Taskforce on Climate-related Financial Disclosures ("TCFD") Report for the year ending 31 March 2026

SSE Southern Group of the ESPS

Introduction

This report sets out the approach of the Group Trustee of the SSE Southern Group of the ESPS ("the Group") to assessing, monitoring and mitigating climate-related risks in the context of the Group Trustee's broader regulatory and fiduciary responsibilities to their members.

The Group Trustee believe that climate change is a systemic risk and an immediate concern. To ensure a sustainable future and to safeguard economic growth, the Group Trustee believe that concerted global action is required to tackle the climate crisis. The Group is a long-term investor, and the Group Trustee believes that improved transparency on climate related matters will lead to improved investment decisions which in turn will improve member outcomes. This has created focus and an imperative to act.

Therefore, the Group Trustee is supportive of any initiative that helps improve disclosures and enhances transparency. The TCFD framework provides a structure for companies, asset managers, asset owners, banks and insurance companies to outline the steps they have undertaken to identify, manage and monitor climate related risks and opportunities. The framework is designed to increase comparability but allow sufficient flexibility to communicate the specific approach adopted by each entity. Therefore, the Group Trustee supports the TCFD recommendations.

From 1 October 2021, pension schemes above a certain size have been required to comply with the TCFD requirements for pension schemes. This is the Group's fourth disclosure to the TCFD and this statement is expected to evolve over time as the approach and actions taken develop. Regulation does not require the Group to submit this report as an individual scheme. The Group is part of the Electricity Supply Pension Scheme ("ESPS") and as the Scheme Trustee, Electricity Pension Trustee Limited ("EPTL"), is required to submit a TCFD report covering the ESPS in its entirety.

As such, the Group submits this report to demonstrate its commitment to addressing climate change within the Group's investment strategy, and the progress the Group has made with regards to Responsible Investment ("RI") considerations. This builds on a large amount of work that the Group Trustee has been doing to address climate related risks throughout recent years.

As well as developing the Group's own reporting for TCFD, the Group Trustee expects the Group's underlying investment managers and service providers to be aligned with TCFD. The Group Trustee will continue to monitor this through the regular reporting carried out.

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.

The disclosures are designed to make TCFD-aligned disclosures comparable, but with sufficient flexibility to account for local circumstances.

This report provides details of the Group's approach against the four pillars:

Governance
The Group's governance and oversight of climate-related risks and opportunities.

Strategy
The actual and potential impacts of climate-related risks and opportunities on the Group's investment strategy and financial planning.

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

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

The Group Trustee appreciate that the subject matter of this report is complex, with numerous disclosures that the Group Trustee must report on. As a result, there are technical terms and concepts that readers may be coming across for the first time. A glossary has been included in Appendix 1 that provides further explanation and detail.

Signed on behalf of the Group Trustee: _____

Date: _____

Report Summary

We have set out a summary of this report and the key highlights across each of the four pillars of TCFD below.

- **Governance**
  - There have been no major changes over the year to the Group Trustee's governance approach detailed in previous reports.
  - The Group Trustee has a Responsible Investment (RI) policy in place – available on the member website – that sets out the Group's approach to climate-related issues and the key roles and responsibilities with respect to climate change and broader Responsible Investment. Post reporting year-end, the Group Trustee performed an in-depth review of its RI beliefs and policy, the results of which will be detailed in the next reporting period.
- **Strategy:**
  - The Group Trustee last carried out scenario analysis for the 2022/23 report. Whilst the Group Trustee acknowledge the regulations state this is to be updated every three years, due to the timing of the Group's triennial valuation, the subsequent scenario analysis will be carried out in the second half of 2026. This means the results will not be included in this year's report but in the 2026/27 iteration. The Group Trustee believes this is the most pragmatic approach to avoid performing analysis using outdated member data and liability cashflows.
  - The Group Trustee meets with the Group's investment managers on an ongoing basis where the discussions cover RI considerations, including climate change. A log of these engagement activities is maintained and included in each Trustee meeting pack.
  - The Group Trustee has assessed how ESG considerations are integrated into specific asset classes and individual mandates. In early 2026, the Group Trustee undertook a review of its equity holdings and identified a degree of concentration risk, particularly to US markets and certain technology stocks. To address this, the Group Trustee switched one of its equity mandates to provide broader diversification across regions and sectors. Whilst this represented a move away from a stronger ESG tilted mandate, the Group Trustee considered the ESG impact alongside the broader investment risks and were comfortable with this decision. The decision was supported by the fact the new mandate is with L&G, a manager that continues to meet the Group Trustee's overall expectations and objectives in relation to ESG integration and effective stewardship.
- **Risk management:**
  - The Group Trustee has a risk management policy in place that shows how climate change is considered in all Group processes and integrated into overall risk management. The Group Trustee has a clear approach to the management of risks posed to the Group, which includes climate-related risks.
  - The Group Trustee has embedded the consideration of climate-related risks into its broader risk management approach and consider climate risks as part of all that it does (e.g. investment strategy reviews, engagement with managers, etc.)
- **Metrics and targets:**
  - The Group Trustee has selected several climate metrics by which to measure the Group's position and exposure to climate risks and opportunities.
  - The Group has a Weighted Average Carbon Intensity ('WACI') as at 31 December 2025 of 80 tCO2/$m Sales (Scope 1 and 2 emissions only). This is a reduction of c6% versus the position as at 31 December 2024.

  - The Group Trustee has set a data quality target for 2 of the Group's mandates: LGIM Buy & Maintain corporate bonds and Insight Secured Finance.
  - The Group Trustee aims to achieve a net zero position for all Group assets by 2050. Whilst this is not currently a formal target, the Group Trustee will use this aim to guide decisions and targets to be set within the individual mandates.

- **Next steps:**
  - Continue to regularly review the Group Trustee's approach to climate change and responsible investment beliefs, and thus the policies and processes in place to embed climate-related issues across the Group's management.
  - Refresh the climate scenario analysis following completion of the triennial valuation.
  - Undertake annual climate metric reporting against the chosen metrics for the Group, and use this to both monitor performance against the agreed targets and aid the Group Trustee in its investment decision-making as appropriate.

The Group Trustee will provide an update on these steps within the next report. The below pages detail the climate risk disclosures for the Group year ending 31 March 2026.

Governance

The Group's Responsible Investment (RI) policy covers broader aspects than just climate change and considers the whole ESG spectrum. However, this does include climate change and the Group Trustee gives climate change due consideration given its financial materiality. While TCFD focuses on climate change, the relevant sections in the Group's RI policy may instead refer to ESG/RI considerations more broadly.

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

The Group Trustee has undertaken training on climate change, specifically in relation to meeting the TCFD requirements, as well as training on wider ESG topics over recent years. Training will be undertaken as required to maintain the Group Trustee's knowledge and understanding of the topic and how it applies to the Group. Climate change topics were discussed more broadly during the year at meetings held by the Group Trustee.

The Group Trustee has a set of Responsible Investment (RI) beliefs in place for the Group, which include climate-related beliefs. These beliefs are documented in the Group's RI Policy and are reflected throughout the Statement of Investment Principles. The Group Trustee aims to review these beliefs at a high-level on an annual basis, with a more in-depth review being undertaken periodically when it is deemed appropriate to do so. The Group Trustee are undertaking a deep dive review at time of writing. Details of any discussions and subsequent changes will be included in the 2026/27 report.

The Group Trustee's RI policy outlines the Group's approach to climate-related issues and provides further details on oversight of climate risks and opportunities. The policy also sets out roles and responsibilities relating to climate-related issues and how these are brought to the Group Trustee's attention. This includes responsibility for ensuring all regulatory requirements are met and that the Group's governance processes are sufficient to ensure the proper management of all ESG related risks.

The Group's RI policy considers the whole ESG spectrum. However, this includes climate change, and the Group Trustee gives climate change due consideration given its financial materiality. Within this report, reference is made to climate change, however relevant sections in the RI policy may instead refer to ESG more broadly.

In fulfilling its duties, the Group Trustee delegates certain responsibilities to other parties.

The parties with a role in the Group's management, how they incorporate the identification, assessment and management of climate related risks and opportunities into that role, and the methods the Group Trustee uses to assess each party is set out in this document and in the section below. Group Trustee effectiveness reviews are carried out on at least an annual basis, which include assessment of the governance structures in place.

