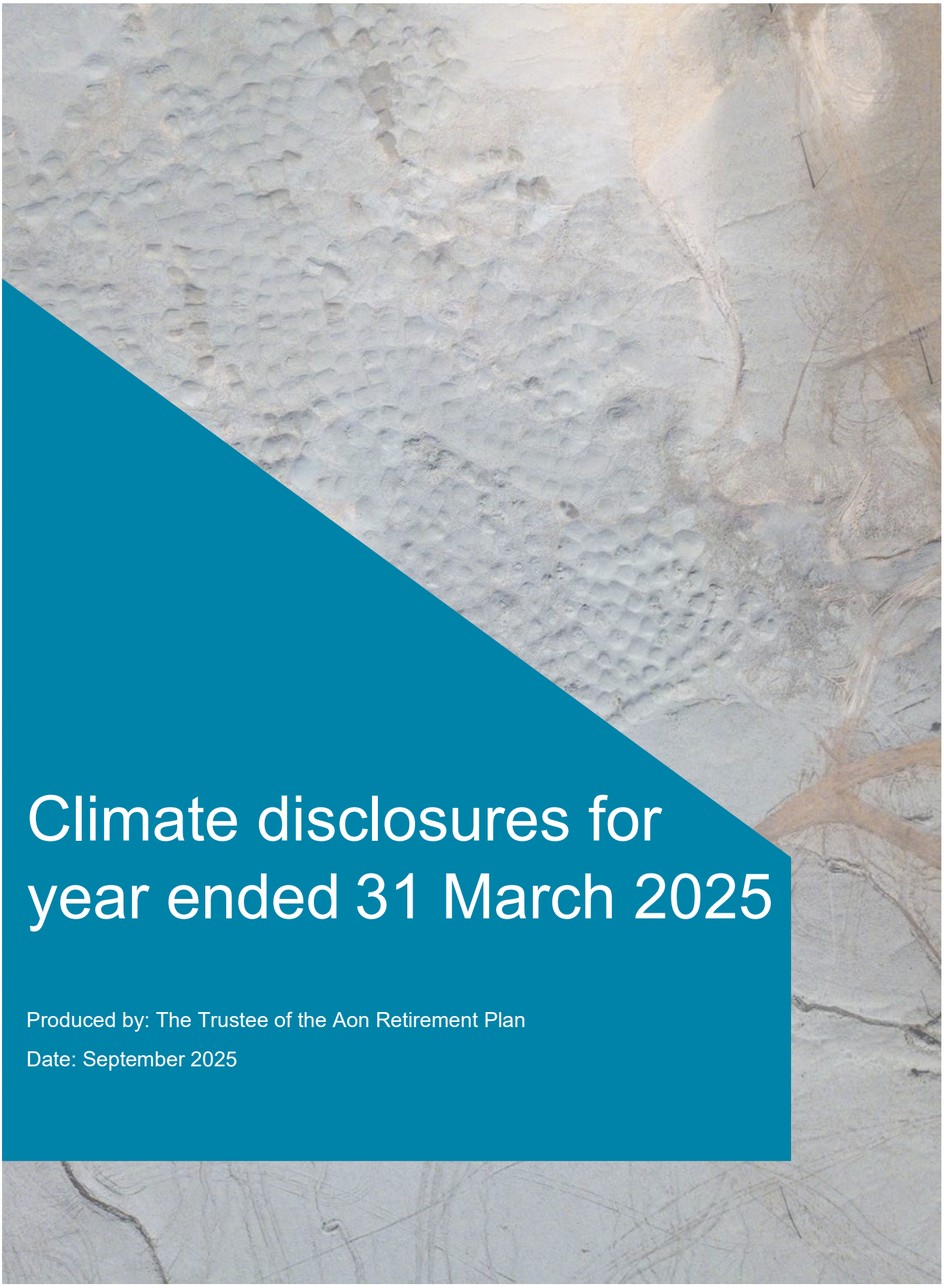


Climate disclosures for year ended 31 March 2025

Produced by: The Trustee of the Aon Retirement Plan

Date: September 2025

Introduction

Climate change is affecting the planet, causing extreme weather events. Understanding its effects and the Aon Retirement Plan's (the "Plan") vulnerability to climate-related risks will help us to mitigate the risks and take advantage of any opportunities.

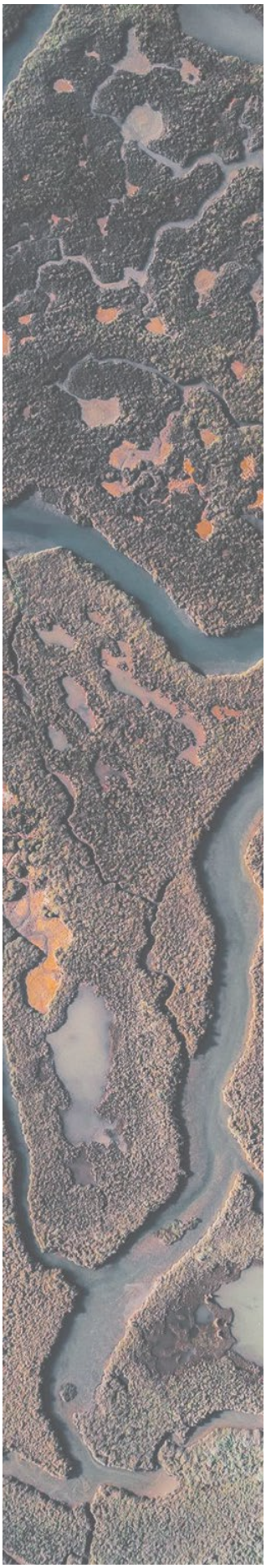
UK regulations require trustees of pension schemes with more than £1bn in assets to meet certain climate governance requirements and publish an annual report on their schemes' climate-related risks.

Better climate reporting should lead to better informed decision making on climate-related risks. Greater transparency around climate-related risks should increase accountability and provide useful information to investors and beneficiaries for making decisions about climate-related risks and opportunities.

This report is the annual climate disclosures for the Plan for the year ended 31 March 2025. This report has been prepared by Aon UK Trustees Limited (the "Trustee") in accordance with the regulations set out under The Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 (the "Regulations") and is aligned to the Taskforce for Climate-related Financial Disclosures ("TCFD") framework.

The four elements covered in the report are:

Governance	The Plan's governance around climate-related risks and opportunities.
Strategy	The potential impacts of climate-related risks and opportunities on the Plan's strategy and financial planning.
Risk Management	The processes used 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.



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Executive summary

This report sets out the actions that we, the Trustee, have taken across four key areas to understand the potential impact that climate change could have on the Plan.

Governance

The Trustee is responsible for the overall management of the Plan, including how we address climate change. We have a dedicated sub-committee that focuses on funding and investments, and climate risks are a regular part of its agenda. We work closely with our advisers to make sure we are following the latest best practices.

Strategy

The Trustee has assessed the potential impacts of climate-related risks and opportunities on its strategy and financial planning for the Plan. Scenario analysis and portfolio resilience assessments indicate that the financial impact of climate change on the Plan is not likely to be significant at this time. The Plan remains committed to identifying and responding to emerging risks and opportunities as the regulatory and market landscape evolves.

Risk Management

The Trustee has a climate risk management framework to identify, assess and manage the climate-related risks and opportunities to which the Plan is exposed. This is integrated into the Plan's wider risk management framework.

Metrics and Targets

The Trustee uses several metrics to evaluate climate-related risks and opportunities, including greenhouse gas ("GHG") emissions, carbon footprint, and data quality.

Targets for the Plan's defined benefit ("DB") assets have been set to improve data quality to 50% by 2026 for the illiquid assets and liquid alternatives and improve data quality to 80% for the insured assets. For the defined contribution ("DC") assets, targets will be set as these assets become more material.

Following completion of the report, we were reassured that the various analyses showed that the potential financial impact of climate change on the Plan is not likely to be significant. We have worked hard to identify the climate-related risks and opportunities faced by the Plan, and to understand ways we can continue to manage and mitigate those risks.

on behalf of the Trustee of the Aon Retirement Plan.

Governance

Governance is the way the Plan operates and the internal processes and controls in place to ensure appropriate oversight. Those undertaking governance activities are responsible for managing climate-related risks and opportunities.

Our Plan's governance

As the Trustee of the Plan, we are responsible for overseeing all strategic matters related to the Plan. This includes the governance and management frameworks relating to environmental, social and governance ("ESG") considerations and climate-related risks and opportunities.

Our climate beliefs

Our ultimate objective is to secure DB members' benefits through annuity policies with insurance companies. We have set an investment strategy to maintain sufficient assets to achieve this during the period 2028 to 2030. Before then we believe there are short-term risks associated with climate change that may impact the investment return over the period until the DB liabilities are secured.

Where appropriate, for both the DB and DC assets, we seek to monitor and manage these risks and integrate assessments of climate change risk into our investment decisions. We also aim to consider potential investment opportunities that may arise from climate-related factors during that time.

We assess climate-related risks and opportunities over time horizons that are appropriate for our membership.

