect the action that can be taken and the key priorities for each mandate. Our current priority is to improve data in the first instance to enable Investment Managers to set more meaningful targets where we can take specific actions and influence the outcomes.

Emissions target

There is only an emissions-based target for the buy and maintain mandate, given that data availability and reliability is relatively good for this asset class. The target is for a 15% reduction in the Scope 1 and 2 WACI emissions by March 2027, using our 2023/24 figure as a baseline. The 15% reduction by 2027 has been selected to align with the progress required for the mandate to achieve net zero in 2050 on a linear basis. This year, the WACI for the mandate was 80 tCO_2e/£m sales (converted from USD to GBP as at 31 March 2026). Compared to the equivalent baseline figure from the manager of 91 tCO_2e/£m sales (converted from USD to GBP as at 31 March 2024), the metric has fallen by around 12%, which is largely in line with the wider fall in comparator indices i.e. a reflection of wider market falls. We will continue to monitor progress towards this target in future reports.

Net-zero ambition

We have also set a target for our investment-grade credit buy and maintain mandate to have a minimum of 100% of issuers in the portfolio having made a net-zero target.

To ensure our approach continues to evolve, we receive regular advice and consider the feasibility of setting revised targets that focus on increasing the ESG credentials of the mandates. For the 2024/25 report, we explored the feasibility of setting a revised target for the buy and maintain mandate, focusing on increasing the percentage of issuers that are aligning or already aligned to achieving net zero (rather than just having a target). Ultimately, we decided against doing this. We were concerned about the potential implications of putting further restrictions on the investment universe available to the Investment Manager. In addition, barriers are emerging globally in terms of ability to engage on mitigation efforts, leading to companies back-tracking on commitments and countries like the US creating barriers to progress in this area.

This year we engaged with Insight to i) understand whether we begin to see companies dialling back on their stated net-zero commitments and ii) ensure they are prioritising analysis and integration of physical and transition risks into their investment processes.

Insight noted that while some companies, particularly in energy and financial services, have softened interim climate targets and reduced participation in public climate initiatives, there is no evidence of a widespread retreat from long-term decarbonisation goals. Rather, many firms are shifting from broad public commitments towards more selective, commercially driven transition strategies, while retaining long-term decarbonisation objectives.

Insight also confirmed that both physical and transition climate risks are embedded within its investment process through proprietary climate analysis, research, scenario testing, stewardship activities and ongoing risk monitoring.

Data-quality target

We have considered where best to focus our time and resource regarding improving the data coverage of our chosen emissions metrics for the Scheme's mandates. This includes those investment mandates that will form part of the strategy over the longer term in particular, as well as those where we have the most influence when engaging with the Investment Manager on steps to improve. As a result, the target we have set concerning data quality has been made on a mandate-by-mandate basis, as outlined by the table below and overleaf. This allows for the potential to estimate data where reported data is difficult to gather. However, we will engage with our managers to improve both reported and estimated data for the Scheme. We have reviewed our data-quality targets this year and are comfortable that they remain appropriate.

Data-quality targets set

To date, we have agreed the following data-quality targets for the Insight investment mandates by the end of this reporting year.

- Multi-asset credit from score 1 to 2
- LDI to retain a score of at least 4
- Buy and maintain to retain a score of at least 4

The above data-quality targets are based on non-emissions-based climate-related metrics. We have agreed to use the scoring system outlined below for monitoring and assessing the managers' progress and setting data-quality targets.

Please note that all percentages refer to portfolio coverage, ie for what percentage of the portfolio the given type of data is available. This is based on the availability of Scope 1 and 2 emissions data.