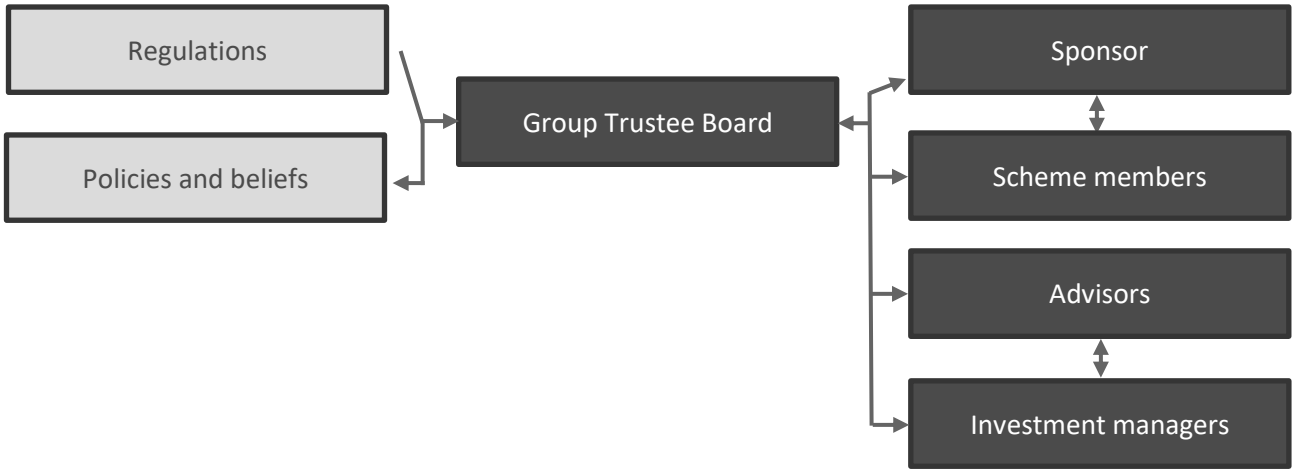
There are a number of responsibilities delegated to the investment managers of the Group's assets. These asset managers are monitored on an ongoing basis by the Group Trustee. The Group Trustee's investment advisor assists with the ongoing monitoring of the investment managers, including rating the approach of the managers with respect to climate related issues. Further details on these responsibilities are also included under Governance disclosure 2.

The Group Trustee maintains oversight of ESG-related risks and opportunities which are relevant to the Group through the governance processes in place. Within the Group's RI policy, the Group maintains a governance document, which records the current structure, the parties involved in the Group's management and their roles in identifying, assessing and managing climate-related risks and opportunities. The governance structure and relationship between the respective parties within the Group are also set out in the section below.

The Group's sponsor, SSE, maintains its own climate change Policy and Sustainability report. The Group Trustee maintains an ongoing dialogue with the Sponsor to ensure both parties are aware of each other's

approach in this area. The Group Trustee ensures those issues relevant to the Group are considered where appropriate and aim to ensure synergy between the Group and Sponsor's approach to climate related issues.

The current governance structure of the Group and key relationships is illustrated in the diagram below.



The Group Trustee's Q2 Trustee Meeting each year focuses on matters in relation to Responsible Investment, which facilitates the necessary and appropriate discussion with regards to RI considerations. In fulfilling the Group Trustee's duty, the Group Trustee delegates certain responsibilities to other parties (e.g. the Group's investment managers).

Governance Disclosure 2: Describe management's role in assessing and managing climate related risks and opportunities

There are several parties with a role in the Group's management and how they incorporate the identification, assessment and management of responsible investment, and in particular climate related, risks and opportunities. These parties and their role in the Group's overall approach to climate-related issues, including the assessment and management of climate risks and opportunities, is set out below alongside the methods that the Group Trustee uses to assess each party.

Ultimately, the Group Trustee has ownership of Group wide decisions. The Group Trustee however relies on input from its advisors and investment managers to assist with assessing and managing climate related risks and opportunities at the Group wide level. The Group Trustee has delegated responsibility to the Group's investment managers to assess and manage climate related risks and opportunities on a day-to-day basis for their respective portfolios that they manage on the Group's behalf.

It is also noted within the Group's RI policy those individuals and organisations (including the Group Trustee's advisors) that have oversight, accountability and manage responsibilities for climate-related risks.

Additionally, the Group Trustee maintain ongoing dialogue with the Group Sponsor, including regular updates provided by a Sponsor representative at Group Trustee meetings. This dialogue includes the Sponsor's approach to climate-related issues to ensure those relevant to the Group are considered where appropriate and ensure synergy between the Group and Sponsor's approach to climate related issues.

The Group Trustee
The Group Trustee has ownership of the overall investment strategy, including the implementation of the Group's RI Policy. The Group Trustee is expected to incorporate RI considerations into its management of the Group's assets, identifying and managing ESG related risks and opportunities in all areas including asset allocation decisions, manager appointments and its monitoring of the Group's current investment managers. In relation to RI, the Group Trustee aims to:

- Act in line with the beliefs and principles set out in the Group Trustee's agreed RI policy.
- Continue to progress towards becoming more active in all areas of RI.
- Meet the requirements of the new climate related regulations that came into force from October 2022.

In-house Pensions Team
The In-house SSE Pensions Team support the Group Trustee in the arranging of meetings and taking forward agreed actions between meetings. The Pensions Team also has responsibility to ensure appropriate levels of resource to complete all RI associated requirements, including TCFD reporting.

Investment Advisor
The Group's investment advisor, Hymans Robertson, are responsible for assisting the Group Trustee to ensure climate related risks and opportunities are embedded into all investment decisions. They provide advice and training to the Group Trustee regarding regulatory requirements and are expected to incorporate climate considerations into any advice regarding any strategy changes or manager appointment.

The Group Trustee has set objectives for its investment advisor which include objectives relating to the advisor's support in all RI considerations. The investment advisor is assessed against these objectives annually and the objectives themselves are assessed on at least an annual basis to ensure they remain appropriate.

Actuarial Advisor
The Group's actuarial advisor, Aon, are responsible for identifying any climate considerations which should be incorporated into the Group's funding strategy (both short and long term) and in the Group's integrated risk management plan. This will include the setting of individual financial and demographic assumptions.

Covenant Advisors
The Group Trustee's assessment of the covenant of the sponsor, SSE, is undertaken through ongoing dialogue with the Company as well as formal covenant reviews undertaken by Penfida. Penfida (and the Principal Employer as outlined above), within their reviews, are responsible for identifying any climate considerations which should be incorporated into the Group's strategic discussions and in the Group's integrated risk management plan.

Investment Managers
The Group's investment managers are expected to be, and indeed are responsible for, integrating ESG considerations, including climate change, to the extent possible, into their management of each of the Group's mandates. The Group's investment managers are expected to provide frequent reporting on ESG topics and provide updates at the quarterly manager meetings.

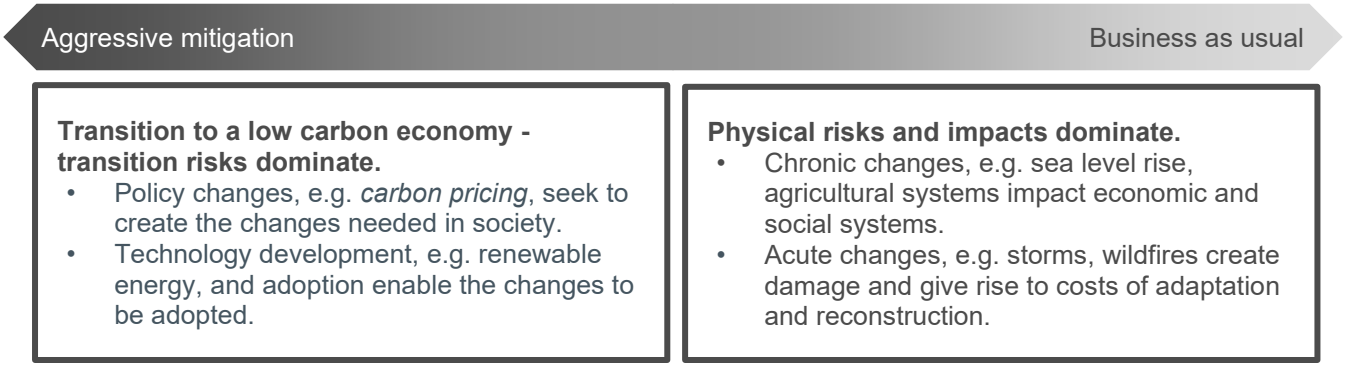
On the appointment of any new manager, the Group Trustee assesses each manger's RI capabilities, with assistance from their investment advisor, to determine if that manager's approach is aligned with the Group Trustee's RI Policy. Once appointed, the Group Trustee monitors all managers on at least an annual basis, assessing each manager's RI processes and policies, and challenging managers on any issues identified.

The Group Trustee also liaises with the investment managers in relation to RI matters, as required. The Group Trustee maintains a record which is updated based on information provided by and discussions held with the investment managers during Group Trustee meetings.

Strategy

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

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



The Group is a long-term investor. Given the nature of climate change and the time-horizons over which impacts of climate change may be felt, it can be expected that climate risk will impact the Group in various ways. However, it is important first to define the different time-horizons which the Group Trustee may consider, to clarify whether the different risks and opportunities arising from climate change may impact the Group in the short-, medium- or long-term.

In the context of the Group, the Group Trustee considers short, medium and long-term time horizons. The Group Trustee has defined what these time-horizons mean in more detail as set out below. The Group Trustee has reviewed these time horizons and adjusted them as necessary to reflect the time passing since the Group's last TCFD report. No changes were made to the methodology for determining the time horizons.

- **Short term:** period to the Group's next triennial actuarial valuation (2 years).
- **Medium term:** period to the Group's target date to be 100% funded on a gilts basis (4 yrs).
- **Long term:** period to be broadly aligned with the duration of the Group's liabilities at the most recent formal Actuarial valuation date (13 yrs).