DC mandate:

- Short-term: 1 to 4 years
- Medium-term: 4 to 10 years
- Long-term: 10 to 30+ years

DB mandate:

- Short-term: 1 to 3 years
- Medium-term: 4 to 7 years
- Long-term: 8 to 10 years

Trustee update

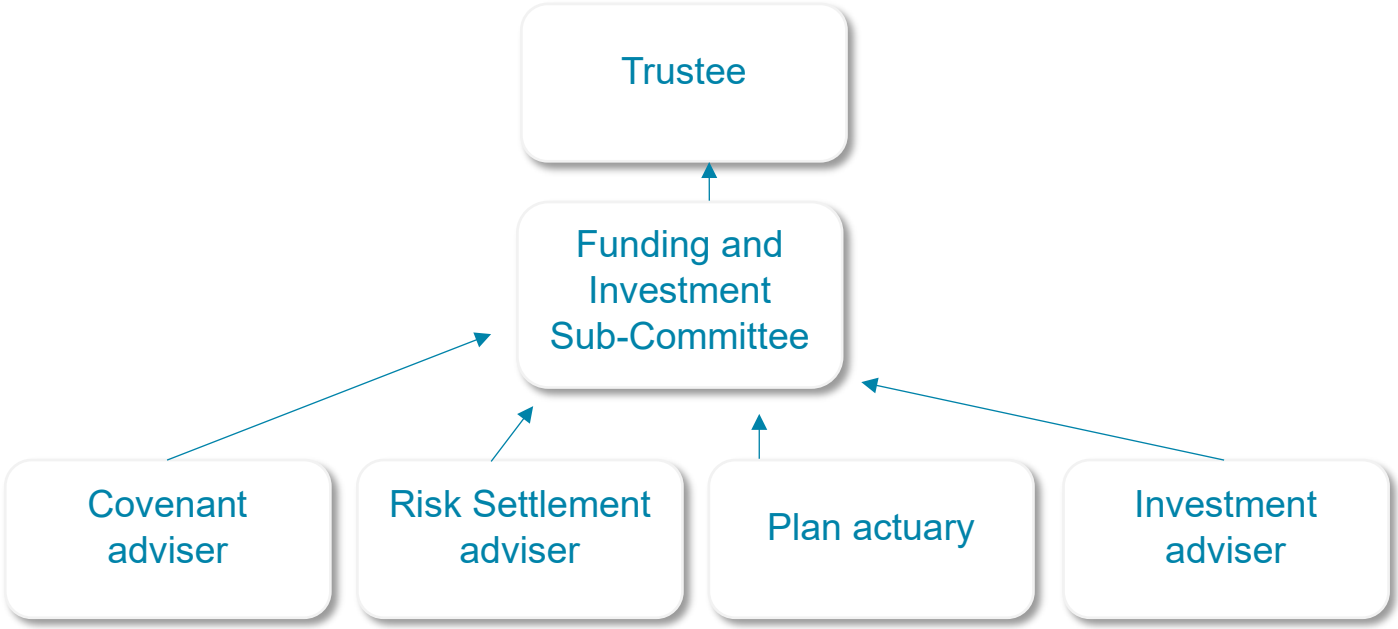
We receive training from our advisers on climate-related issues as and when needed to ensure we have the appropriate degree of knowledge and understanding on these issues to support good decision making.

Compared to last year, this year's report focuses more on the DC assets and takes a simpler approach to the DB assets. This is because our goal is to insure all DB liabilities with an insurer in the near future, which means the climate-related risks and opportunities for DB assets will decrease over time. On the other hand, the DC assets are expected to grow, making the climate-related risks and opportunities for DC assets more important in the future.

Role of the Trustee

We delegate the monitoring and implementation of the Plan's climate change risk management framework to the Funding and Investment sub-committee ("FISC"). We regularly monitor and review progress against the Plan's climate change risk management approach.

Role of the FISC



The key activities undertaken by the FISC, with the support of our advisers, are to:

- ensure the investment proposals explicitly (including via our Investment adviser's investment manager research ESG ratings) consider the impact of climate risks and opportunities.
- engage with the Plan's investment managers to understand how climate risks are considered in their investment approach.
- work with investment managers to disclose relevant climate-related metrics as set out in the TCFD recommendations.
- work with the investment advisers of our DB and DC mandates to ensure that stewardship activities are being undertaken appropriately on the Plan's behalf.
- ensure that actuarial and covenant advice adequately incorporate climate-related risk factors where they are relevant and material.
- engage with the sponsoring employers (the "Sponsor") on climate risk and the potential impact on covenant.

How we work with our advisers

We expect our advisers and investment managers to bring important climate-related issues and developments to our attention in a timely manner, and to have appropriate knowledge on climate-related matters.

We annually review the quality of our advisers' provision of advice and support on climate-related issues.

Investment adviser - provides strategic and practical support to the FISC in respect of the management of climate-related risks and opportunities and ensuring compliance with the recommendations set out by the TCFD.

Plan Actuary - helps us assess the potential impact of climate change risk on the Plan's DB funding assumptions where relevant, given the lifetime of the Plan.

Risk settlement adviser - helps us assess the ability of candidate insurance companies to identify, assess and manage climate-related risks and opportunities ahead of a potential bulk annuity transaction.

Covenant adviser - helps us understand the potential impact of climate change risk on the covenant. As part of covenant advice sought, which is typically around the time of the Plan's triennial funding valuation, we will seek to understand how climate-related factors could affect the Sponsor's strategy over time and consider this in the light of the Plan's de-risking journey.

Trustee update

We are satisfied that, over the reporting year, our advisers provided appropriate support and advice on climate-related risks and opportunities, in line with our objectives, the regulatory requirements, and our climate beliefs.

Strategy

Assessing the climate-related risks and opportunities to which the Plan is exposed is key to understanding the impact climate change could have on the Plan in the future.

How resilient is the Plan to climate change?

Regulations require us to carry out scenario analysis at least every 3 years. In our first TCFD report in 2023, we carried out climate change scenario analysis to better understand the impact climate change could have on the Plan's assets and liabilities. **We have reviewed this analysis for the DB mandate and consider this to still be appropriate for this year's report.**

This section summarises the approach and conclusions from the scenario analysis conducted across the DB and DC mandates.

DB mandate

The analysis carried out for the DB mandate looked at two climate change scenarios in comparison to a base case scenario. We believe these scenarios provide a reasonable range of possible climate change outcomes. We recognise that these scenarios are only illustrative and subject to considerable uncertainty.

The DB scenario analysis focuses on the two largest Sections prior to desectionalisation[1] as these are a suitable representation for the whole DB mandate.

DC mandate

For the DC analysis we look at five scenarios in comparison to a base case scenario.

What are climate scenarios?
The climate scenarios are intended to illustrate the climate-related risks the Plan is currently exposed to, highlighting areas where risk mitigation could be achieved through changing the investment portfolio.

How do we measure risk?
Investment risk is captured in the deviance from the base case scenario, but this is not the only risk that the Plan faces. Other risks include covenant risk, longevity risk, timing of member options, basis risks and operational risks.

Trustee's update

This year, the Trustee reviewed the DB climate scenarios analysis that was carried out in the year ending 31 March 2023 and concluded that it remains appropriate. The Trustee chose to focus on carrying out scenario analysis on the DC Section's assets, which demonstrated resilience to climate-related risks.

Reasons to refresh the DC analysis were driven mainly by significant changes to the investment strategy and the liability profile/membership of the mandate..

[1] The DB mandate was partially desectionalised during the reporting year. The two largest Sections, Alexander and Alexander and Aon UK, were desectionalised along with Aon Bain Hogg to form the Aon UK Limited Section.

Overview of the scenarios

Details of the climate scenarios we chose to analyse are set out in the table below together with details of the Base Case used for comparison. The Disorderly Transition and the Orderly Transition scenarios are considered for both the DB and DC Mandates. The No Transition, Abrupt Transition and Disinflationary Transition are also considered for the DC Mandate only.

Scenario	Reach net zero by	Degree warming vs pre-industrial levels by 2100	Introduction of environmental regulation	Scenario description
Base Case	2050	~2ºC to 2.5ºC	-	Emission reductions start now and continue in a measured way in line with the objectives of the Paris Agreement and the UK government's legally binding commitment to reduce emissions in the UK to net zero by 2050.
Disorderly Transition	After 2050	<4ºC	Late and Aggressive	The world economy remains oriented towards improving near-term economic prospects, with companies and governments taking a "business as usual" approach. Eventually, market participants begin to fully grasp the implications of climate change and there is a growing realisation that current levels of action are inadequate. Market values price in high levels of economic damage and the irreversible loss.
Orderly Transition	2050	<2ºC	Coordinated	Increased public awareness of climate change risks galvanises opinion and leads to governments undertaking widespread action globally to aggressively mitigate and adapt to climate change. A high global greenhouse gas tax and carbon cap are introduced.
No Transition	N/A	>4ºC	None	No further action is taken to reduce GHG emissions leading to significant global warming.
Abrupt Transition	2050	1.5ºC - 2ºC	Aggressive	Action on climate change is delayed for five years at which point we experience more frequent extreme weather events and governments have to address GHG emissions.
Disinflationary Transition	2045	<1.5ºC	High Coordination	New green technology disrupts carbon intensive economic activity and ultimately lowers energy and transport costs.

Source: Investment adviser.

DB mandate – Impact on the funding level

Key conclusions – DB mandate

Overall, we are comfortable with the level of resilience exhibited by the investment portfolio. This is primarily due to the high levels of hedging against changes in interest rates and inflation. We are not going to make any changes to the investment strategy as a result of this analysis.

Our primary focus is on the short-term potential impact of climate change, given the expected timeframe until all benefits are expected to be insured. Over this time horizon, the Plan is expected to remain in surplus in all scenarios.

In the medium term, the disorderly scenario shows continuing improvement in the funding level, performing in line with and better than the base case. The orderly scenario in the medium term shows the funding level recovers from the initial shock of transition costs.

The long-term impact of the disorderly transition indicates a small deterioration of the funding level surplus, leaving the Plan slightly worse off relative to the base case. In contrast, the orderly transition shows the Plan's assets gain from economic growth in the long term and the funding level is expected to continue to grow. The orderly transition is projected to be the best outcome for the Plan. We would note that it is expected that the Plan will have insured all the liabilities before this point.

Scenarios in detail

Base case	Summary of the Scenario	Summary of the impact to the DB mandate
Temperature rise +1.5ºC- 2.4ºC Reach net-zero 2050 Environmental regulation Uncoordinated	This is based on our investment adviser's Capital Market Assumptions and considers what is currently priced into the market. This includes some climate-related impact. In the base case, action is taken to tackle climate change, but the approach is fragmented. The transition to a low carbon economy is expected to happen in a slow but orderly fashion.	The funding level gradually increases over time, as the worst impacts of climate change are not currently priced into market conditions. Surplus projections for the DB mandate in this scenario exceed that of the disorderly and orderly transitions, given the impact of physical and transition risks in these scenarios relative to the base case.

