Wood Pension Plan

TCFD Report 2024/25

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Contents

A Statement from the Chair

The Taskforce for Climate-Related Financial Disclosures("TCFD") is an international body set up in 2015 by The Financial Stability Board which promotes a consistent and transparent approach to reporting the climate impact of organisations, with the goal of increasing available information and therefore better identifying a route to change and minimising the effects of global warming. The Taskforce has set out a list of recommendations for how organisations can best consider their impact on the climate.

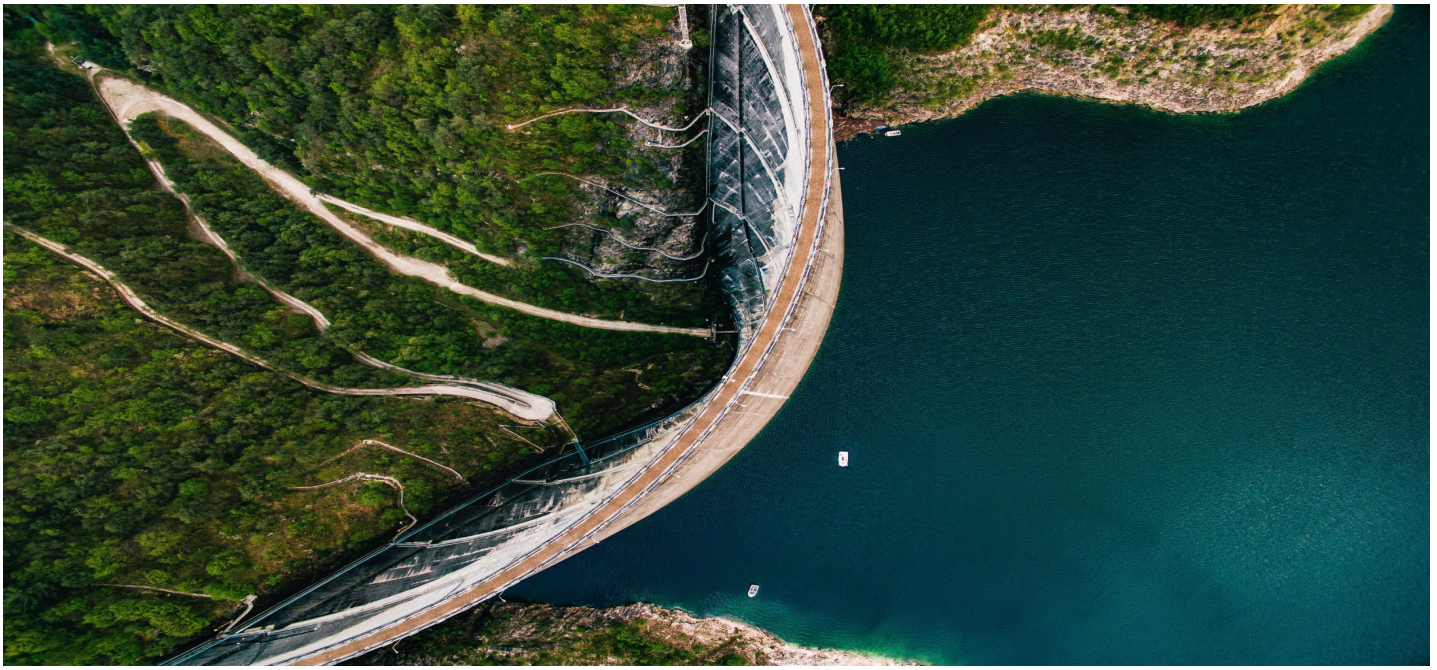
From 1 October 2021, the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 and Occupational Pension Schemes (Climate Change Governance and Reporting) (Miscellaneous Provisions and Amendments) Regulations 2021 introduced new requirements relating to reporting in line with the TCFD recommendations, to improve both the quality of governance and the level of action by trustees in identifying, assessing and managing climate risk. The Wood Pension Plan falls within these guidelines.

In preparing this Report we have adopted a collaborative process between us, Wood Pensions Trustee Limited ("the Trustee"), our Investment Managers and Advisors as well as the sponsoring employer Wood. In assessing the impact of the Plan's investments on climate change, this Report considers both the Defined Benefit (c.£2.0 billion in size as at 31 Dec 2024) and Defined Contribution (c.£535m at 31 Dec 2024) sections of the Plan. For the Defined Contribution section, the Report covers the default investment options, which are used by the overwhelming majority of Plan members.