Transition risks are expected to feature more prominently over shorter periods. This view is predominately driven by the likely escalation in climate change regulation over the short to medium term. Over longer periods, the Group Trustee expects physical risks to feature increasingly – however the balance between the transition risks and physical risks experienced will depend on the approach taken to climate change and the speed with which the world transitions to a low-carbon economy. Both transition and physical climate risks will impact the Group during its lifetime.

Risks relating to climate change are identified through the various processes involved in managing the Group, which are set out in the Risk Management section of this report. The Group Trustee maintains a climate risk dashboard which records risks identified through these processes and prioritises areas for action.

Climate risks may be identified, assessed and monitored in different ways. These approaches include looking at climate risks and opportunities in detail for each asset in which the Group invests. The Group Trustee considers climate risks at both an overall strategy level as well as with respect to each asset in which the Group is invested. The Group Trustee then engage with their individual investment managers on these assets and discuss where improvements can be made.

The Group Trustee assesses climate related risks and opportunities when setting investment and funding strategy, taking into account covenant, to ensure a holistic and consistent approach. The table overleaf sets out a summary of the key ESG risks the Group Trustee has identified and monitors at a Group level. To note, the Group Trustee has reviewed the short- and medium-term horizon impacts associated with covenant risk in past reports and ultimately decided to retain the current assessment. Whilst the Trustee acknowledges that the Company has a capital investment plan in place to accelerate progress towards net zero by 2027, the Group Trustee believes that the current assessment of medium remains appropriate.

The Group Trustee also monitors these at an individual manager level, which is available in Appendix 2. The Group Trustee also considers how the impacts of these risks will manifest over the short-, medium- and long-term. Further detail on the risk management processes in place for the Group are set out in the next section. The Group Trustee notes that climate-related risks and opportunities will evolve over time as more information and products come to the fore.

SSE Southern Group of the ESPS Climate Risks & Opportunities Dashboard - Group level							
Risk Area	**Climate Risks**						**Opportunities**
	Identified Risks	Impact			Mitigation/Actions	Action owner & Timescales for next steps	Identified Opportunities
		Short term	Medium term	Long term			
Investment	Short/medium term, exposed to risk through remaining equity exposure and credit asset allocations. Medium to long term plans will see increased exposure to UK government (through LDI), plus corporate bonds through Buy & Maintain mandate. Risk that ability of underlying investee companies in the credit portfolio to service debt could be impacted by transition or physical risks. Climate scenario analysis conducted in May 2023 highlighted that the investment strategy appears resilient, with the head in the sand (see description below) having the most potential to disrupt over the long term.	Low	Medium	Medium	Existing Buy & Maintain corporate bond mandate updated to incorporate explicit ESG related investment guidelines, to both reduce the Group's exposure to climate risk and align the portfolio to the UN Sustainable Development Goals (SDGs). Climate scenario analysis is being undertaken post the reporting year end, with outputs to be incorporated following completion of the Group's triennial valuation.	Owner: Hymans/ Group Trustee Timescale: H2 2026 for scenario analysis - revisit wider strategy as part of next triennial strategy review	Limited beyond current planned actions given the Group's low risk strategy and strong funding position. As part of future de-risking, potentially through buy-ins, we expect insurers will be seeking out climate positive 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	Longevity impact from climate change and potential uncertainties in the funding assumptions. Impact of climate change on longevity trends will take time to emerge so might expect minimal impact short term with the greatest potential impacts longer term. Inflation and interest rate changes impact liabilities.	Low	Low	Medium	Strong funding level provides buffer to mitigate impact of future longevity improvements. Group has high levels of hedging to protect the funding level against movements in interest rates and inflation. The Group Trustee is engaging with the Scheme Actuary to understand how climate-related risks are being reflected within actuarial advice, as part of the ongoing triennial valuation process (which is currently in progress).	Owner: Aon/ Hymans/ Group Trustee Timescale: Ongoing	Potential for buy-ins to hedge proportion of longevity risk and mitigate risk. Otherwise limited.
Covenant	Risk of Sponsor not meeting climate risk targets which may impact profitability and strength of covenant. Longer term physical risks could impact Sponsor assets and infrastructure leading to destruction of value. Reliance on Sponsor covenant is limited because of the Group's strong funding position but could increase in importance if funding level were to fall due to other risks outlined above.	Low	Medium	Medium	Strong funding position reduces Group's reliance on the Sponsor in the medium term. Group Trustee engages with the Sponsor on a regular basis as part of regular covenant monitoring. Sponsor has set strong business goals aligned to UN's Sustainable Development Goals and reports regularly against its targets. Sponsor has set net zero targets verified by Science Based Targets initiative. However, long-term success is reliant on achieving these targets, therefore flagged as Medium risk over the long term. Climate risk to be considered further in future covenant assessments.	Owner: Company/ Group Trustee Timescale: Ongoing - Group Trustee to engage with Company on progress against stated Net Zero targets. Consider whether further independent covenant assessment is required.	Sponsor's capital investment plan to accelerate progress towards net zero over five years to 2027 could see greater growth achieved.

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

The systemic nature of climate change risk has the potential to reduce returns across all asset classes and will have a macro-economic impact that could affect the entire Group. Equally, however, the need to transition to a low carbon economy and the innovation which that will require presents a number of potential investment opportunities.

Over recent years, the Group Trustee has dedicated considerable time and resource to ensuring that climate risk and opportunities are appropriately embedded within the investment processes. This has largely been in the form of engaging with the Group Trustee's investment managers and when setting investment strategy, considering the resilience of the strategy to climate change risks.

The Group Trustee has identified actions that will be important to undertake to manage climate risk as well as maintaining progress against the targets and commitments that have been agreed for the Group.

Climate change and broader Environmental, Social and Governance ('ESG') issues have been included within the Group's risk register. Whilst this has been discussed in further detail within the risk management section, the actions identified to manage and mitigate climate and ESG risks are set out below:

- Enhance the management of ESG issues and climate change, including new potential investment products;
- Monitor position of Government's approach to directing investment strategies via statutory guidance and legislation; and
- Increase the visibility of the Group's approach to climate change risk.

The Group Trustee has already undertaken activities to support these actions and manage climate risk to the Group. These actions include:

- The Group Trustee aims to meet at least annually with its investment managers where the discussions cover RI considerations, including climate change. A log of these engagement activities is maintained and included in each meeting pack.
- A dedicated session for considering Responsible Investment matters is held at each Q2 Trustee Meeting.
- The Group Trustee has agreed climate targets and will monitor performance against these targets on an ongoing basis, with this performance being considered as part of regular strategy reviews.
- When assessing strategy changes to be taken for the Group, the Group Trustee has considered the climate risks and ESG characteristics of each mandate when selecting the types of investment to increase/reduce exposure to.
- The Group Trustee undertook climate scenario analysis in the review of investment strategy as part of the Actuarial Valuation in 2023.
- The Group Trustee conducts an annual ESG policy review which includes reviewing their managers' stewardship policies and practices in relation to the Group Trustee's key stewardship themes. The Group Trustee also examines recorded evidence of the Group's equity managers' voting for and against management where appropriate, including on climate issues.
- The Group Trustee conducted the Group's first carbon footprint and ESG report in May 2021 to better understand the Group's exposure to these risks, with the aim of setting tangible targets for reducing the Group's carbon footprint over time. The Group Trustee performs this carbon footprinting exercise annually with a view to tracking progress over time.

- By including specific references to ESG and climate related risks within the objectives of the Group Trustee's investment advisor, the Group Trustee receives training as appropriate on the management of climate related risks and opportunities.
- The Group Trustee has assessed how ESG considerations are integrated into specific asset classes and individual mandates, for example to date:
  - Introduced climate aligned equity mandates and added specific climate aligned guidelines into the Group Trustee's existing Buy & Maintain mandate all with the aim to more closely align the Group's assets with the Group Trustee's RI beliefs. As noted earlier, the Group has since refined its equity allocation to improve diversification and manage concentration risk, while continuing to ensure the portfolio aligns with the Group Trustee's RI beliefs.
  - Considered the Group Trustee's RI beliefs and TCFD targets when redeploying a large amount of cash collateral within its LDI portfolio. This included allocating half of the cash being invested to the Group's Trustee's existing Buy & Maintain mandate, which has strong RI characteristics.
- The Group Trustee has analysed how different managers identify and monitor climate related risks, which will continue to increasingly be factored into the assessment and selection of managers/mandates.
- The Group Trustee's assumptions for the 2025 valuation considered the potential impact of climate risk on the Group's liabilities on an implicit basis, amongst other future uncertainties. The Group Trustee also engaged with their appointed covenant advisor on the potential impact that climate-related risks and opportunities may have on the covenant of the Sponsor.
- The Group Trustee has estimated the costs of the additional work undertaken to meet the requirements under the TCFD as well as additional actions that they may wish to undertake as part of the Group's financial planning and budget. However, there is an expectation that these costs will be negated over time through the reduced risk and improved position of the Group via lower impacts of climate change as well as taking advantage of climate-related opportunities.