Table 8 – Data quality scoring system

Score	Measurement date
4 – Excellent	At least 90% of actual data available OR >95% overall coverage including at least 75% actual data
3 – Good	At least 65% actual data available OR >75% overall coverage including at least 50% actual data
2 – Adequate	At least 45% of actual data available OR >75% overall coverage using estimates
1 – Poor	Less than 45% of actual data available OR <75% overall coverage using estimates

The targets set by the Trustee for the mandates in line with the above scoring system are below:

Table 9 – Data scores and targets

Mandate	Q1 2026 allocation (ex. Trustee bank account of 0.6%)	Total data available (actual and overall)	Current data availability score	Short-term time horizon target (one year)
Adams Street Partnership Fund Program	0.0%	0% actual, 100% overall coverage	2 – Adequate	No target set
HPS Core Senior Lending Fund LP	4.2%	1% actual, 95% overall coverage	2 – Adequate	No target set
Insight MAC	3.5%	0% actual, 16% overall coverage	1 – Poor	2 – Adequate
Insight Buy and Maintain	17.5%	89% actual, 98% overall coverage	4 - Excellent	4 - Excellent
Insight LDI	36.0%	100% actual, 100% overall coverage	4 - Excellent	4 - Excellent
Pension Insurance Corporation (“PIC”) Buy ins	38.2%	69% actual, 78% overall coverage	3 – Good	No target set

Source: Investment Managers and the Group’s carbon footprint report (MSCI). Allocation total may not sum due to rounding. There is also a small cash balance of 0.6% held in the Trustee bank account, which is excluded from the above table.

In line with our strategic priorities, we’ve focused data-quality targets on mandates we expect to hold over the long term.

While there have been improvements in the quality of data available for several mandates, the overall scores are unchanged this year. Given there were several improvements last year, which have been maintained, this is a good outcome. Insight Buy & Maintain and Insight LDI have both maintained ‘4 – Excellent’ data availability scores, meeting their short-term targets.

While several of the mandates have achieved their short-term data-quality targets, rather than ceasing to monitor these, we agreed to adopt a rolling one-year targets to ensure we continue to monitor progress and identify any material deterioration in data quality. Therefore, our targets for the 2026/27 TCFD report will be as follows:

- Multi-asset credit from score 1 to 2
- LDI to retain a score of at least 4
- Buy and maintain to retain a score of at least 4

For the remaining mandates, there has been no material change in data availability scores or target achievement. This is not unexpected given the nature of the asset classes involved. We continue to engage to understand the steps being taken to improve data quality and reiterate our expectation for ongoing improvement over time.

While no short-term targets have been set for the buy-in policies, we will continue to monitor PIC's progress and engage with them to understand their own TCFD-related targets. It is important to recognise that our ability to improve data quality is constrained by the willingness and capability of third parties to provide reliable data. Regular engagement with managers remains our primary tool for driving improvements in both the availability and quality of climate data.

Appendix I: Glossary and definitions

Asset class
A group of investments that typically share a lot of the same characteristics, which may be subject to the same rules and regulations. Equities, bonds and property are three well-known asset classes.

AUM
Assets under management – ie the amount of money invested and being managed.

Buy-in
A buy-in involves securing insurance policies for a sub-section of members covering all the benefits they have in the Scheme. These insurance policies are in the name of the Trustee and are an asset to the Scheme.

Buy-out
A buy-out involves securing individual insurance policies for all members covering all of the benefits they have in the Scheme. Reaching full funding on a buy-out basis is a common target for pension schemes because once achieved it gives a very high level of security for members' benefits.

Carbon neutral
Carbon neutrality is the state where the amount of carbon emissions is balanced out by the removal of the same amount of emissions. It can be achieved through carbon offsetting.

Carbon pricing Carbon pricing assesses and quantifies the external costs of greenhouse gas emissions – for example, damage to crops or loss of property from flooding and sea level rises – and relays them back to the source of the emissions through a price, usually in the form of a price on the carbon dioxide (CO_2) emitted.

Covenant
If the Scheme were to have a funding shortfall, ie if the Scheme's assets were lower than the value of its liabilities on the technical provisions basis, the Trustee would look to the Company to make the necessary additional contributions to restore full funding. The legal obligation on the Company to provide these contributions and remove the shortfall, and its ability to satisfy these obligations, is known as the Company covenant.