Disorderly Scenario	Summary of the Scenario	Summary of the impact to the DB mandate
Temperature rise: <4°C Reach net-zero: After 2050 Environmental regulation: Late and Aggressive	**In the short term:** Insufficient consideration given to long-term policies and there is no action taken to combat climate change. **In the medium term:** Late but coordinated action is taken to tackle climate change. The late timing means it is less effective and more costly to implement. Adverse impacts from climate change leads to a drag on more volatile assets. **In the long term:** After the costly implementation to tackle climate change and the resulting drag on risky assets, the transition to clean technologies and green regulation begins to boost economic growth when considering the very long term. However, the late and disorderly climate transition means that physical climate risks remain prominent over the very long term.	**In the short term:** The funding level improves in line with the base case. **In the medium term:** The funding level continues to improve in line with the base case. **In the long term:** The surplus deteriorates, albeit the impact is small. This leaves the DB mandate worse off in terms of funding surplus relative to the base case, although it is likely the Plan will have secured all the liabilities with an insurer before the point at which the funding level deteriorates.
Orderly Scenario	**Summary of the Scenario**	**Summary of the impact to the DB mandate**
Temperature rise: <2°C Reach net-zero: 2050 Environmental regulation: Coordinated	**In the short term:** Immediate coordinated global action is taken to tackle climate change. More volatile assets perform poorly. **In the medium term:** The rapid transition to clean technologies and green regulation begins to boost economic growth. **In the long term:** The rapid transition to clean technologies and green regulation begins to boost economic growth. This represents the fastest transition to a green economy, combined with limited physical impacts from climate change despite the large initial transition cost.	**In the short term:** The DB mandate experiences a reduction in the surplus driven by the impact of changes made to transition to a low carbon economy. **In the medium term:** The DB mandate is expected to recover from the initial shock of transition costs. **In the long term:** The DB mandate's assets gain from the economic growth and the funding level is expected to continue to grow. This is expected to be the best outcome for the DB mandate.

Source: Investment adviser. *Effective date of the impact assessment is 31 March 2022*

DC mandate – Impact on members' savings

We conducted analyses on six example members who are invested in our DC Default Option. We looked at how their fund values might change over the next 30 years under five climate change scenarios and the base case scenario.

The projections allow for investment growth and assume our example members continue to pay contributions to their pension. The projections are shown in real terms i.e. in today's money.

Key conclusions – DC mandate

Overall, the analysis shows the DC Default Option exhibits reasonable resilience under most of the climate scenarios, particularly in the short- to medium-term. This is due to inclusion of an ESG overlay on the equity portfolios and inclusion of more defensive asset classes as members approach retirement. The incorporation of a climate transition equity strategy helps to increase this resilience.

For our youngest representative members, in the long term the worst scenario is the No Transition scenario. The impact is mitigated by the ESG overlay in place and inclusion of more defensive asset classes for members closer to retirement. This could result in a member's accumulated retirement savings being worse off than in the more optimistic scenarios by the end of the modelling period.

In the longer term, for most of our members, and particularly members in the earlier to mid-part of their career, the biggest risks are in the No Transition and Disorderly Transition scenarios.

In all the scenarios modelled, the DC Default Option's equity exposure proved to be the most volatile asset class, seeing a particularly large impact from pension drawdowns in the Disorderly Transition scenario; this has been an area of key focus for our DC delegated investment manager ("our investment manager").

Charts illustrating the projected real fund values for each example member are included in Appendix 5.

Modelling limitations

Please refer to Appendix 6 for further information on the assumptions used for these projections and their limitations.

The DC scenario modelling focuses on the impact of climate change on the DC Default Option's assets. It does not consider the impact climate change could have on mortality risk and subsequent cost of securing benefits in retirement for individual members.

The scenario modelling reflects recent market conditions and current market views. The model may produce different results for the same strategy under different market conditions.

What climate-related risks are most likely to impact the Plan?

We carry out a qualitative risk assessment of the asset classes the Plan is invested in. From this we identify which climate-related risks could have a material impact on the Plan. We also identify suitable climate-related opportunities.

The assessment is based on the No Transition and Orderly Transition scenarios risks. In the No Transition scenario physical risks dominate, whereas in the Orderly Transition scenario transition risks are more prominent. These two scenarios were chosen because they most clearly illustrate the differing impacts of physical and transition risks.

Trustee's update

We reviewed the risk assessment completed as at 31 December 2023 and updated the ratings in line with our investment adviser's latest views as at 31 December 2024.

Our investments

The Plan's investment portfolio is diversified across a range of asset classes including equities, credit and a range of alternative return-seeking assets.

DB asset allocation

Asset Class	LDI	Bulk Annuities	Illiquid Assets	Liquid Alternatives
Strategic Allocation	49%	41%	6%	<1%

DC asset allocation

Asset Class	Equities	Credit	Sovereign bonds	Commercial Properties	Gold
Strategic Allocation	61%	14%	15%	<1%	1%

Source: Managers. Asset allocations as at 31 December 2024 for the combination of Sections within the Plan where relevant. Cash has been excluded on the grounds of materiality meaning the resulting figures do not sum to 100%.

RAG Ratings

The analysis uses a RAG rating system where:

Red denotes a high level of financial exposure compared to the other scenarios modelled.

Amber denotes a medium level of financial exposure compared to the other scenarios modelled.

Green denotes a low level of financial exposure compared to the other scenarios modelled.

More details about transition and physical risks can be found in the Appendix.

Climate-related risk assessment

The following tables summarise the transition and physical risks for each asset class the Plan is invested in.

No transition scenario – physical risks dominate

		DB & DC Short time horizon 1-3 years	DC Medium DB Medium-Long time horizon 4-10 years	DC Only Long time horizon 11-30 years
Equities	Developed Market Equity	G	A	R
	Emerging Market Equity	G	A	R
Fixed Income/ cash	Sovereign Bonds – Developed Markets	G	A	R
	Investment Grade Corporate Bonds	G	A	A
	High Yield Corporate Bonds	G	A	R
	Asset Backed Securities	G	A	A
Illiquid Assets	UK Property	A	A	R
	Infrastructure	G	A	R

Source: Investment adviser. Data as at 31 December 2024.

Compared to last year we have seen an improvement in the short-term risk exposure for asset backed securities and infrastructure; and the DC mandate's risk exposure from investment grade corporate bonds has worsened over the long term. We have also observed that the DC mandate's risk exposure from sovereign bonds and asset backed securities has worsened over the long term.

Orderly transition scenario – transition risks dominate

		DB & DC Short time horizon 1-3 years	DC Medium DB Medium-Long time horizon 4-10 years	DC Only Long time horizon 11-30 years
Equities	Developed Market Equity	A	G	G
	Emerging Market Equity	R	G	G
Fixed Income/ cash	Sovereign Bonds – Developed Markets	G	A	A
	Investment Grade Corporate Bonds	A	A	A
	High Yield Corporate Bonds	R	G	G
	Asset Backed Securities	A	G	G
Illiquid Assets	UK Property	R	G	G
	Infrastructure	A	G	G

Source: Investment adviser. Data as at 31 December 2024.

Compared to last year, we have seen an improvement in the short-term risk exposure for developed market equity, sovereign bonds, investment grade corporate bonds, asset backed securities and infrastructure.

Over the medium-long term for the DB mandate, and medium term for the DC mandate, the risk exposure from investment grade corporate bonds has worsened. Over the long term the DC mandate's risk exposure from sovereign bonds and investment grade corporate bonds has worsened.

Key Conclusions

Diversification across asset classes, sectors and regions is important to manage climate-related physical and transition risks for the Plan.

The biggest risk faced by our members across the DC mandate scenarios considered comes from the allocation to global equities. Global equities form a large part of our investment strategy, reflecting the need to generate above inflation returns for our members over the long term and our relatively young member base.

Our investment manager has taken proactive steps to mitigate this risk over the year, including increasing the allocation to a Global Equity Climate Transition Fund within our DC Default Option. This helps to manage the risks associated with the transition to a low carbon economy in a just and fair way.

This builds on other measures we have in place to manage climate-related risks for our members, including the introduction of an ESG overlay on our multi-factor equity portfolio, and an ESG screen on our passive regional equities and listed property portfolio. This allows us to invest in companies that are actively contributing to solutions to tackle climate change in a variety of ways.

Climate-related opportunities

We have identified some climate-related opportunities that may be suitable for the Plan.

The Global Equity Climate Transition Fund, which is part of the DC investment mandate, offers opportunities supporting innovation and growth of climate technologies and social contributions through selected Sustainable Development Goals ("SDGs"), as does the allocation to an impact fund for the DC mandate.

Given the low-risk investment strategy in place for the DB mandate, the investments in UK Government Bonds and Liquid Credit could give rise to potential opportunities in the next few years. Opportunities in other asset classes, such as property, infrastructure and illiquid credit, are likely to be less relevant in the short term for the DB mandate.

In the future, we may also consider investment opportunities in liquid credit, which offers climate-related investment opportunities through green bonds and companies focused on climate change solutions. Green bonds are issued by companies to fund projects that benefit the environment.

Companies that set Science Based Targets or generate revenue from climate change solutions are also promising investment opportunities. Companies in sectors like finance, technology, and communications can help drive the transition to a more sustainable future.

Covenant Assessment

We believe that climate-related risks will not have a significant impact on the financial strength ("covenant") of our Sponsor in the short term as their operations are not as directly exposed to climate-related risks. However, The Pensions Regulator is placing increasing importance on understanding how these risks impact the covenant.

Our Sponsor's aim is to achieve net zero by 2030, which will require substantial investment and may slow medium-term cash generation. Failure to reach net zero could lead to reputational damage and loss of market share if the Sponsor lags behind competitors. Reputational risk poses the greatest potential impact on covenant, as perceptions of 'greenwashing' or unethical behaviour could drive clients away, affecting financial performance.

We, with the help of our covenant adviser, will monitor the Sponsor's progress against ESG targets, particularly those relating to climate change.

Risk management

We must have processes to identify, assess and manage the climate-related risks that are relevant to the Plan and these must be integrated into the overall risk management of the Plan.

Reporting on our risk management processes provides context for how we think about and address the most significant risks to achieving appropriate outcomes for members.