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

To test the resilience of the Group's funding and investment strategy to climate risk, the Group Trustee previously carried out climate scenario analysis for the 2022/23 TCFD report, considering the Group's assets and market conditions as at 28 February 2023 with liabilities projected from the March 2022 valuation. The Group Trustee has not refreshed this analysis for the publication of this report. While the Group Trustee acknowledges the regulations state this is to be updated every three years, due to the timing of the Group's triennial valuation, the subsequent scenario analysis will be carried out for the Group Trustee's September 2026 Trustee meeting based on the new liability cashflows from the 2025 actuarial triennial valuation. This means the results are not included in this year's report but will be in the 2026/27 iteration instead.

The Group Trustee believes this is the most pragmatic approach as it avoids unnecessarily performing climate scenario analysis using data that is out of date and incurring costs to members to do so. The updated analysis, which will be performed in September 2026, will reflect the most up to date member and liability profile for the Group, therefore being more relevant and informative to members. This will include both quantitative and qualitative analysis consistent with industry best practice at the time of writing.

The 2022/23 analysis was undertaken to assess the resilience of the Group's combined funding and investment strategy over the short-, medium- and long-term time horizons (as detailed in the Group's 2022/23 TCFD report) to different climate scenarios with a focus on both upside and downside funding outcomes. These climate scenarios estimate the impact to the Group of temperature rises equivalent to 1.5°C, 2°C and 4°C above pre-industrial times, as detailed in the scenario graphic below. The Group Trustee has used these three scenarios

as, working in conjunction with their investment advisor, they believe these to be an appropriate assessment of the broad range of potential outcomes.

The scenario analysis was based on top-down analysis of the Group's strategy, using a model produced by the Group's investment advisor, Hymans Robertson. The scenario analysis considers the potential impact on funding outcomes under three scenarios, which differ by how quickly and decisively the world responds (or fails to respond) to climate change. The table below summarises these scenarios and how they correlate to the variance of the world's transition to a low carbon economy as outlined under Strategy disclosure 1.

Aggressive mitigation → Business as usual

Green Revolution	Delayed Transition	Head in the Sand
Concerted policy action starting now e.g. carbon pricing, green subsidies. Public and private spending on "green solutions". Improved disclosures encourage market prices to shift quickly. Transition risks in the short term, but less physical risk in the long term. High expectation of achieving <2°C warming.	No significant action in the short-term, meaning the response must be stronger when it does happen. Shorter and sharper period of transition. Greater (but delayed) transition risks but similar physical risks in the long term. High expectation of achieving <2°C warming.	No or little policy action for many years. Growing fears over ultimate consequences leads to market uncertainty and price adjustments. Ineffective and piecemeal action increases uncertainty. Transition risks exceeded by physical risks. Low/no expectation of achieving <2°C warming.

Timing of disruption — Immediate → 10+ years

Intensity of disruption — High → Very high

Climate Scenarios – Strategies tested

The Group Trustee performed climate scenario analysis allowing for the proposed changes to the investment strategy following the 2022 Actuarial valuation. This analysis formed part of the Group Trustee's decision-making process as to which investment strategies the Group should adopt moving forward. The Group Trustee considered:

- The potential impact of various climate scenarios on the revised investment strategy as proposed for immediate adoption following the completion of the 2022 triennial actuarial valuation; and
- The potential impact of various climate scenarios on the future investment strategies proposed under the Group's updated de-risking framework following the completion of the 2022 triennial actuarial valuation.

Climate Scenarios – Outputs

The Group Trustee considered two key outputs when understanding the resilience of the Group to each of the climate scenarios:

- 'Likelihood of success': this means the probability that the Group will be 100% funded (i.e. assets are at least equivalent to the liabilities) over the relevant time periods.
- 'Average of worst 5% of funding levels over X years': this means the possible fall in the funding level over the relevant time periods in the worst 5% of cases.

The output from the analysis is set out in Appendix 3.

Climate Scenarios – Conclusions

The key takeaway is that the investment strategies in the Group's de-risking framework are all relatively resilient to the climate stresses applied. This is the case over all time periods modelled, with a c7% range (-5% to +2%) of impact on probability of success around the central base case.

Over the medium term, 7-year horizon (*note: as the Group Trustee has not refreshed the climate scenario analysis this is the time horizon from the 2022/23 report)*, the "delayed transition" scenario has the greatest impact on funding outcomes (limited progress on climate preparations in the short term, with a sharp transition in the medium term that is highly disruptive for the global economy).

Over the longer term, the head in the sand scenario is most impactful on funding outcomes. Understandably, the variability around the base case increases over the long term, as the economic impacts from climate change are expected to be more pronounced over longer horizons.

It is important that, in absence of a strong belief of which climate scenario may transpire in practice, the Group continues to factor climate risk into all strategic, asset class and investment manager considerations and decision making.

Based on the output of the scenario analysis, the Group Trustee agreed to continue with the approach outlined above and integrate climate risk and opportunities into decision making where appropriate. This analysis is expected to be carried out on at least a triennial basis, alongside each future investment strategy review and triennial Actuarial Valuation. In the interim years, the Group Trustee will consider whether to refresh the analysis, stating whether or not they choose to do so and why in the relevant TCFD report covering that period.

Risk Management

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

As part of the Group Trustee's responsibility for the setting and implementation of the Group's Responsible Investment Policy, the Group Trustee must ensure that ESG related risks, including climate change, are identified, assessed and effectively managed. Therefore, it is crucial that the management of these risks is integrated into the overall risk management of the Group.

The Group Trustee delegates aspects of this responsibility to other parties, but retains overall oversight, as set out previously in the Governance section of this report. Below, where we have referred to ESG risks more broadly, this will include consideration of climate change risks.

The Group's risk management framework takes the form of a risk register which is monitored periodically.

At a simple level, the Group Trustee's risk management process comprises identification, assessment, monitoring and control of risk. The Group Trustee currently takes a top-down approach to risk management, which uses their strategic objectives as the starting point for their risk management process.

Climate risks are identified by the Group Trustee and their advisors as appropriate. Information from a number of sources is used to help identify risks and the Group Trustee and their advisors are responsible for identifying risks as appropriate. Once risks are identified, they are then evaluated and prioritised based on the overall threat posed to the Group. This helps the Group Trustee build up a picture of the Group's risks more widely and where climate-related risks sit in the overall risk management framework.

The Group Trustee will also undertake risk analysis at the individual asset level. This is known as a bottom-up analysis. In this instance, the Group's investment managers are also responsible for the identification and assessment of climate related risks and opportunities. This approach will use available information to assess the potential impact of climate-related risks to investment performance.

ESG and, in particular, climate related risks can be identified by various parties including the Group Trustee, investment managers or the Group's advisors as part of the ongoing management of the Group. ESG risks are identified as part of the following processes:

- **Investment strategy reviews –** The Group Trustee considers ESG risks as part of the Group's investment strategy reviews that are carried out alongside each Actuarial Valuation, and refreshed more frequently if required. These reviews cover the extent to which social, environmental and governance considerations are considered in the selection, retention and realisation of investments. The Group's investment advisors are expected to integrate ESG considerations into their strategy advice and to highlight any key risks that are included within any potential investment strategy.

- **Valuations and covenant reviews –** The Group Trustee also considers ESG 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 Group Actuary will incorporate the consideration of ESG risks in the actuarial assumptions advice and any projections which are considered to evaluate the possible long-term funding outcomes for the Group. When assessing the employer's covenant the Group Trustee takes into account the ESG risks to the employer.

- **Considering asset classes –** When assessing new asset classes, potential ESG risks are assessed and discussed as part of the training provided to the Group Trustee. Key ESG risks are taken into account when comparing alternative options.

- **Selection of investment managers –** When appointing a new investment manager, the Group's investment advisor 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 the Group Trustee to identify potential risks when comparing potential providers. The Group's policy also requires Investment Managers to engage on ESG issues and only divest once attempts to engage have been exhausted or for reasons other than ESG/ climate related issues.

- **Individual mandates and investments –** The Group Trustee also undertake risk analysis at the individual asset level and have adopted enhanced management of ESG issues and climate change, including new potential investment products. In this instance, the Group's investment managers are responsible for the identification and assessment of ESG, including climate related, risks and opportunities and will be expected to identify and disclose these risks to the Group Trustee in the following ways:
  - As part of their regular reporting, as investment strategy is subject to regular review by the Group Trustee;
  - During their presentations when meeting with the Group Trustee;
  - By providing climate metric data in line with the TCFD requirements; and
  - By providing any relevant scenario analysis.

The Group Trustee meets with each of the Group's current investment managers periodically to gain an in-depth understanding of each managers' process and the risks inherent in each of the mandates. At these meetings each manager is asked to identify their view of the key ESG related risks facing the portfolio at that time. This assessment may be qualitative or quantitative depending on the type of mandate and data available. Any key risks identified are discussed by the Group Trustee and monitored on an ongoing basis within the climate risk dashboard.