This Report is a key deliverable, describing how we have identified the current impacts of the Plan's investments on climate change. From the identified impacts, we can take appropriate actions to work to reduce the Plan's carbon footprint, whether that is through the engagement of our Investment Managers with the companies in which they invest or by adopting investment strategies that reduce climate-related risks and maximise climate-related opportunities.

The Report outlines the steps we have taken to incorporate consideration of these Climate-Related Risks and Opportunities (CRROs) into the governance framework and the methods by which we measure our impact and what we seek to achieve. To do this we have set ourselves some goals and methods of measuring our impact. These are referred to within the Report as 'targets' and 'metrics'.

Although there has been widespread global support for the reduction of carbon emissions for many years, the pace of change has often not met expectations. We have therefore also sought to identify the potential impact of several climate change scenarios on the funds used within the popular arrangements of the Plan.



The report highlights that we have conducted scenario analysis to assess the Plan's resilience to climate change risks. This year, the scenarios have been updated with the latest economic and climate data and enhanced physical risk modelling. Among the four scenarios analysed, a Net Zero 1.5°C scenario poses the greatest risk to the Plan's asset valuation due to the transition risk embedded in this scenario. Based on analysis undertaken by the Plan Actuary, our view is that the funding level appears resilient in the scenarios considered, noting that some uncertainty exists in relation to life expectancy risk. Regarding the metrics section of the report, the Trustee has outlined the absolute emission, carbon intensity and forward-looking measures of the portfolio to assess the climate-related impact of the Plan's assets, including data quality.

There was some change to the average data quality relative to 2024, based on PCAF (Partnership for Carbon Accounting Financials) score for the DB section of the Plan. The average PCAF score worsened marginally for the AXA and PGIM Buy & Maintain Credit Funds; however, the score improved for the RLAM UK Buy & Maintain Credit Fund. Generally, achieving a PCAF score of close to 1 for buy & maintain funds is very challenging as they often include issuers with varying levels of emissions reporting and verification practices. For the DC section of the Plan, the Trustee has agreed to a Net Zero strategy within the DC popular arrangements. The funds have an overall Net Zero by 2050 target, and an interim target to reduce Weighted Average Carbon Intensity (WACI) by 45% by 2030, from 2019 base levels.

In September 2024, the Trustee reviewed the ESG credentials of the DB section's investment managers. As part of this review, the Trustee instructed its investment advisor to analyse and compare the section's exposure to controversial weapons. It was found that the AXA and RLAM Buy & Maintain Credit Funds had no exposure to controversial weapons while the PGIM Buy & Maintain Credit Fund had some exposure. However, this exposure was considered minor and further ESG policy changes have been suspended following a decision to pursue a buy-in transaction for the Plan. Instead, the Trustee will consider the ESG credentials of insurance companies with which the Plan may transact to secure member benefits.

This is the third report of this kind that we have published, covering the Plan year 2024/25. We and our advisors expect that the content of our subsequent TCFD reports will evolve in line with the availability of climate-related data and a growing momentum from companies as they transition their businesses to sustainable models.

Between 2023 and 2025, we and the Sponsoring Employer have been considering the long-term objective for the DB section of the Plan as well as potential alterations to the investment strategy. During 2025 the Trustee has made the decision to pursue a full buy-in of the Plan's liabilities with an insurer. Once a buy-in transaction is completed, the Trustee will be unable to make significant changes to the Plan's TCFD reporting as the insurer would control the investment strategy.

We hope that the extensive efforts being made behind the scenes to address various climate-related risks and opportunities inspire confidence among members and contribute to securing their retirement outcomes. We eagerly anticipate further advancements in this area and the potential opportunities that may emerge in the future.

Mervyn Walker

Trustee Chair

Key Areas

The report covers the following areas as recommended by the TCFD

Strategy

How we identify climate-related risks and the definitions we use for the short, medium, and long term and where these may differ between the Defined Benefit and Defined Contribution sections of the Plan.

Consideration of the different climate-related scenarios we use when assessing the Plan's resilience to Climate Change.

Risk management

The Plan's processes for identifying and assessing climate-related risks.

The Plan's processes for managing climate-related risks, and how the management of climate-related risks is integrated into the Plan's overall risk management.

Metrics & Targets

The metrics used by the Plan to assess climate-related risks and opportunities in line with its strategy and risk management process, including where data is not available.

Scope 1, Scope 2, and, where possible, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

The target used by the Plan to manage climate-related risks and opportunities and performance against targets.

Governance

How we plan to maintain oversight and monitor climate-related risks and opportunities which are relevant to the Plan.

The roles and responsibilities for managing climate-related risks and opportunities within the Plan.