Our climate risk management framework

We have established a process to identify, assess, and manage climate-related risks for the Plan. This is part of our broader risk management strategy to ensure good outcomes for members. The climate risk management framework is detailed in the tables below. We, the Trustee, assign key tasks to different sub-committees but retain overall responsibility.

Governance

Activity	Delegated responsibility	Adviser / supplier support	Frequency of review
Climate change governance framework *(as set out in this document)*	FISC	Investment Adviser	Annual
Publish TCFD report and implementation statement	FISC	Investment Adviser	Annual
Add / review climate risks and activity on key Plan documentation (risk register, work plan)	FISC	Investment Adviser	Ongoing
Maintain ESG beliefs (including climate beliefs)	FISC	Investment Adviser	Ongoing
Trustee training	FISC	Investment Adviser	Ongoing
Ensure investment proposals explicitly consider the impact of climate risks and opportunities, and seek investment opportunities	Trustee, FISC	Investment Adviser and Bulk Annuity Providers	Ongoing
Ensure that actuarial and covenant advice adequately incorporate climate-related risk factors where they are relevant and material	Trustee	Plan Actuary, Covenant adviser	Triennial

Trustee update

We monitored the above activities as part of our climate-related risks and opportunities management. During the year we published our latest TCFD report and Implementation Statement, and received regular updates on developments to the funds from our investment managers.

Strategy

Activity	Delegated responsibility	Adviser / supplier support	Frequency of review
Identify climate-related risks and opportunities (over agreed time periods) for investment and funding strategy	FISC	Investment Adviser	Annual
Climate scenario analysis - annual review for the continuing suitability of the results	FISC	Investment Adviser	Annual

Trustee update

We have spent dedicated time during the year to analyse climate-related risks and opportunities for the Plan's various asset classes with the support of our investment adviser. We have reviewed scenario analysis for the DB mandate this year, which we consider to still be appropriate, and carried out climate change scenario analysis for the DC mandate.

Risk management

Activity	Delegated responsibility	Adviser / supplier support	Frequency of review
Identify, assess and manage key climate-related risks	FISC	Investment Adviser and Bulk Annuity Providers	Ongoing
Include consideration of climate-related risks in the Plan's other risk processes and documents, such as the risk register and the Statements of Investment Principles ("SIP"), and regularly review these	Trustee	Investment Adviser	Ongoing

Trustee update

Climate risk management is integrated into the ongoing risk management activities of the Plan via the climate risk management framework set out in this report.

We carry out qualitative assessments of climate risks and quantitative climate scenario analysis, which combined helps us to focus on the risks that pose the most significant impact. We expanded our climate-related risk management framework to place additional focus on the Plan's DC mandate. The DB liabilities are expected to be fully insured in the future, so we have adopted a more streamlined approach for the DB mandate.

Metrics and Targets

Activity	Delegated responsibility	Adviser / supplier support	Frequency of review
Obtain emissions data and calculate climate metrics	FISC	Investment Adviser	Annual
Review the climate metrics remain suitable	FISC	Investment Adviser	Annual
Review the target remains suitable	FISC	Investment Adviser	Annual

Trustee update

We collated carbon metrics data for the reporting year, supported by the FISC and the investment adviser. We have reported on the metrics and targets for the DC assets for the first time this year.

We reviewed our targets for the DB mandate, which were set in the first year of reporting, and confirmed that these remained appropriate for this reporting year.

We will continue to engage with the insurers in relation to the carbon metrics, whilst still making progress towards the target of the DB mandate.

Integration into overall risk management

We carry out a detailed annual review of our Climate Risk Management Framework. Climate-related risks are also included in our wider risk management framework, which the Trustee reviews on a quarterly basis.

We also include consideration of climate-related risks in our Statement of Investment Principles.

Investment approach to integrating climate-related risks

The climate scenario analysis undertaken considered the funding position of the DB mandate and asset growth of the DC mandate based on the effect of climate risk on the Plan's assets and liabilities. We have determined that no change is currently required to the investment strategy based on the results of our scenario analysis. This is one of the methods by which the evaluation and consideration of climate risk is integrated into our framework for investment strategy decisions.

Climate risk considerations are integrated into fund-level decision making – as appropriate to each asset class – through our stewardship and application of each investment manager's policy on climate change, which is evaluated by us.

As we consider securing the members' DB benefits with an insurance company, we will need to ensure that any potential new insurers demonstrate:

- A good understanding of ESG and Responsible Investment;
- A good understanding and awareness of climate-related risks; and
- A preparedness to change policies and actions in line with the latest developments in relation to climate-related risks and opportunities.

Insurer Analysis

We analysed the climate risk management processes of the current insurers of the DB mandate. We focused on the three insurers that represent more than 90% of the DB mandate's insured assets.

The insurers demonstrated that they have fully embedded climate risk management into their business and processes. As such, we believe they are well positioned to monitor the climate risks of the assets supporting the insured liabilities.

The insurers are signatories to or have demonstrated alignment with a variety of climate and sustainability related initiatives. All of the insurers, alongside our investment adviser, were founding signatories to the Sustainability Principles Charter when it launched in January 2024.

The most material insurer is a signatory to the Financial Reporting Council's ("FRC's") UK stewardship code, as well as being involved in collaborative engagements with UN Principles for Responsible Investment (UNPRI), and Net Zero Asset Owners Alliance, which is convened by the United Nations Environment Programme ("UNEP") and UNPRI.

A key part of their approach is the identification, assessment and monitoring of financially material climate risks and opportunities, in line with our expectations of the climate-risk management processes for insurers we select for the Plan. A key way in which we assess the insurers we select is through an analysis of their ESG credentials, as set out in our DB SIP.

Metrics & Targets

Metrics help to inform our understanding and monitoring of the Plan's climate-related risks. Quantitative measures of the Plan's climate-related risks, in the form of both greenhouse gas emissions and non-emissions-based metrics, help us to identify, manage and track the Plan's exposure to the financial risks and opportunities climate change will bring.

Our climate-related metrics

We use some quantitative measures to help us understand and monitor the Plan's exposure to climate-related risks. Measuring the greenhouse gas emissions related to our assets is a key way for us to assess our exposure to climate change.

Greenhouse gases are produced by burning fossil fuels, meat and dairy farming, and some industrial processes. When greenhouse gases are released into the atmosphere, they trap heat in the atmosphere causing global warming, contributing to climate change.

Greenhouse gases are categorised into three types or 'scopes' by the Greenhouse Gas Protocol, the world's most used greenhouse gas accounting standard.

Scope 1

All direct emissions from the activities of an organisation that are under their control; these typically include emissions from their own buildings, facilities and vehicles

Scope 2

These are the indirect emissions from the generation of electricity purchased and used by an organisation

Scope 3

All other indirect emissions linked to the wider supply chain and activities of the organisation from outside its own operations – from the goods it purchases to the disposal of the products it sells

Scope 3 emissions are often the largest proportion of an organisation's emissions, but they are also the hardest to measure. The complexity and global nature of an organisation's value chain make it hard to collect accurate data.

For more explanation about GHG emissions, please see Appendix 4.

Our climate-related metrics

In our first year of TCFD reporting, we decided what metrics to annually report on. These are described below. This year we reviewed the metrics and we believe they continue to be suitable for us to report against.

Total Greenhouse Gas emissions

The total greenhouse gas (GHG) emissions associated with the portfolio. It is an absolute measure of carbon output from the Plan's investments and is measured in tonnes of carbon dioxide equivalent (tCO_2e).

Carbon footprint

Carbon footprint is an intensity measure of emissions that takes the total GHG emissions and weights it to take account of the size of the investment made. It is measured in tonnes of carbon dioxide equivalent per million pounds invested (tCO_2e/£m).

Data quality

A measure of the proportion of the portfolio that the Trustee has high quality data for (i.e., data that is based on verified, reported, or reasonably estimated emissions, versus that which is unavailable).

This has been selected on the basis that it provides a consistent and comparable measure of the level of confidence in the data.

In this report, we refer specifically to the proportion of assets for which data is available.

Binary target measurement

A metric that shows how much of the Plan's assets are SBTI-aligned* i.e. with a climate change goal of limiting the increase in the global average temperature to 1.5˚C above pre-industrial levels.

It is measured as the percentage of underlying portfolio investments with a declared net-zero or Paris-aligned target, or that are already net-zero or Paris-aligned.

* **SBTi-aligned** refers to targets that are validated by the Science Based Targets initiative (SBTi) as consistent with limiting global warming to 1.5°C, in line with the goals of the Paris Agreement. These targets typically cover Scope 1, 2, and 3 emissions and follow sector-specific pathways where applicable.

On the following pages are the climate-related metrics for the Plan's assets. The metrics are shown separately for the Liability Driven Investments ("LDI") and the Plan's other investments as they cannot be meaningfully aggregated. This is because the calculation methodology used for government bonds within the LDI portfolio is different to that of the other metrics.

DB mandate

Carbon Metrics excluding LDI

			Data Quality (%)		Total GHG emissions (tCO_2e)		Carbon footprint (tCO_2e/£m)	
Asset class	**%**		Scopes 1 & 2	Scope 3	Scopes 1 & 2	Scope 3	Scopes 1 & 2	Scope 3
Illiquid assets	8%	2024	23%	16%	2,030	2,384	108	179
	15%	*2023*	*42%*	*12%*	*60,442*	*231*	*879*	*12*
Liquid Alternatives	<1%	2024	30%	21%	*13*	*36*	*134*	*527*
	<1%	*2023*	*0%*	*0%*	-	-	-	-
Annuities*	91%	2024	80%	25%	64,795	55,768	92	252
	85%	*2023*	*74%*	*19%*	*76,735*	*78,759*	*107*	*415*
Total (excluding LDI)	100%	2024	75%	24%	66,838	58,187	92	248
	100%	*2023*	*69%*	*18%*	*137,176*	*78,990*	*174*	*377*

Source: Investment managers / Annuity providers / Investment adviser.
Asset and metrics data is as at 31 December 2024, and 31 December 2023.
**Annuities metrics are reported for the 3 largest insurers only. This excludes 5% of insured assets held with other insurers.*

LDI Carbon Metrics – scopes 1&2 only

			Data Quality (%)	Physical emissions (tCO_2e)	Synthetic emissions (tCO_2e)	Total GHG emissions (tCO_2e)	Carbon footprint (tCO_2e/£m)
	%						
Total LDI	*100%*	*2024*	100%	147,030	3,996	151,027	141
	100%	*2023*	*100%*	*196,587*	*24,712*	*221,299*	*170*

Source: Investment managers / Public data / Investment adviser. Data as at 31 December 2024 unless specified otherwise. Note: The LDI metrics are estimated, please refer to the 'Notes on the metrics calculations' section for further details on the methodology used.