We note that evaluation of ESG related risks and opportunities is based on relevant information and tools being available, as well as the quantification of ESG and climate-related risks and opportunities being a developing area based on continuously emerging information and evolving best practice. The Group Trustee actively engage with all managers to promote improvement in this area.

Risk Management Disclosure 2: Describe the organisation's process for managing climate-related risks

Once risks are identified and added to the risk register, they are then evaluated and prioritised based on the overall threat posed to the Group.

The Group Trustee prioritise risks based on the size, scope and materiality of the risk event. This includes rating the likelihood and impact of the risk event to produce a score reflecting the threat that the risk event poses to the Group, then making a decision on the appropriate action (mitigation, control or acceptance) based on this score and available courses of action. Rating the risk's likelihood and impact may be informed by scenario analysis and calculated metrics where relevant. This helps the Group Trustee build up a picture of the Group's risks more widely, and where ESG risks sit in the overall risk management framework.

Risks and opportunities should be considered in absolute terms and in relation to the risk appetite of the Group. Risk appetite can be defined in terms of a willingness to take risk or the acceptability of risk.

Once the risks facing the Group have been considered and prioritised, mitigation strategies will be established and monitored to ensure that they remain effective. The Group Trustee will delegate the management of certain risks to other parties, as set out in the Governance section. Risks that are deemed to be high in likelihood, impact, or both after allowing for mitigating controls are deemed to take priority for future action.

An action in the context of risk management will aim to either introduce an additional control to mitigate the likelihood of a risk occurring, or reduce the impact of a risk should it occur. This discussion will also consider whether additional Group Trustee training is required.

Expectations of investment managers
The Group Trustee's expectations of the investment managers regarding the integration of ESG risks are set out in the Group's Statement of Investment Principles (SIP) and Responsible Investment policy. The Group Trustee monitors the ESG activities of all managers through regular reporting and meetings, as set out above.

In summary, the Group Trustee will expect all of its investment managers to:

- be aware of the investment risks and opportunities associated with climate change;
- incorporate climate considerations into the investment decision making practices and processes; and
- monitor and review companies and assets in relation to their approach to climate change.

The Group Trustee engages 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 instructing managers to disinvest from certain investments, e.g. sectors or geographical regions, or by disinvesting from specific investment mandates. A carbon footprint and ESG review is also undertaken annually and reported to the Group Trustee to assist with engagement.

The Group Trustee maintains an ESG log which is updated based on the information provided by, and the discussions held with, the Group's investment managers.

In addition, the Group Trustee, with the assistance of its investment advisor, prepares an annual Implementation Statement which assesses the engagement and voting activities of relevant investment managers and is used to monitor managers' activities in this area.

Stewardship
The Group's approach to stewardship is also a key aspect of the management of climate-related risk. The Group Trustee expects their 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.

The Group Trustee has a documented policy that sets out the processes by which investee companies are engaged with on climate-related issues. This is done through delegated engagement via the investment managers and ongoing monitoring of this engagement activity undertaken by the Group Trustee and their investment advisor. This includes understanding the asset managers' approach to voting in relation to climate-related issues and engaging with those asset managers where the Group Trustee feels that the manager's approach is not aligned with the Group Trustee's agreed objectives for the Group.

The Group Trustee receives annual reports from their investment advisor on engagement and voting activities of investment managers. These are used to monitor performance in line with the agreed beliefs and resulting expectations for investment managers as well as any requirements within mandates in place.

Where investment managers are not performing in line with expectations, the Group Trustee engages further with the manager to understand why and work to improve the performance, further to which the Group Trustee will consider undertaking a formal review of the manager if this does not occur.

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

As set out under Risk Management Disclosure 1, the management of ESG risks is integrated into the Group's current risk management processes in the following ways, with all risks considered in the context of the overall risks inherent in any strategy:

- **Valuations and covenant reviews** – When assessing the employer's covenant, the Group Trustee reviews the employer's plans to manage the ESG risks identified. The Group Trustee considers the extent to which any adjustment is needed to the funding approach or strategy as a result 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 Group and may consider the appropriateness of actuarial assumptions and of overall security provided to the Group.
- **Setting strategy and choosing asset classes** – Determining whether exposure to any asset class should be reduced, increased or avoided in light of the ESG risks identified.
- **Selection of investment managers** – The Group Trustee considers whether or not 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.
- **Monitoring current investment managers / individual mandates and investments** – The Group Trustee expects the Group's investment managers to manage the ESG risks identified within their own mandates by:
  - Integrating the analysis of these risks into the overall assessment of any potential investment (where this is possible to do e.g. in actively managed mandates).
  - Engaging with investee companies where risks have been identified, to understand and encourage their management of ESG and in particular climate related risks.

The Group Trustee sets the overall strategy and risk budget for the Group and covers responsible investment matters, including the integration of climate change within the Group's investment strategies.

Climate change is included within the Group's risk register in the context of the risk of the investment strategy or investment managers underperforming. Relevant controls and mitigating actions are also documented. The risk register is reviewed periodically by the Group Trustee.

As set out above, the Group will regularly monitor and challenge all of its investment managers to support any formal Net Zero commitments made and the targets set by the Group. This will also include a review of the voting and engagement activities carried out in respect of climate change where appropriate. During the year, the Trustee reviewed the managers policies and practices in relation to the Group's key stewardship themes, including climate and Net Zero, and were satisfied that the investment managers continued to make satisfactory progress.

Consistent with the Group's investment strategy, engagement is also a long-term approach with the goal for companies and economies globally to be carbon neutral by 2050, and to enable those companies to transition effectively to a carbon neutral economy.

Climate risks are identified by the Group Trustee and their advisors as appropriate. These risks are then added to the Group's' s risk register which forms part of the Group's overarching Integrated Risk Management approach and framework. This includes rating the likelihood and impact of the risk event to produce a score reflecting the threat that a potential climate risk event poses to the Group, then deciding on the appropriate

action (mitigation, control, or acceptance) based on this score and available courses of action. Appropriate controls and mitigating actions are determined and put in place as part of the process to add these risks to the risk register.

Metrics and targets

Metrics and targets Disclosure 1: Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

The Group Trustee receives carbon footprinting analysis and wider ESG reporting from its investment advisor Hymans Robertson on an annual basis. The monitoring carried out covers a variety of climate-related metrics based on the underlying assets held within the Group's mandates. The Group Trustee believes it is important to consider a variety of metrics on a holistic basis, covering both forward and backward-looking metrics.

Carbon equivalent risk metrics will form an important part of the Group's investment decision-making process to measure, manage and disclose climate risk. The selected metrics will also aid the Group Trustee in identifying opportunities for further engagement with investment managers and underlying investee companies.

This report focusses on the mandatory metrics which all pension schemes are asked to monitor and report against for TCFD purposes. The Group Trustee appreciates that no single metric is perfect and therefore monitors a suite of metrics. This approach enables the Group Trustee to take a more holistic view of the risks facing the Group's investment strategy.

The TCFD requirements have set out clearly defined expectations for the categories of metrics that must be measured and reported on. For clarity, the Group Trustee has set out those requirements below:

- 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 for the emissions intensity-based metric.
- An **additional climate change metric** that is non-emissions based;
  - There is a wide variety of outcome based and process-based metrics that may be chosen.
- A **forward-looking portfolio alignment metric**:
  - There are three different portfolio alignment metrics that may be chosen.

The Group Trustee's metrics are set out in the table below.

Type	Metric	Measurement
Absolute Emissions Metric	Total Greenhouse Gas (GHG) emissions	The total volume of scope 1 and scope 2 emissions from the Group's assets – Measured in tons of CO_{2e}
Emissions Intensity Based Metric	Carbon footprint	The total volume of scope 1 and scope 2 emissions per unit of capital invested from the Group's assets – Measured in tons CO_{2e} per £m EVIC (Enterprise Value Including Cash)
	Weighted Average Carbon Intensity (WACI)	The total 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 Group's assets – Measured in tons CO_{2e} per $m revenue generated
Additional climate change metric (non-emissions based)	Data quality – A measure of the level of actual and estimated data available from the Group's managers.	% of mandate for which actual data (as opposed to estimated or modelled data) has been used to calculate carbon footprint
Portfolio alignment metric	Binary target measurements	% of underlying assets that have specific net zero targets

Many climate-related metrics are based on the level of Greenhouse Gas (GHG) emissions that are related to a particular asset or investment. Greenhouse Gas emissions are categorised into 3 scopes:

- **Scope 1** – All direct GHG emissions from sources owned or controlled by the company (e.g., emissions from factory operations).
- **Scope 2** – Indirect GHG emissions that occur from the generation of purchased energy consumed by the company.
- **Scope 3** – Indirect emissions that arise as a consequence of the activities of the company e.g. 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.

Although the Group Trustee aims to gather scope 3 data for the Group's investments where available, this is currently not well reported on, and so the Group Trustee has split out the scope 3 data in this year's report where available in order to be more clear as to where data gaps lie/due to lack of information received by managers/due to lack of reported data.