Governance

Overall Responsibility

We, the Trustee, have the ultimate responsibility for ensuring the Plan's CRROs are well governed. This report sets out the governance processes we have agreed to ensure that we have oversight of the climate-related risks and opportunities that are relevant to the Plan. We maintain a Statement of Investment Principles (SIP), which details the key objectives, risks, and approach to considering Environmental, Social and Governance (ESG) factors, such as climate change, as part of its investment decision-making. The document is reviewed at least annually.

We believe that ESG issues may have an impact on investment risk and return outcomes, and that good stewardship can create and preserve value for companies and markets. The Trustee also recognises long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly require explicit consideration. The Trustee therefore allocates time and resources proportionately to the CRROs impacting the Plan.

Our policy sets out where responsibility lies and how the framework is implemented, it has been prepared in line with:

- the requirements of the Pension Schemes Act 2021
- the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 ('the Regulations')
- statutory guidance for climate governance and reporting of climate risks issued by the Department for Work and Pensions (DWP)
- the guidance prepared by The Pensions Regulator (TPR)
- the non-statutory guidance prepared by the Pensions Climate Risk Industry Group (PCRIG), and
- recommendations set out in the TCFD.

Roles and Responsibilities

Trustee

Our responsibilities when assessing the CRROs include, but are not limited to, the following:

- Setting and implementing a Climate Delegation Framework.
- Incorporating climate-related considerations into the Plan's ESG Policy (including investment beliefs), ongoing risk management (including risk register) and monitoring.
- Incorporating climate-related considerations into strategic decisions relating to the Plan's investments and funding arrangements.
- Allowing for climate-related considerations when assessing and monitoring the strength of the sponsoring employer's covenant.
- Reviewing climate-related sections of the Plan's risk register.
- Ensuring that the external advisors have clearly defined responsibilities in respect of climate risk, including documenting the extent to which the advisors' responsibilities are included in any agreements, such as service agreements with providers and the Investment Consultant's strategic objectives.

Quarterly we:

- Receive any relevant climate-related updates from the Investment Consultants and Fiduciary Manager (for the Defined Contribution Section) potentially covering the investment managers' climate capabilities, progress on various climate workstreams and any relevant market or regulatory updates.

Annually we:

- Review our Climate Delegation Framework and ESG Policy.
- Review our Task Force on Climate-Related Financial Disclosures (TCFD) reporting.
- Communicate clearly with members on how climate-related risks and opportunities are being managed through our website and Winter Newsletter.

In addition we:

- Work with the Investment Consultants, who provide oversight and assist in managing ESG-related risks as they pertain to the Plan's assets, to help execute our strategy and enhance long-term, sustainable financial stability.
- Ensure that sufficient time is allocated to consider and discuss the Plan's approach to responsible investment and climate change.
- Identify CRROs for the Plan and set and monitor metrics and targets to conduct assessment and management.
- Undertake triennial analysis of various climate scenarios, and for the two years following the latest scenario analysis, consider whether there is sufficient reason to carry out further analysis.
- Receive updates on the Plan's investments from the Plan's Investment Consultants and Fiduciary Manager (for the Defined Contribution Section), including data on ESG metrics and progress against any targets set in relation to these metrics.

Overseeing delivery of TCFD reporting

We work with the Investment Consultants to provide regular updates on the climate-related risks the Plan is exposed to and the results of other TCFD-related outputs, such as scenario analysis.

Table 1 shows the metrics related to climate change that we monitor.

Table 1: Reporting content and frequency

Reporting content	Frequency
Specific climate-related metrics	Annually
Scenario analysis (DB Section only)	Annually
Progress toward net zero target	Annually
Adherence of the investment managers to the exclusion list relating to coal	Annually
Assessment of the invest-ment managers' ESG and climate-related credentials	Annually
Any holdings/activity within the portfolio that require attention from a climate-related perspective	As required
Any notable stewardship activity related to climate risk within the portfolio	As required

Investment Consultant

The terms of reference for the Plan's Investment Consultants set out the roles and responsibilities of the Investment Consultants. Our advisors are reviewed annually against these terms.

The Investment Consultants' responsibilities include, but are not limited to, the following:

- Advising on the inclusion of climate considerations in the Plan's governance arrangements, investment strategy, risk management and monitoring, working with the Trustee and its other advisors as appropriate.
- Advising on how CRROs may affect the Plan's exposure to different asset classes over the short, medium, and long term, and the implications for the Plan's investment strategy.
- Assisting the Trustee in the selection and monitoring of appropriate climate-related metrics and targets for the Plan's

investments, including engaging with the Plan's investment managers regarding the provision of the agreed metrics.