Commentary

Total carbon emissions have decreased significantly since last year, but it is hard to tell if this is a real reduction in emission because data quality is still quite low for some asset classes. This year, data quality for Scopes 1 and 2 emissions improved significantly. The illiquid segment of the DB mandate was the only asset class with reduced data quality, mainly because one investment manager stopped providing data. We have engaged with the manager, but were unable to resolve that data issue; we will work with the manager to attempt to resolve the issue for the next year of reporting.

The availability of Scope 3 emissions data modestly improved across most asset classes since the previous year, but quality remains low. This is a challenge within the investment industry, as reporting of Scope 3 data is more complex than of Scope 1 and 2 emissions. We expect the availability and accuracy of Scope 3 data will continue to improve in future years.

Illiquid assets
There has been a decrease in the Scopes 1 and 2 carbon footprint, but given the data quality also decreased, we cannot infer this is a true improvement in the carbon footprint.

One of the illiquid holding investment managers that had previously provided carbon metrics has not done so this year and has been noted as 0% data quality.

Scope 3 GHG emissions and carbon footprint have increased partly due to improved data quality.

Liquid assets
This year is the first year we have been able to report on liquid assets following an improvement in data available from the managers, although this makes up a very small proportion of the overall portfolio.

Annuities
There has been a decrease in the total GHG emissions and carbon footprint combined with an increase in data quality. This is likely to reflect a real reduction in carbon intensity for the annuity portfolio.

LDI

There has been a reduction in the carbon footprint for our LDI portfolio. This was driven by a significant reduction in public emissions within the UK.

The carbon footprint was calculated using UK GHG Emissions and PPP adjusted GDP and assumes data quality to be 100%. To ensure consistency across the emissions reported within our LDI funds, our investment adviser calculates the carbon footprint.

The emissions reported for LDI are Scopes 1 and 2 emissions only. Scope 3 GHG emissions are currently not applicable to LDI assets because no investment industry-wide agreed methodology is applicable to calculate Scope 3 GHG emissions for government bonds.

Binary target measurement (BTM)

Asset class		Binary target measurement	Proportion of assets for which data was available
Illiquid Assets	2024	-	23%
	2023	-	*0%*
Liquid Alternatives	2024	21%	30%
	2023	-	*0%*
Bulk Annuity	2024	14%	86%
	2023	*17%*	*74%*

Source: Investment managers / Investment adviser.
Data as at 31 December 2024 and 31 December 2023 for 2024 and 2023 respectively.

Commentary

BTM is used to show the percentage of underlying portfolio investments with a declared net-zero or Paris-aligned target or that are already net-zero or Paris-aligned.

The binary target measurement for the insured assets specifically refer to the underlying assets with a confirmed SBTi aligned net-zero target, however, all of the insurers included within our analysis have set a target of achieving net-zero emissions by 2050.

DC mandate

		Data Quality (%)		Total GHG emissions (tCO_2e)		Carbon footprint (tCO_2e/£m)	
Asset Class	**%**	Scopes 1 & 2	Scope 3	Scopes 1 & 2	Scope 3	Scopes 1 & 2	Scope 3
Equities	67%	100%	100%	323	4,623	30	422
Credit	15%	33%	33%	56	411	66	477
Commercial Properties	1%	48%	48%	0	1	6	11
Total (excluding sovereigns)	84%	82%	83%	379	5,038	36	427
Sovereigns	16%	n/a	n/a	462	n/a	168	n/a

Source: Investment adviser. Data as at 31 December 2024.

Commentary

Given the increasing size and significance of the DC assets, we are reporting metrics for them for the first time.

The DC assets include a significant allocation to climate transition equity funds with specific objectives to reduce carbon emissions year on year, this is expected to reduce the overall emissions intensity.

The greenhouse gas emissions for the sovereign bonds are relatively high compared to other assets. Carbon metrics for UK government bonds are based on the total greenhouse gas emissions for the whole of the UK, which are extremely high. By contrast, carbon emissions for equities, for example, are based on the emissions associated with the underlying companies invested in, which are smaller. Hence, the carbon metrics for sovereign bonds are higher than other assets.

Also, our sovereign bond portfolio includes bonds issued by emerging market countries. The carbon emissions for these countries tend to be higher than the UK, resulting in higher carbon metrics for these bonds.

We note there is currently no industry standard way of calculating Scope 3 emissions on sovereign bonds. We will incorporate these as methodologies improve and evolve and data become available.

The metrics analysis excludes assets where there is no agreed methodology, such as derivatives and gold. We also exclude cash, which we have deemed to be immaterial.

Overall, the data quality is good, particularly equities. We see lower data quality for other asset classes.

Binary target measurement (BTM)

Asset class	Binary Target Measurement		
	Yes – SBTi Approved	Yes – SBTi Committed	Unavailable
Equities	48%	10%	42%
Credit	11%	2%	87%
Commercial Properties*	n/a	n/a	n/a
Total	37%	8%	55%

Source: Investment adviser. Data as at 31 December 2024
**SBTi applies to corporate entities only, and is not applicable to commercial property*

Commentary

Our investment manager also noted that the data provided did not distinguish between companies that have not set SBTi aligned targets and those companies that have not reported that a target has been set.

Within equities, around half of the underlying companies have an approved SBTi target, with a further 10% committed but not yet approved.

A lower proportion of the credit portfolio has an approved SBTi target.

For sovereign bonds, we can't report on SBTi alignment but most countries have net zero targets. The majority of the sovereign bonds portfolio is invested in UK government bonds and the UK government has a net zero target equivalent to SBTi standards.

We recognise there is further work to do and we will be working with our investment manager to identify actions we can take through stewardship activity to encourage the underlying companies in our portfolio to make a commitment and take appropriate action.

Looking to the future – our climate-related target

In our first year of reporting, we set targets to improve data quality of Scopes 1 and 2 data for the DB assets. Without meaningful data from investment managers, assessing climate risk is difficult. So, it is important to set a target to improve the data quality of the GHG emissions data from managers.

Since the DC mandate is still a relatively small part of the Plan's overall assets, we haven't set a climate-related target yet. Also, the DC mandate is part of AIL's delegated default strategies, which aim for net zero by 2050.

Our progress towards the targets

Data quality has improved since last year as we now get data from the Plan's liquid alternative managers. Data quality for the annuities has also improved by 6% from the prior year.

Data quality for illiquid assets declined because one manager, who previously provided data, could not do so this year. Although disappointing, this is not too concerning as illiquid assets are a small and decreasing part of the total assets.

DB targets for Scopes 1 & 2 data quality

	Target for 2026	2024	2023
Liquid Alternatives	50%	30%	0%
Illiquid Assets	50%	23%	42%
LDI	100%[1]	100%	100%
Annuities	80%[2]	80%	74%

Source: Investment Managers/Investment Adviser

[1]The LDI target includes the synthetic exposure to gilts in a consistent manner across investment managers.

[2]The Trustee acknowledges that it has little ability to influence the carbon metrics reported by insurers.

Steps we are taking to reach the target

To continue to progress towards our data quality target, we plan to engage with managers to encourage better reporting or investigate alternative sources of data, particularly where there are significant gaps in the data. However, we note that better data quality for pooled arrangements and Annuities may be beyond our control.

Trustee's update

Each year we review the suitability of the target we have set. Based on the data collected and the metrics calculated this year, we believe the target for each asset class continues to be suitable.

In future we will consider setting targets for Scope 3 data and DC assets.

Appendices

Please see the appendices for additional information about our climate disclosures report.

1 Glossary

Governance refers to the system by which an organisation is directed and controlled in the interests of shareholders and other stakeholders.[2] Governance involves a set of relationships between an organisation's management, its board, its shareholders, and other stakeholders. Governance provides the structure and processes through which the objectives of the organisation are set, progress against performance is monitored, and results are evaluated.[3]

Strategy refers to an organisation's desired future state. An organisation's strategy establishes a foundation against which it can monitor and measure its progress in reaching that desired state. Strategy formulation generally involves establishing the purpose and scope of the organisation's activities and the nature of its businesses, taking into account the risks and opportunities it faces and the environment in which it operates.[4]

Risk management refers to a set of processes that are carried out by an organisation's board and management to support the achievement of the organisation's objectives by addressing its risks and managing the combined potential impact of those risks.[5]

Climate-related risk refers to the potential negative impacts of climate change on an organisation. Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events (e.g., cyclones, droughts, floods, and fires). They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns (e.g., sea level rise). Climate-related risks can also be associated with the transition to a lower carbon global economy, the most common of which relate to policy and legal actions, technology changes, market responses, and reputational considerations.[6]

Climate-related opportunity refers to the potential positive impacts related to climate change on an organisation. Efforts to mitigate and adapt to climate change can produce opportunities for organisations, such as through resource efficiency and cost savings, the adoption and utilization of low emission energy sources, the development of new products and services, and building resilience along the supply chain. Climate-related opportunities will vary depending on the region, market, and industry in which an organisation operates.[7]

Value chain refers to the upstream and downstream life cycle of a product, process, or service, including material sourcing, production, consumption, and disposal/recycling. Upstream activities include operations that relate to the initial stages of producing a good or service (e.g., material sourcing, material processing, supplier activities). Downstream activities include operations that relate to processing the materials into a finished product and delivering it to the end user (e.g., transportation, distribution, and consumption).[8]

Net zero means achieving a balance between the greenhouse gases emitted into the atmosphere, and those removed from it. This balance – or net zero – will happen when the amount of greenhouse gases add to the atmosphere is no more than the amount removed.[9]

[2] A. Cadbury, Report of the Committee on the Financial Aspects of Corporate Governance, London, 1992.