The Group Trustee acknowledges that there are limitations in the data available from investee companies on emissions of greenhouse gases, particularly for scope 3 emissions as noted above. Where these limitations in data exist, the data may be estimated or not yet reported/missing. The Group Trustee will seek to obtain information, where it is currently missing, for future assessments. In the meantime, the results of the above metrics have been understood to be reflective of the portfolio, but the limitations of data availability is noted when using the metrics 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 greenhouse gas emissions data provided by the Group Trustee's 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 on a more frequent basis, the data is not all at the same date. Data has been sourced from a combination of the investment managers and the Group Trustee's investment advisor, using data from a third party source for listed assets.

Notes: The Group Trustee changed how it reports carbon footprint in the following tables in 2025/26. Historically, this metric was reported on a market cap basis, whereas now carbon footprint is assessed on an EVIC basis (Enterprise Value Including Cash), meaning the full capital structure (debt and equity) of the company under assessment is being accounted for. When the Group Trustee first started reporting on climate metrics for its TCFD disclosures, EVIC data was low on quality and coverage. This has evolved in recent years, such that measuring carbon footprint on an EVIC basis is now the industry standard for best practice. Partners illiquid debt has been removed from the tables as the final cash proceeds from the mandate were returned to the Group by year end.

Asset Class	Manager	Long-term importance	Date of measurement	Total carbon emissions – Scope 1+2 (tCO_2)	Carbon footprint – Scope 1+2 (tCO_2/$m EVIC)	WACI – scope 1+2 (tCO_2/$m sales)
Global Equities (Passive)	L&G	High	31/12/25	2,303	20	62
Multi-Factor Developed Equity[i]	L&G	High	31/12/25	8,435	71	116
Property[ii]	CBRE	Very low	31/12/24	1,550	N/A	0.03
Corporate Bonds (B&M)	L&G	High	31/12/25	13,982	24	76
Secured Finance bespoke[iii]	Insight	High	31/03/26	323	N/A	N/A
Liability Driven Investment (LDI)[iv]	L&G	High	31/03/26	79,084	N/A	N/A

Notes: Figures rounded to nearest whole number. Total carbon emissions is calculated as carbon footprint multiplied by size of the Group's holding in £m converted to $m using the exchange rate at the date of the data. [i] The L&G RAFI Multi-Factor Developed Equity fund was invested on 23 February 2026, with a corresponding disinvestment from Storebrand. For the purposes of reporting (as at 31 December 2025), to better reflect the current and future exposure data for the Multi-Factor fund has been used as opposed to the Storebrand fund. [ii] Property analysis as at 31 December 2024 as 2025 data was not available at the time of writing. The carbon footprint and WACI of the property portfolio has been calculated as tCO_2/m^2 of floor space and WACI includes scope 3 emissions as CBRE are no longer able to strip this out. The methodology used by CBRE to calculate the carbon metrics has changed from the previous report which has contributed to an increase in some of the metrics and resulted in CBRE no longer providing a separate carbon footprint and WACI measurement [iii] The Group Trustee is engaging with the manager on the provision of carbon data but recognise that data quality and coverage is very limited given the nature of the asset class [iv] 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. LDI data is currently unable to be aggregated with other carbon data. Total carbon emissions for LDI mandate includes leveraged positions and carbon footprint and WACI are measured in tCO_2/ £m invested and tCO_2/£m revenue respectively.

The methodology for scope 3 emissions is currently less well defined than for scope 1 and 2 emissions; therefore, this has been kept separate from the table above. Additionally, in part due to the complexities of measuring scope 3 emissions in a consistent way, data for scope 3 emissions is a lot harder to gather from the fund managers and underlying investee companies. As a result, and as may be expected, the Group's assets have poorer coverage of scope 3 data than for scope 1 and 2. The scope 3 emissions, where available, have been set out in the table below.

Asset Class	Manager	Long-term importance	Date of measurement	Total carbon emissions – Scope 3 (tCO_2)	Carbon footprint – Scope 3 (tCO_2/$m EVIC)	WACI – scope 3 (tCO_2/$m sales)
Global Equities (Passive)	L&G	High	31/12/25	24,185	205	988
Multi-Factor Developed Equity[i]	L&G	High	31/12/25	67,398	566	1,282
Property[ii]	CBRE	Very low	31/12/23	10,319	N/A	N/A
Corporate Bonds (B&M)	L&G	High	31/12/25	77,486	132	633
Secured Finance bespoke[iii]	Insight	High	N/A	N/A	N/A	N/A
Liability Driven Investment (LDI)[iii]	L&G	High	N/A	N/A	N/A	N/A

Notes: Figures rounded to nearest whole number. WACI emissions measured in $m invested for scope 3 emissions as £m is not available from the third party data supplier. Total carbon emissions is calculated as carbon footprint multiplied by size of the Group's holding in £m converted to $m using the exchange rate at the date of the data. [i] The L&G RAFI Multi-Factor Developed Equity fund was invested on 23 February 2026, with a corresponding disinvestment from Storebrand. For the purposes of reporting (as at 31 December 2025), to better reflect the current and future exposure data for the Multi-Factor fund has been used as opposed to the Storebrand fund. [ii] Property analysis as at 31 December 2024 as 2025 data was not available at the time of writing. The carbon footprint and WACI of the property portfolio has been calculated as tCO_2/m^2 of floor space. The methodology used by CBRE to calculate the carbon metrics has changed from the previous report which has resulted in CBRE being unable to disaggregate WACI by scope for the time being [iii] Scope 3 data was not available at the time of writing. The Group Trustee will continue to engage with the relevant managers to drive improvements in data coverage and quality going forward, with a view to including more meaningful figures in future reports.

The other metrics chosen by the Group Trustee for the Group's assets were also measured over the period, as shown in the table below.

Asset Class	Manager	Date of measurement	% of underlying assets that have specific net zero targets	% of mandate for which actual data (as opposed to estimated or modelled data) has been used to calculate carbon footprint
Multi-Factor Developed Equity[i]	L&G	31/12/25	51%	94%
Global Equities (Passive)	L&G	31/12/25	60%	92%
Property	CBRE	31/12/24	100%	85%
Corporate Bonds (B&M)	L&G	31/12/25	49%	69%[iv]
Secured Finance bespoke[iii]	Insight	31/03/26	N/A	8%[ii]
Liability Driven Investment (LDI) [iii]	L&G	N/A	N/A	N/A

Notes: Data from Investment Managers and the Group's carbon footprinting report (MSCI). [i] The L&G RAFI Multi-Factor Developed Equity fund was invested on 23 February 2026, with a corresponding disinvestment from Storebrand. For the purposes of reporting (as at 31 December 2025), to better reflect the current and future exposure data for the Multi-Factor fund has been used as opposed to the Storebrand fund. [ii] Data coverage is for total carbon emissions as carbon footprint data not available from manager. [iii] The Group Trustee is engaging with the manager on the provision of data but recognise that data quality and coverage is very limited given the nature of the asset class. [iv] As at 31 March 2026

Currently, a proportion of the Group's holdings are unable to be measured across the different metrics. This is in part due to the nature of some investments and the difficulties in measuring climate metrics across these types of investments. Some of the Group's investment managers also do not currently monitor these metrics and so are unable to provide data at present. As part of ongoing dialogue with managers, the Group Trustee will strive to improve the managers' provision of non-emissions data over time, to ensure it receives a fuller picture of the Group's position.

In attempts to address this, the Group Trustee discussed climate data availability with Insight at a manager focused RI day as noted in the Governance section. The Group Trustee have also set data quality targets for the Group's mandate with Insight of which the manager is aware. Data availability and quality will remain a topic for discussion when the Group Trustee is meeting with the manager going forward.

Metrics Data – Group level

The carbon data included within this section only considers the L&G RAFI Multi-Factor Developed Equity Fund, L&G Future World, and L&G B&M mandates. Data for the Group's other mandates were either unable to be measured or unable to be aggregated with other mandates. The assets in this section represent c40% of assets based on their target allocations.

The Group has a Weighted Average Carbon Intensity ('WACI') as at 31 December 2025 of 80 tCO2/$m Sales (based on target allocations as at 31 December 2025). This is a reduction of c6% versus the position as at 31 December 2024 (85 tCO2/$m Sales) but remains slightly higher relative to an equivalent figure of 67 for the corresponding composite Group benchmark. The relative decrease in the Group's WACI was smaller than that seen in the benchmark (i.e. the WACI gap between the Group and the benchmark has widened).

The Group's B&M holding remains the largest contributor to total WACI given its size; however, the WACI for this mandate decreased significantly compared to the benchmark over the year which is a positive sign. As previously noted, during the year, the Group Trustee reviewed its equity allocation and replaced the Storebrand fund with the L&G RAFI Multi-Factor Developed Equity fund for strategic reasons. Whilst this represents a move away from a fund which performs very well from a carbon metric standpoint, the Group Trustee remains satisfied that the overall equity portfolio continues to align with the Group Trustee's RI beliefs. This move also helps to explain why the aggregate WACI figure underperformed the benchmark over the year as the RAFI mandate is typically more titled towards companies which perform less well from a carbon standpoint compared to the Storebrand mandate.

In future reports, the Group Trustee will monitor these metrics on at least an annual basis and assess whether performance has improved or deteriorated over time. Where deterioration is identified, the Group Trustee will engage further to understand the drivers and consider any appropriate remedial actions. These metrics will also be used to monitor performance against the Group's climate-related targets (see Metrics and Targets Disclosure 3).