Engagement
Engagement with respect to assets of the Scheme means communication with a person or organisation, typically via Investment Managers, with the aim of driving change.

ESG
Environmental, social and governance issues – collectively a series of risk factors that could impact the value or future performance of an investment. Particular issues covered by ESG factors include:

- Environment: resource use, pollution and waste
- Social: human rights, workforce diversity and employee welfare
- Governance: management structure, business ethics and executive compensation

Fiduciary responsibilities The responsibilities of the Trustee to act in the best interests of the Scheme's beneficiaries (ie Scheme members).

Financial Stability Board An international body that monitors and makes recommendations about the global financial system. It was established after the G20 London summit in April 2009 as a successor to the Financial Stability Forum.

Greenhouse gases (GHG)
Gases in the Earth's atmosphere that are capable of absorbing infrared radiation and thereby trap and hold heat in the atmosphere. The main greenhouse gases are:

- water vapour
- carbon dioxide (CO_2)
- methane (CH_4)
- nitrous oxide (N_2O)

IIGCC
Institutional Investor Group on Climate Change: a membership body for investor collaboration on climate change, comprising 330+ members, mainly pension funds and asset managers responsible for around €39+ trillion in AUM.

Low-carbon economy An economy based on energy sources that produce low levels of GHG emissions.

Macroeconomic
The area of economics concerned with large-scale (eg national or international) or general economic factors, such as interest rates and inflation.

Mandate
An instruction to an asset manager about how the Scheme's money may be invested.

Net zero
When the amount of all GHG (including but not limited to CO_2) emitted is equal to the amount removed. It typically also implies the reduction of total emissions as much as possible, with only the remaining unavoidable emissions being offset.

Paris Agreement A 2015 global accord seeking to keep the rise in global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the increase to 1.5°C. As of 2021, the Paris Agreement has been signed by 191 countries and ratified by 186 countries.

Responsible investment
The integration of ESG factors into investment decision-making and asset stewardship practices.

Scope 1 emissions
All direct emissions from the activities of an organisation or under their control, including fuel combustion on site such as gas boilers, fleet vehicles and air-conditioning leaks.

Scope 2 emissions
Indirect emissions from electricity purchased and used by the organisation. Emissions are created during the production of energy and are eventually used by the organisation.

Scope 3 emissions
All other indirect emissions from activities of the organisation, occurring from sources they do not own or control. These are usually the greatest share of the carbon footprint, covering emissions associated with business travel, procurement, waste and water.

Stewardship
Stewardship of assets is a tool that can shape corporate behaviour using methods including engagement and voting.

Systemic risk
A risk that impacts the entire market, not just a particular stock or industry.

TCFD
Taskforce on Climate-related Financial Disclosures.

Voting When investors are shareholders in a company via the investments they hold, this typically provides them the opportunity to vote on company matters at meetings such as an annual general meeting (AGM). Issues that can be voted on include climate change plans, executive pay, the election of board directors and much more. However, this opportunity only arises with certain types of assets, such as equities. Additionally, a lot of voting is undertaken on behalf of pension schemes by Investment Managers, due to pension schemes typically being one of many investors in a fund that then invests in companies
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Appendix II: scenario analysis

Overview of approach

The Trustee previously carried out climate scenario analysis for the 2022/23 TCFD report. This was largely qualitative in nature with some light touch supporting quantitative analysis. This approach was adopted because the Scheme's strong funding position meant full stochastic strategy modelling was less relevant and had not been carried out in several years.

We have not carried out any interim scenario analysis since then, as little had changed in terms of the Scheme's strategy and funding objectives over this period and we are mindful of the limitations of scenario analysis.

This year, the analysis leveraged stochastic modelling that was undertaken to assist with wider discussions on the Scheme's long-term strategy. We combined this modelling with narrative-based climate scenarios and focused on determining the level of funding the Scheme is expected to achieve in 15 years under different climate scenarios. We focussed on the matching assets/risk buffer components of our strategy, given the primary objective of paying all promised benefits to members over time.