[3] OECD, G20/OECD Principles of Corporate Governance, OECD Publishing, Paris, 2015.

[4] TCFD, Recommendations of the Task Force on Climate-related Financial Disclosures, 2017

[5] TCFD, Recommendations of the Task Force on Climate-related Financial Disclosures, 2017

[6] TCFD, Recommendations of the Task Force on Climate-related Financial Disclosures, 2017

[7] TCFD, Recommendations of the Task Force on Climate-related Financial Disclosures, 2017

[8] TCFD, Recommendations of the Task Force on Climate-related Financial Disclosures, 2017

[9] Energy Saving Trust, What is net zero and how can we get there? - Energy Saving Trust, October 2021

2 Climate risk categories

Climate-related risks are categorised into physical and transition risks. Below are examples of transition and physical risks.

Transition risks

Transition risks are those related to the ability of an organisation to adapt to the changes required to reduce greenhouse gas emissions and transition to renewable energy. Within transition risks, there are four key areas: policy and legal, technological innovation, market changes, and reputational risk.

Policy and legal

Examples
Increased pricing of GHG emissions
Enhanced emissions-reporting obligations
Regulation of existing products and services

Potential financial impacts
Increased operating costs (e.g. higher compliance costs, increased insurance premiums)
Write-offs, asset impairment and early retirement of existing assets due to policy changes

Technology

Examples
Cost to transition to lower emissions technology
Unsuccessful investments in new technologies

Potential financial impacts
Write-offs and early retirement of existing assets
Capital investments in technology development
Costs to adopt new practices and processes

Market

Examples
Changing customer behaviour
Uncertainty in market signals
Increased cost of raw materials

Potential financial impacts
Reduced demand for goods and services due to shift in consumer preferences.
Abrupt and unexpected increases in energy costs.
Re-pricing of assets (e.g. fossil fuel reserves, land valuations, securities valuations).

Reputational

Examples
Stigmatisation of sector
Increased stakeholder concern or negative stakeholder feedback

Potential financial impacts
Reduced revenue from decreased demand for goods and services.
Reduced revenue from decreased production capacity

Physical Risks

Physical risks refer to the physical impacts of climate change on a firm's operations. They directly impact a firm's ability to perform its function due to climate disruption. They fall into two subcategories: acute and chronic. Acute risks are extreme climate events, and chronic risks are trends that appear over time.

Acute

Examples
Extreme heat
Extreme rainfall
Floods
Droughts

Chronic

Examples
Water stress
Sea level rises
Land degradation
Variability in temperature

3 Additional information on the metrics calculations

Where possible we use the industry standard methodologies for calculating metrics. There currently is no industry-wide standard for calculating metrics for some assets, and different managers may use different methods and assumptions.

These issues are common across the industry and highlight the importance of climate reporting to improve transparency. We expect that in the future better information will be available from managers as the industry aligns to expectations and best practice standards.

The carbon metrics for non-LDI asset classes

Emissions data was collected from the managers using the CET[10]. Managers provided carbon footprint and data quality for their fund(s).

Our investment adviser calculated the total GHG emissions for each fund as follows:

carbon footprint x £m Plan assets invested in the fund x data quality.

Where necessary our investment adviser aggregated the carbon metrics for each asset class. The methodology used for aggregating did not make any assumptions about the carbon emissions for assets for which data was unavailable. The aggregation methodology is as set out below:

$$\textit{carbon footprint for the asset class} = \frac{\sum Gi}{\sum(Ai \times Ci)}$$

Where i is each fund in the asset class

G_i = Total GHG for fund i (tCO_2e)

A_i = Assets invested in fund i (£M)

C_i = Data Quality of fund i (%)

The carbon metrics for LDI

Emissions associated with LDI includes both physical emissions (emissions associated with physical assets that are held within the portfolio) and synthetic emissions (emissions associated with the notional exposure to government bonds gained through derivatives).The Plan's LDI manager(s) provided the value of the physical and synthetic government bond exposures.

The carbon footprint was calculated by our investment adviser as follows:

[10] https://www.plsa.co.uk/Policy-and-Research/Document-library/Carbon-Emissions-Template

$$\frac{\textit{UK national emissions scopes 1 and 2}}{\textit{PPP-adjusted GDP}}$$

Where UK national emissions scopes 1 and 2 as at 31 December 2022 as reported by the Emissions Database for Global Atmospheric Research; and PPP (Purchasing Power Parity)-adjusted GDP as at 31 December 2022 as reported by the Organization for Economic Cooperation and Development.

Total GHG emissions for LDI was estimated for physical and synthetic exposures as follows:

£m of Plan's physical exposure x carbon footprint x data quality

£m of Plan's synthetic exposure x carbon footprint x data quality

Where data quality is assumed to be 100% estimated.

Binary target measurement

Our investment adviser requested the binary target measurement of each fund from the investment managers and aggregated the results based on the portion of assets invested in each fund.

Our investment adviser does not make any estimates for missing data. The Plan's binary target measurement only represents the portion of the portfolio for which we have data.

Currently, there is no standard approach for calculating binary target measurement for government bonds. Hence there is no binary target measurement for the LDI assets (or other government bonds in the portfolio).

Implied temperature rise

Our investment adviser requested the implied temperature rise of each fund from the investment managers and aggregated the results based on the portion of assets invested in each fund.

Guidance from the Department of Work and Pensions [11] states that the trustee should not aggregate the ITR unless the same methodology has been used across the Plan's investments. We have relied on the individual manager data; hence the consistency of methodology cannot be guaranteed.

[11] Statutory guidance: Governance and reporting of climate change risk: guidance for trustees of occupational schemes - GOV.UK (www.gov.uk)

4 GHG emissions

GHG in the atmosphere keep the Earth's surface and atmosphere warm because they absorb sunlight and re-emit it as heat in all directions including back down to Earth. Adding more GHG to the atmosphere makes it even more effective at preventing heat from leaving the Earth's atmosphere.

GHG are vital because they act like a blanket around the Earth making it the climate habitable. The problem is that human activity is making the blanket "thicker". For example, when we burn coal, oil, and natural gas we send huge amounts of carbon dioxide into the air. When we destroy forests, the carbon stored in the trees escapes to the atmosphere. Other activities, such as raising cattle and planting rice emit methane, nitrous oxide and other GHG.

The amount of GHG in the atmosphere has significantly increased since the Industrial Revolution. The Kyoto Protocol[12] identifies six GHG that human activity is largely responsible for emitting. Of these six gases, human-made carbon dioxide is the biggest contributor to global warming.

Each GHG has a different global warming potential and persists for a different length of time in the atmosphere. So, emissions are expressed as a carbon dioxide equivalent (CO_2e). This enables the different gases to be compared on a like-for-like bases, relative to one unit of carbon dioxide.

Six main GHG identified by the Kyoto Protocol

CO_2
Carbon dioxide

CH_4
Methane

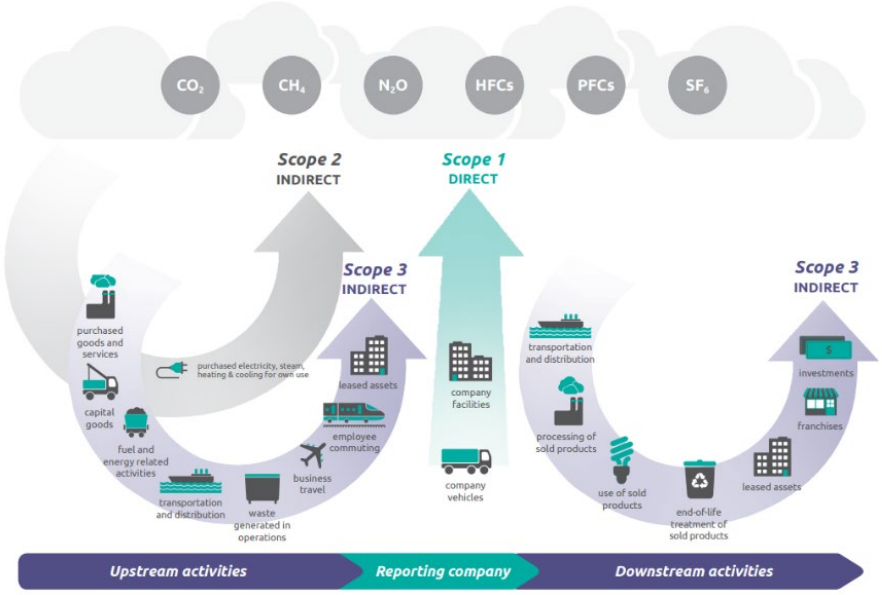
N_2O
Nitrous oxide

HFCs
Hydrofluorocarbons

PFCs
Perfluorocarbons

SF_6
Sulphur hexafluoride

Overview of GHG Protocol scopes and emissions across the value chain



Source: Greenhouse Gas Protocol, Corporate value chain (scope 3) Accounting and Reporting Standard, 2011

[12] https://unfccc.int/kyoto_protocol

5 Portfolio resilience and scenario analysis

Below we provide the climate change scenario analysis for our example members invested in the DC Default Option.