The Group Trustee acknowledge that at this point, limited data is available on industry wide comparisons and the Group Trustee has relied heavily on the benchmark set for each fund and the market knowledge of its advisors in understanding how well the funds are performing from a climate risk perspective, and whether further improvements could be made at this stage.

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

Given the nature of the assets and availability of data, the Group Trustee consider targets on a mandate-by-mandate basis to appropriately reflect the action that can be taken and the key priorities for that mandate. For example, for some mandates the current priority is to improve data in the first instance to enable the Group Trustee to set more meaningful targets in future, whereas for other mandates, agreeing a path towards carbon emissions reduction and net zero for all holdings is the key priority.

Emissions reduction targets

As discussed in the 2024/25 TCFD report, the Group Trustee met both its short- and long-term targets in relation to emissions reductions quicker than anticipated due to the effort the Group Trustee has made in recent years to improve the carbon credentials of the Group's assets.

Meaningful reduction in emissions going forward will be driven by strong engagement with the Group Trustee's managers and in turn the underlying investee companies that the mandates are investing in, to improve both data quality and their carbon credentials. As such, the Group Trustee will focus its efforts on engagement and progressing the data quality standards, both of which the Group Trustee acknowledges will take time to see tangible results come through in the data metrics.

Data Quality Target

Given the current low levels of data available from some of the Group's investment managers and the Group Trustee's focus on engagement with managers to improve this data, the Group Trustee has set a data quality target for some of the Group's mandates where data availability is most limited.

The Group Trustee 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, i.e., the % of portfolio where given type of data is available.

Score	Emissions data requirements	Current mandate score
4 – Excellent	At least 90% of actual data available OR >95% overall coverage including at least 75% actual data	L&G RAFI Multi-factor Developed Equity [i], L&G Future World[i]
3 – Good	At least 65% actual data available OR >75% overall coverage including at least 50% actual data	L&G Buy & Maintain corporate bonds[iii], CBRE Property[ii]
2 – Adequate	At least 45% of actual data available OR >75% overall coverage using estimates	L&G LDI[iii]
1 – Poor	Less than 45% of actual data available OR <75% overall coverage using estimates	Insight Secured Finance[iii]

Source: Investment Managers and the Group's carbon footprinting report (MSCI). Coverage only considers emissions data.
[i] As at 31 December 2025 [ii] As at 31 December 2024 [iii] As at 31 March 2026

To date, the Group Trustee has agreed the following targets for the Group's investment mandates as at 31 March 2026:

- L&G Buy & Maintain to achieve a data quality score of 4 within the next 2 years (up from 3 at present day).
- Insight Secured Finance mandate to achieve a data quality score of at least 2 within the next 2 years (up from 1 at present day)

The Group Trustee has reviewed the data quality scores across mandates over the period. For the L&G Buy & Maintain mandate, the data quality target was increased in the 2025/26 reporting year to encourage further improvement. The mandate has maintained a score of 3 over the period and the Group Trustee will continue to engage with the manager with the objective of achieving a score of 4 over time.

The CBRE UK property mandate has also improved from a data quality score of 2 to 3 since last year, demonstrating progress in the availability and coverage of underlying data.

Conversely, the Insight mandate continues to have relatively limited data availability and remains at a score of 1. The Group Trustee will continue to engage with the manager to encourage improvements in data quality and coverage where possible.

More broadly, the Group Trustee recognises that improvements in data quality are partly dependent on the availability and reliability of third-party data. As such, ongoing engagement with investment managers remains the primary mechanism for driving improvements in both the availability and quality of climate-related data.

Net zero ambition

In addition to the targets above, the Group Trustee aims to achieve a net zero position for all Group assets by 2050. Whilst this is not currently a formal target, the Group Trustee will use this aim to guide decisions and targets to be set within the Group's individual mandates.

The Group Trustee is comfortable that this ambition is in line with its fiduciary responsibility to the Group and its members. The Group Trustee's key aim is to make a real-world impact on global emissions, which will be achieved through engagement with the Group's investment managers in relation to their policies and processes, as well as the reallocation of capital where appropriate.

The Group Trustee will continue to work with the Group's managers to gather the relevant data to allow well informed targets to be put in place which are appropriate for each asset class. The Group Trustee expects different parts of the portfolio to follow different trajectories as it works towards this aim. This commitment is based on the expectation that governments and policy makers will deliver on their commitments to achieve the 1.5°C temperature goal of the Paris Agreement.

As part of the deep dive review of the Group Trustee's RI beliefs being undertaken post reporting year end, the Group trustee will also review the net zero ambition.

Targets Summary

The Group Trustee will undertake an annual review of the targets, to ensure that they remain appropriate and challenging, given the ever changing economic, environmental and technological environment. These reviews will look for opportunities to introduce net zero targets where this is considered reasonable.

As described in detail above, the Group Trustee's efforts are focused on engagement with the Group's managers, and in turn the underlying investee companies that the mandates are investing in, to improve both data quality and their carbon credentials. As such, the Group Trustee will focus on engaging with L&G and Insight to ensure they meet the data quality targets set for their mandates as described above.

The ability for diversified investors (such as pension funds) to set meaningful climate targets is inhibited by the limited availability of credible methodologies and data currently available. Like most investors, the Group Trustee is supportive of the development of target-setting methodologies, and of the increasing completeness of carbon datasets. The Group Trustee wishes to set meaningful and challenging climate targets for its investment portfolio and work is underway to assess options within the limitations of currently available data.

Appendix 1 – Responsible Investment Glossary

Fiduciary responsibilities: The responsibilities of the Group Trustee to act in the best interests of the Group's beneficiaries (i.e. Group members).

Systemic risk: Systematic risk refers to a risk that impacts the entire market, not just a particular stock or industry.

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

Net Zero: Net zero refers to the amount of all greenhouse gases (which includes but is not limited to carbon dioxide) being emitted being equal to those being removed. It typically also includes reduction of total emissions as much as possible, with only the remaining unavoidable emissions being offset.

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 these costs back to the source of the emissions through a price, usually in the form of a price on the carbon dioxide (CO2) emitted.

Macro-economic: The area of economics concerning with large-scale (e.g. national or international) or general economic factors, such as interest rates and inflation.

Low carbon economy: An economy based on energy sources that produce low levels of greenhouse gas (GHG) emissions.

Stewardship Code: The UK Stewardship Code 2020 sets high stewardship standards for those investing money on behalf of UK savers and pensioners, and those that support them. Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. To become a signatory to the Code, organisations must submit to the FRC a Stewardship Report demonstrating how they have applied the Code's Principles in the previous 12 months.

Scope 1: 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: Indirect Emissions from electricity purchased and used by the organisation. Emissions are created during the production of the energy and eventually used by the organisation.

Scope 3: All Other Indirect Emissions from activities of the organisation, occurring from sources that 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.

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

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

Transition pathways: Technologically achievable, scientifically-derived, decarbonisation roadmaps which are being developed for high-emissions sectors.

Financial Stability Board

The Financial Stability Board is 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")
Greenhouse gases are 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").

Weighted Average Carbon Intensity
A measure of a portfolio's exposure to carbon-intense companies. This is expressed in terms of tons of CO2 equivalent emitted per million dollars of revenue, weighted by the size of the allocation to each company. Is measured using scope 1 + scope 2 emissions. Scope 1 emissions are those from sources owned or controlled by the company, typically direct combustion of fuel as in a furnace or vehicle. Scope 2 emissions are those caused by the generation of electricity purchased by the company.

Total Carbon Emissions
This represents the portfolios estimated Scope 1 + Scope 2 greenhouse gas emissions. This is expressed in terms of thousand tons of CO2 equivalent emitted by the companies invested in by the portfolio, weighted by the size of the allocation to each company.

TCFD: Taskforce on Climate-Related Financial Disclosures.