Under our re-framed component-based framework for the investment strategy, which is subject to final agreement with the Company, the Scheme will target a funding target of 112% on a gilts basis. This comprises funding to cover all promised benefits plus a risk buffer to protect against future adverse experience. This funding position is set to be large enough to cover the 1 in 50 downside risk which was shown to be 12% of gilts liabilities (using analysis as at 30 September 2025). This should allow for the Scheme to remain at least 100% funded in the event of a severe downside scenario over the next 15 years.

The focus for this part of the strategy is on maintaining the current funding position and managing residual risk within the Scheme where possible. Therefore, we have focussed this iteration of climate scenario analysis on this section of the strategy.

Climate change has the potential to pose both material risks and opportunities to pension schemes over all time periods. Therefore, it should be considered when thinking about the management of the funding and investment strategy.

The table below summarises the impact the three climate scenarios have on the following measures:

1. The Funding level for worst 1 in 50 outcomes over 15 years.
2. Likelihood of 115% funding in 15 years. *Note, the modelling has not been adjusted to allow for the expense reserve which is why the funding level including risk buffer starts at 115% as opposed to 112%.

The fact that the returns and downside risk are not significantly worse under any of the scenarios does not mean that climate risk is not important or that the Scheme is 'immune' to its effects. Instead, it implies that if the level of risk in the funding and investment strategy was acceptable, and since the scenario results suggest that this risk level is not materially different even when the model is significantly stressed, we can conclude that the funding and investment strategy is fairly resilient to climate risk at a strategic level.

Table 10 – Modelling output: current strategy

	Base	Green Growth (relative to base case)	Tech Triumph (relative to base case)	Climate Catastrophe (relative to base case)
Funding level – worst 1 in 50	105%	+1%	+4%	+8%
Likelihood of 115%* funding in 15 years	94%	-2%	+2%	-2%

Source: Hymans Robertson internal model, 30 September 2025 market conditions.

Reliances and limitations of scenario modelling

The economic scenario service ("ESS") used within the climate scenario modelling set out in this report uses probability distributions to project a range of possible outcomes for the future behaviour of asset returns and economic variables. The output compares portfolio returns over 10 years for the Scheme's broad asset allocation under the core ESS (ie a base case with no explicit allowance for climate risk) and the three climate change scenarios. It then calculates summary statistics based on the distribution of returns to provide a sense of how returns may differ under the base case and each of the three climate scenarios. The consideration of investment risks is at an asset class level and cannot take account of individual stocks, property assets, sustainable funds etc. However, the indicative output can be used to provide an overview of the strategic risks to which the Scheme is exposed.

This analysis only considers the impact on investment returns and not on liabilities or covenant. Climate risk can influence longevity outcomes both directly via temperature effects and indirectly through its influence on lifestyle, healthcare and other longevity- and mortality-related factors.

The expected asset returns used in this paper are an output of Hymans Robertson's ESS. This type of model is known as an economic scenario generator and uses probability distributions to project a range of possible outcomes for the future behaviour of different asset returns and economic variables. Like all models, ESS is based on a number of inputs and assumptions. Some of the parameters of the model are dependent on the current state of financial markets and are updated each month (eg the current level of equity market volatility), while other more subjective parameters that affect long-term distributions are reviewed once a year (or more often in response to significant market events).

Key subjective assumptions are the median excess equity return over the risk-free asset, the volatility of equity returns and the level and volatility of yields, credit spreads, inflation and breakeven inflation, which affect the projected value placed on liabilities and bond returns. The output of the model is also affected by other more subtle effects, such as the correlations between economic and financial variables.

The figures provided have been calculated using 5,000 simulations of ESS, calibrated using market data as at 30 September 2025. The results shown are based on the 15-year geometric average (returns are net of fees).