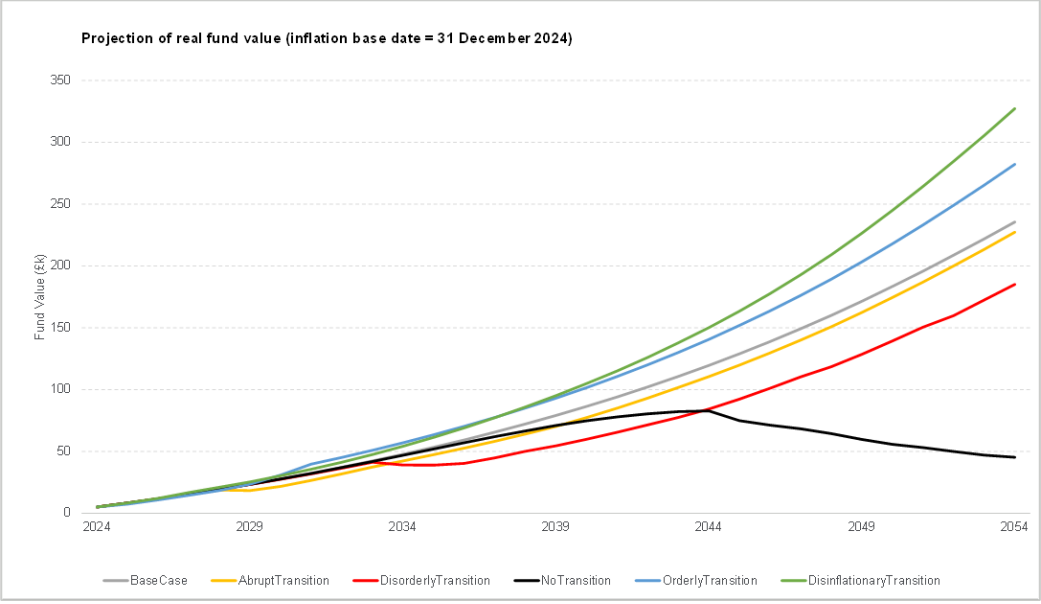
Impact Assessment: DC Default Option

Starting with our youngest example member invested in the DC Default Option, the chart below illustrates the projected real fund value over the next 30 years for each of our five climate change scenarios, together with our base case scenario (grey line).

The projections allow for investment growth and assume our example members continue to pay contributions to their pension. The projections are shown in real terms i.e. in today's money.

Member A: 25-years old active member invested in the Aon Managed Retirement Pathway Funds

Projected real fund value



Source: Investment adviser. Fund values are shown in real terms projected from 31 December 2024. Note these projections assume no withdrawals from the asset pool over the modelling period and contributions into the fund are assumed to be paid half-way through the year.

The projections show that the DC Default Option exhibits reasonable resilience under most of the climate scenarios, particularly in the short to medium term. This is due to inclusion of an ESG overlay on the equity portfolios. This is improved further by the recent changes to incorporate a climate transition equity strategy.

In all the scenarios modelled, the DC Default Option's equity exposure proved to be the most volatile asset class, seeing particularly large drawdowns in the No Transition (black line) and Disorderly Transition (red line) scenario.

In the short term, the biggest risk for our youngest representative member is the Orderly Transition scenario (blue line). Poor asset returns, particularly from equities, in the next few years cause the value of members' pension savings to fall. The overall decline is mitigated by the ESG overlay in place, leaving our youngest representative member better positioned to benefit from the material recovery in later years.

In the longer term, the biggest risk is the No Transition scenario (black line). While initially members' pension savings rise in value, a large shock to asset returns takes place after 20 years. This results in very poor returns over the longer term and a lower value of members' pension savings compared with our Base Case scenario (grey line).

The Disorderly Transition scenario (red line) also results in relatively poor outcomes over the longer term. This is due to a large shock to asset returns which takes place after 10 years, resulting in lower results over the longer term and a lower value of members' pension savings compared with other scenarios.

Another key risk is the volatility of projected fund levels. Under the No Transition, Disorderly Transition and Abrupt Transition scenarios, our youngest representative member might expect lower projected fund values compared with our Base Case scenario. Lower projected fund values mean members are likely to have less money to spend in retirement. In turn, this may result in our members needing to pay additional contributions, retire later or accept a lower level of income in retirement.

In the next few pages we share the projections for the other example members.

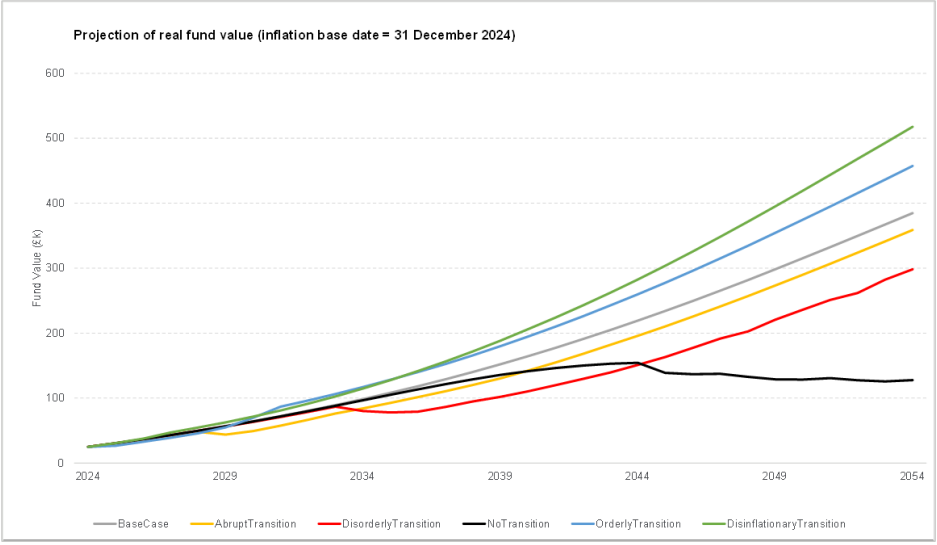
Overall, the analysis shows the DC Default Option exhibits reasonable resilience under most of the climate scenarios, particularly in the short to medium term. This is due to inclusion of an ESG overlay on the equity portfolios and inclusion of more defensive asset classes as members approach retirement. The recent changes to incorporate a climate transition equity strategy will help to increase this resilience.

As for our youngest representative members, in the short term, the biggest risk for our members is the Orderly Transition scenario (blue line). The impact is mitigated by the ESG overlay in place and inclusion of more defensive asset classes for members closer to retirement.

In the longer term, for most of our members, and particularly members in the early to mid-part of their career, the biggest risk is the No Transition (black line) and Disorderly Transition (red line) scenario.

Member B: 35-years old active member invested in the Aon Managed Retirement Pathway Funds

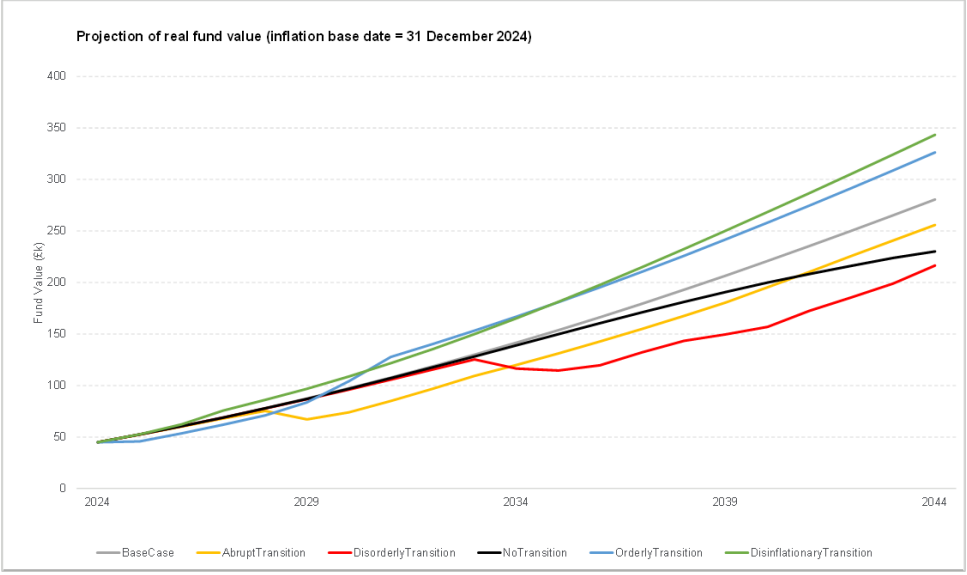
Projected real fund value



Source: Investment adviser. Fund values are shown in real terms projected from 31 December 2024. Note these projections assume no withdrawals from the asset pool over the modelling period and contributions into the fund are assumed to be paid half-way through the year.

Member C: 45-years old active member invested in the Aon Managed Retirement Pathway Funds

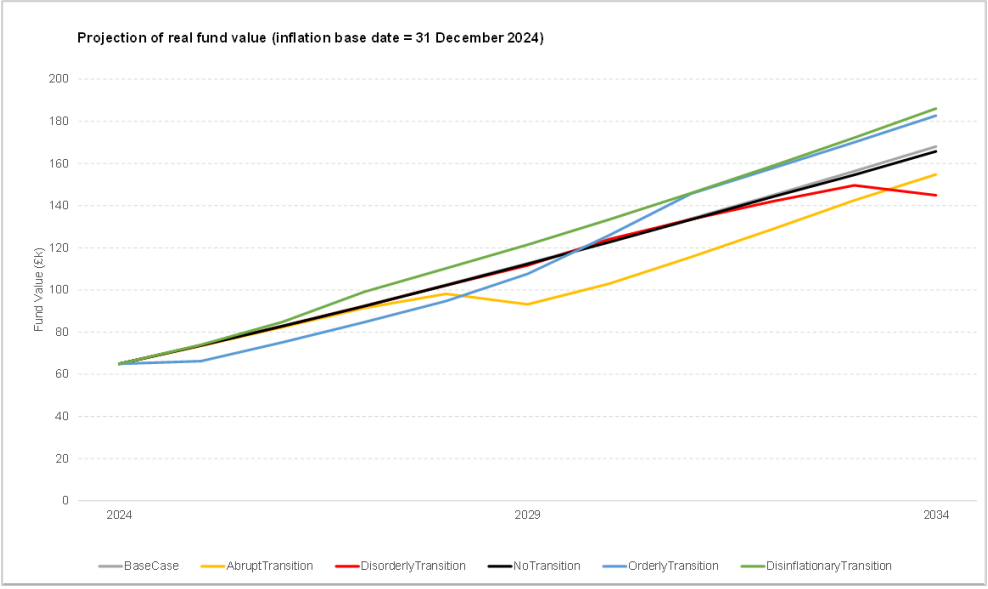
Projected real fund value



Source: Investment adviser. Fund values are shown in real terms projected from 31 December 2024. Note these projections assume no withdrawals from the asset pool over the modelling period and contributions into the fund are assumed to be paid half-way through the year.