Appendix 2 Copied – Climate Risk Dashboard (mandate level)

SSE Southern Group of the ESPS Climate Risks & Opportunities Dashboard - mandate level (1)									
Asset class	Manager/ target allocation	Materiality of asset class in the long-term strategy	Identified Risks	Impact			Mitigation/Actions		Identified Opportunities
				Short term	Medium term	Long term	Identified	Action owner & Timescales for next steps	
Multi-Factor Equity	L&G 5%	High Likely to form part of the Group's long term strategy	Large exposure to US (c.61%) where climate reporting and disclosure typically lags Europe. No explicit ESG or climate tilts within the strategy, meaning the mandate may retain exposure to companies with weaker ESG characteristics relative to more explicitly ESG-integrated approaches.	Low	Medium	Medium	Stocks on the L&G Future World Protection List are removed from the fund's investment universe. Diversified multi-factor approach reduces concentration in a small number of high-profile companies compared to market cap approach, slightly lowering exposure to single-company ESG risks and controversies.	Owner: L&G Timescale: ongoing	Trustee could engage to ensure L&G's firmwide targets are met and manager is managing risk effectively.
Global Equity	L&G 5%	High Likely to form part of the Group's long term strategy	Large exposure to US (c.61%) where climate reporting and disclosure typically lags Europe.	Low	Low	Medium	Index is designed to tilt towards companies with higher ESG scores as determined by L&G using 34 underlying indicators. Stocks on the L&G Future World Protection List are removed from the fund's investment universe. Good integration of climate risk to portfolio construction. Short / medium term risks seen as low, long term risks are inherently higher but currently well managed. See LDI section for L&G company-wide actions.	Owner: L&G Timescale: ongoing	Limited given already strong climate credentials of mandate and pooled fund. Trustee could engage to ensure L&G's firmwide targets are met and manager is managing risk effectively.
Property	CBRE 0%	Low Being removed from asset allocation in a phased way.	Holdings are wholly in the UK, which exposes the fund to risk of increasing regulation in the UK. Potential for new emissions and efficiency regulations to negatively impact holdings. Exposure to tenants whose business and therefore rents may be impacted following the impacts of transition risks. Risk of stranded assets, if buildings are not meeting the green transition criteria. Tax imposed on property owners for carbon embodied in the buildings.	Low	N/A	N/A	Group Trustee set manager a data quality improvement target over 5 year period which CBRE had achieved in 2024. Data coverage has continued to rise since (from c65% to c85% over the 2025/26 reporting period) Manager has produced a firm-wide climate report, aligned with TCFD which includes Firm-level updates on carbon emissions targets.	Owner: CBRE Timescale: N/A	Limited

SSE Southern Group of the ESPS Climate Risks & Opportunities Dashboard – mandate level (2)									
Asset class	Manager/ target allocation	Materiality of asset class in the long-term strategy	Identified Risks	Impact			Mitigation/Actions		Identified Opportunities
				Short term	Medium term	Long term	Identified	Action owner & Timescales for next steps	
Buy & Maintain Corporate Bonds	L&G 30%	High Likely to form part of the Group's long term strategy	Large exposure to US issuers where climate reporting and disclosure typically lags Europe. Risk that ability of underlying investee companies to service debt could be impacted by both transition and physical risks given mandate forms part of Group's long term strategy.	Low	Low	Medium	Group Trustee has set manager data quality improvement target over the next 2 years (i.e. by 2028) and will engage with manager at Trustee Meetings on this. Group incorporated explicit ESG related investment guidelines for mandate, to both reduce the Group's exposure to climate risk and align the portfolio to the UN Sustainable Development Goals (SDGs). See LDI section for L&G company-wide actions.	Owner: Group Trustee/ Hymans Timescale: end 2028 for improved data quality target	Keep abreast of emerging thinking and continue to evolve mandate as appropriate for best RI practice
Secured Finance	Insight 20%	High Likely to form part of the Group's long term strategy	Missing or very limited coverage for majority of portfolio assets. No standard approach for data reporting on secured finance assets.	Low	Medium	Medium	Group Trustee has set manager data quality improvement target over the next 2 years (i.e. by 2028) and will engage with manager at Trustee Meetings on this. Manager working to improve data availability including working with other managers in structured finance space to agree consistent approach. Current reporting remains very limited with c92% of portfolio not covered. Company wide target in place to reach corporate Net Zero carbon emissions for AUM by 2050 or sooner	Owner: Insight Timescale: end 2028 for data quality target 2050 (or sooner) for Net Zero firmwide AUM target	Limited

SSE Southern Group of the ESPS Climate Risks & Opportunities Dashboard - mandate level (3)									
Asset class	Manager/ target allocation	Materiality of asset class in the long-term strategy	Identified Risks	Impact			Mitigation/Actions		Identified Opportunities
				Short term	Medium term	Long term	Identified	Action owner & Timescales for next steps	
LDI	L&G 40%	High Will be a significant element of the Group's long term strategy	Climate change impact on government borrowing and expenditures Government not meeting its climate objectives. No standardised approach for reporting on derivative climate exposure - given could be facing counterparties using profits to fund carbon intensive businesses.	Low	Medium	Medium	UK government has set Paris Accord aligned emissions targets. LDI strategies form large part of L&G's AUM and so there is an incentive for manager to improve data coverage and ESG reporting for LDI. L&G were a founding signatory to the Net Zero Asset Managers Initiative (NZAMI) and as part of this have set an interim net zero alignment target of 70% of AUM by 2030 (excluding derivatives and government bonds) Proprietary L&G software 'Destination@Risk' used to measure climate risks in portfolios. Expects investee companies to have climate transition plan in place which disclose short, medium and long term emission targets that are aligned to a 1.5oC transition.	Owner: L&G Timescale: TBC	Possibility to invest in more green gilts to lower carbon emissions exposure.

Appendix 3 – Climate scenario modelling – Results

Please note that the below analysis has not been updated in this year's report, the analysis and time horizons in the tables below are set as at those for the Group Trustee's 2022/23 TCFD report.

Strategy	Impact of climate scenario of likelihood of success		
	Short term 2 years	Medium Term 7 years	Long term 17 years
Current strategy	**Base: 26%** Green revolution: +1% Delayed transition: -1% Head in the sand: -3%	**Base: 56%** Green revolution: -1% Delayed transition: -4% Head in the sand: -2%	**Base: 76%** Green revolution: -2% Delayed transition: +2% Head in the sand: -2%
95.0% trigger	**Base: 36%** Green revolution: +1% Delayed transition: -1% Head in the sand: -3%	**Base: 61%** Green revolution: -2% Delayed transition: -4% Head in the sand: -2%	**Base: 79%** Green revolution: -2% Delayed transition: +1% Head in the sand: -3%
97.5% trigger	**Base: 53%** Green revolution: +1% Delayed transition: 0% Head in the sand: 0%	**Base: 69%** Green revolution: 0% Delayed transition: -3% Head in the sand: -2%	**Base: 83%** Green revolution: -1% Delayed transition: +1% Head in the sand: -5%
100% trigger	**Base: 69%** Green revolution: +1% Delayed transition: 0% Head in the sand: +1%	**Base: 77%** Green revolution: +1% Delayed transition:-1% Head in the sand: -1%	**Base: 87%** Green revolution: -2% Delayed transition: 0% Head in the sand: -4%

Strategy	Average of worst 5% of funding levels		
	Short term 2 years	Medium Term 7 years	Long term 17 years
Current strategy	**Base: 82%** Green revolution: 0% Delayed transition: 0% Head in the sand: +1%	**Base: 74%** Green revolution: -1% Delayed transition: -1% Head in the sand: 0%	**Base: 55%** Green revolution: -3% Delayed transition: +2% Head in the sand: -7%
95.0% trigger	**Base: 85%** Green revolution: 0% Delayed transition: 0% Head in the sand: +1%	**Base: 78%** Green revolution: -1% Delayed transition: -1% Head in the sand: 0%	**Base: 63%** Green revolution: -1% Delayed transition: +1% Head in the sand: -4%
97.5% trigger	**Base: 88%** Green revolution: 0% Delayed transition: 0% Head in the sand: +1%	**Base: 81%** Green revolution: -1% Delayed transition: -1% Head in the sand: 0%	**Base: 69%** Green revolution: -1% Delayed transition: +1% Head in the sand: -2%
100% trigger	**Base: 91%** Green revolution: 0% Delayed transition: 0% Head in the sand: +1%	**Base: 84%** Green revolution: -1% Delayed transition:-1% Head in the sand: 0%	**Base: 74%** Green revolution: 0% Delayed transition: +1% Head in the sand: -2%

Appendix 4 – Climate scenario modelling – Reliances and limitations

This modelling is a form of asset-liability modelling ("ALM").

The Group Trustee's advisor's ESS (Economic Scenario Service) produces stochastic projections for a wide array of asset class returns and other economic factors, which can be used as part of any quantitative risk management exercise - whether that be carrying out asset-liability modelling (ALM), strategic asset allocations (SAA), or any other exercise designed to quantify financial risk exposure. The ESS models are regularly updated to capture the latest market conditions and are maintained and documented by a dedicated specialist team. The models don't make explicit assumptions for climate change or any other economic/political factors like trade wars, pandemics, etc.

However, climate change can be factored in indirectly by weighting the existing ESS outputs to 'tilt towards' possible climate scenarios. For each climate scenario, a weight is calculated for each of the 5,000 projections run for the ALM exercise so that the projections with higher volatility in the specified time period are emphasised in that scenario.

All scenarios involve a period of 'stress', which happens at different points over the selected modelling horizon. Each period of stress encompasses a combination of transition and physical risks, but whereas the early periods are assumed to be nearly all transition risk, the later periods include more physical risk as the impact of climate change is felt. It has therefore been assumed that the later the stress happens, the more intense the climate risk impact will be.

The approach taken is to assess the impact of climate change on the whole range of projected outcomes for the Group's funding position (assets and liabilities combined) and the Group Trustee has not carried out detailed analysis of the impact on the assets and liabilities independently. The impact of the various scenarios tested is that the range of funding outcomes becomes wider and more uncertain, rather than having a direct impact on Group assets or liabilities independently.

Please note that impact of climate change on longevity and sponsor covenant is **not** included in the analysis.