Member D: 55-years old active member invested in the Aon Managed Retirement Pathway Funds

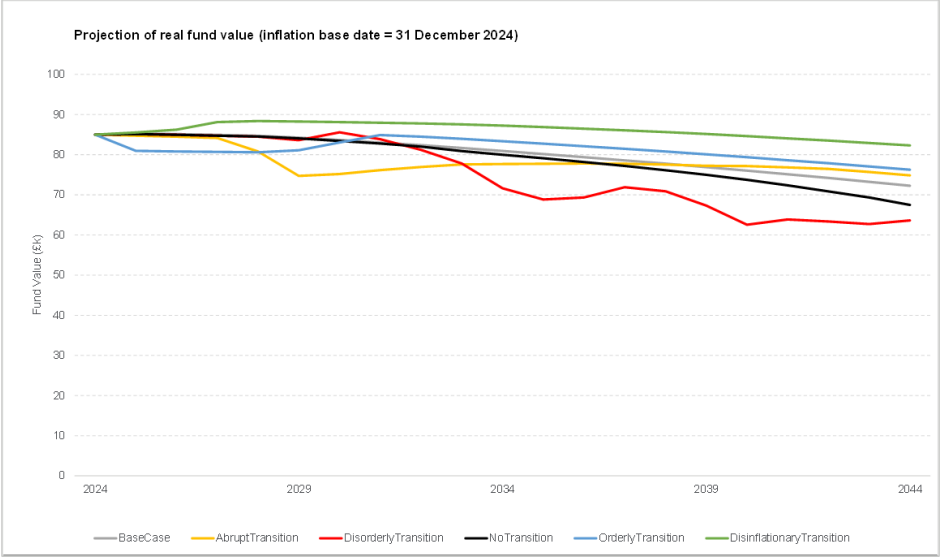
Projected real fund value



Source: Investment adviser. Fund values are shown in real terms projected from 31 December 2024. Note these projections assume no withdrawals from the asset pool over the modelling period and contributions into the fund are assumed to be paid half-way through the year.

Member E: 65-years old member accessing drawdown and invested in the Aon Managed Retirement Pathway Funds

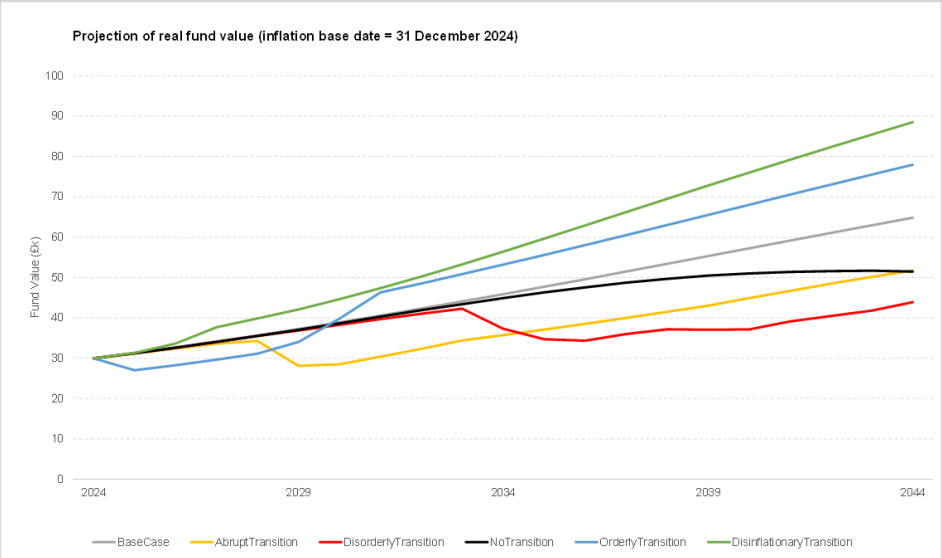
Projected real fund value



Source: Investment adviser. Fund values are shown in real terms projected from 31 December 2024. Note these projections assume withdrawals of £3,000 p.a. (3% of the assumed starting fund value) from the asset pool over the modelling period. These are assumed to be paid half-way through the year. No contributions are made into the fund after retirement.

Member F: 45-years old deferred member invested in the Aon Managed Retirement Pathway Funds

Projected real fund value



Source: Investment adviser. Fund values are shown in real terms projected from 31 December 2024. Note these projections assume no withdrawals from the asset pool over the modelling period and no contributions are paid into the fund.

6 Climate scenario modelling assumptions

The purpose of the climate scenario modelling is to consider the impact of climate-related risks on the Plan's assets and the value of our members' retirement savings.

The climate change scenarios were developed by our investment adviser, and are based on detailed assumptions. It Is important to remember they are only illustrative and are subject to considerable uncertainty.

The scenarios consider the exposure of the Plan to climate-related risks and the approximate impact on the value of our members' retirement savings over the long term.

The purpose of the model is to consider the long-term exposure of representative members to climate-related risks and the pattern of asset returns over the long term.

i. In particular, the model considers different climate change scenarios and the approximate impact on asset values over the long term, projected from 31 December 2024.

Our model assumes a deterministic projection of assets, using standard actuarial techniques to discount and project expected cashflows.

i. The parameters in the model vary deterministically with the different scenarios.

The model intends to illustrate the climate-related risks the members are currently exposed to, highlighting areas where risk mitigation could be achieved through changing the portfolio allocation.

i. Other relevant issues such as governance, costs and implementation (including manager selection and due diligence) must be considered when making changes to the investment strategy.

Investment risk is only captured in the deviance from the Base Case scenario, but this is not the only risk that the member faces; other risks include covenant risk, longevity risk, timing of member options, basis risks and operational risks. The model has been set up to capture recent market conditions and views; the model may propose different solutions for the same strategy under different market conditions.

The scenario modelling does not consider the impact climate change could have on mortality risk and subsequent cost of securing benefits in retirement for individual members. Also, the modelling does not consider non-investment risks such as the timing of when members take their benefits, or operational risks.

The scenario modelling reflects recent market conditions and current market views. The model may produce different results for the same strategy under different market conditions.

Other modelling assumptions for assets

	Temperature risk by 2100	**Reach net zero by**	**Carbon price (2030/2050)**	**Introduction of environmental regulation**
No Transition	+4C	After 2050, if at all	$40/$50	None
Disorderly Transition	<3C	After 2050	$65/$340	Late and aggressive
Abrupt Transition	1.5C – 2C	2050	$135/$280	Aggressive
Orderly Transition	1.3C – 2C	2050	£100/$125	Coordinated
Disinflationary Transition	<1.5C	2045	$80/$50	High coordination

7 Notes on the metrics data

Our investment adviser, collected information from the Plan's investment managers about their GHG emissions. Our investment adviser collated this information to calculate the climate-related metrics for the Plan's portfolio of assets.

How we collected the data

Our investment adviser collected the carbon emissions data from our managers on our behalf using the industry standard Carbon Emissions Template ("CET"). The CET was developed by a joint industry initiative of the Pension and Life Savings Association (now Pensions UK), the Association of British Insurers and Investment Association Working Group. The CET provides a standardised set of data to help pension schemes meet their obligations under the Climate Change Governance and Reporting Regulations, and associated DWP Statutory Guidance.

Availability of data

- One investment manager provided Scopes 1, 2 and 3 GHG emissions.
- Seven managers/insurers provided Scopes 1 and 2 only.
- Six managers did not provide any information.
  All LDI managers provided all required information.
- Three managers/insurers provided portfolio alignment data.

Our investment adviser does not make any estimates for missing data.

Because not all the Plan's managers were able to provide all the requested data, the reported emissions metrics do not include all the Plan's GHG emissions. And so, the metrics show the Plan's GHG emissions to be lower than they really are.

We expect that in the future better information will be available from managers and this improvement will be reflected in the coming years' reporting. We plan to engage with our managers that were unable to supply emissions data to communicate our expectations for future reporting.

Notes on the metrics calculations

There isn't yet an investment industry-wide standard for calculating some of these metrics and different managers may use different methods and assumptions. These issues are common across the industry and highlight the importance of climate reporting to improve transparency.

The carbon metrics

Our investment adviser calculated the carbon metrics for the Plan based on information provided by the managers. The table below shows for each asset class the broad approach used to calculating each metric.

Asset Class	Approach
Illiquid assets	**Carbon footprint** The investment managers provided the carbon footprint in line with the methodology set out in the CET. **Total GHG emissions** Using the carbon footprint, we calculated the Plan's proportion of each investment fund's emissions by calculating: *carbon footprint x £m Plan assets invested in the fund for which carbon data was available* **Data quality** The investment managers provided data quality in line with the methodology set out in the CET.
Annuity	The calculations for the annuities are based on the three insurers with the largest annuity holdings of the Plan, accounting for 97% of the total insured assets. **Carbon footprint** The annuity providers shared the carbon footprint figures for the relevant assets that back the annuity books in line with the methodology set out in the CET. **Total GHG emissions** Using the carbon footprint, we calculated the Plan's proportion of each investment fund's emissions by calculating: *carbon footprint x £m Plan assets invested with the annuity provider for which carbon data was available* **Data quality** The annuity providers shared the data quality in line with the methodology set out in the CET.
LDI and sovereigns*	**Carbon footprint** Estimated as GHG emissions / PPP-adjusted GDP ▪ Emission figures from the Emissions Database for Global Atmospheric Research (EDGAR). ▪ PPP-adjusted GDP from the World Bank. **Total GHG emissions** The Plan's LDI managers shared the amount of physical assets and synthetic exposure in LDI portfolios. Using the carbon footprint, we calculated the Plan's proportion of each LDI funds' emissions by calculating: *carbon footprint x £m Plan's physical assets* and *carbon footprint x £m Plan's synthetic exposure* The sovereign assets in the DC mandate included physical investments. **Data quality** Assumed to be 100%

Binary target measurement

Our investment adviser requested the binary target measurement of each fund from our investment managers and aggregated the results based on the portion of assets invested in each fund.

Our investment adviser does not make any estimates for missing data. The Plan's binary target measurement only represents the portion of the portfolio for which we have data.

Currently, there is no standard approach for calculating binary target measurement for government bonds. Hence there is no binary target measurement for the LDI assets.