- Providing training and relevant updates to the Trustee on relevant climate-related matters.

The DB Investment Consultant, annually:

- Provides an ESG impact assessment report to monitor the extent to which the Plan's DB investment managers are integrating ESG considerations including climate change.
- Assists with the selection, collection, and presentation of climate-related metrics and targets.
- Assists with the preparation of the Trustee's annual TCFD report.
- Assists with climate scenario analysis to determine the potential impact on the Plan's assets and liabilities under various climate-change scenarios, working with other advisors as required.

The DC Investment Consultant, annually:

- Monitors the DC Fiduciary Manager including the extent to which the DC investment strategy is integrating ESG considerations including climate change.
- Assists with the preparation of the Trustee's annual TCFD report.

Plan Actuary

The Plan Actuary's responsibilities include, but are not limited to, the following:

- Assessing climate-related risks and opportunities in relation to the Plan's funding position over the short, medium, and long term and the implications for the Plan's funding and long-term objective, at least triennially.

Trustee Knowledge and Understanding

We undertake a range of activities to ensure we are sufficiently informed on climate change-related topics to be able to challenge assumptions, external advice, and the information we receive.

Our activities include:

- Identifying regulatory developments relevant to the Plan, including guidance from The Pensions Regulator and Department for Work and Pensions.
- Engaging with peer groups, industry bodies and advisors to compare the Plan's position to peers or competitors.
- Managing reputational risks by identifying relationships between events and news, and business and financial impacts.
- Identifying and assessing physical and transitional risks over various time horizons.
- Considering the impact of physical and transitional, including operational, risk factors.
- Asking advisors to provide training on climate change-related topics.
- Raising questions and challenging our Fiduciary Manager and Investment Managers.

We use our output from the activities listed above to help us consider climate change scenarios, risk management, metrics and targets. We explain these considerations in this report.

Covenant Advisor

The Covenant Advisor's responsibilities include, but are not limited to, the following:

- Undertaking periodic reviews, at least triennially, of the extent to which climate-related risks and opportunities could affect the Plan's sponsoring employer over the short, medium, and long term.

Legal Advisor

The Legal Advisor's responsibilities include, but are not limited to, the following:

- Providing training to the Trustee on climate-related legal matters, including ensuring the Trustee is aware of its climate-related statutory and fiduciary obligations.
- Where requested, assisting in the documentation of the arrangements with the Plan's third parties with respect to climate-related matters.
- Assisting with the preparation of the Trustee's annual TCFD report.

Investment Managers

The Investment Managers' responsibilities include, but are not limited to, the following:

- Identifying, assessing and managing climate-related risks and opportunities in relation to the Plan's investments.
- Exercising voting rights and engaging with portfolio companies in relation to climate-related risks and opportunities, on behalf of and in the best interests of the Plan's members.
- Providing the agreed climate-related metrics to the Plan's Investment Consultant in relation to the Plan's investments and focusing on increasing the quality and availability of these metrics

Fiduciary Managers

Mercer Workplace Solutions (MWS) is the Plan's DC Fiduciary Manager. The responsibilities of the DC Fiduciary Manager include, but are not limited to, the following:

- Overseeing climate-related risks and opportunities of the Plan's DC investments
- The delegation of assessing and managing these climate-related risks in an effective way.

The DC Fiduciary Manager, on at least a triennial basis will:

- Assist with climate scenario analysis to determine the potential impact on the Plan's DC assets under various climate-change scenarios, working with the DC Investment Consultant as required.
- Assist with the selection, collection, and presentation of climate-related metrics and targets.

Table 2 shows the subgroups within the MWS alongside their responsibilities;

Table 2: Responsibilities within MWS

Subgroup	Responsibilities
Mercer Workplace Savings Investment Governance Committee	Responsible for ensuring climate-related and broader sustainability risks and opportunities are considered across the MWS investment arrangement.
MWS Investment Team	Translates Mercer's thought leadership and best practice into policies and processes for the MWS investment arrangement.
Mercer Investment Solutions / Mercer Global Investments Europe Limited (MGIE) Board (Investment Manager)	Responsible for ensuring effective governance of climate-related and broader sustainability risks and opportunities across the investment management process.
Global ESG Integration Committee	Co-ordinates Mercer's global approach to investing sustainably across the investment solutions business.
Mercer Investment Solutions ESG Team	Translate Mercer's thought leadership and best practice into clear policies and processes, for implementation into portfolios, by various teams across the business.
Mercer's Global Sustainable Investment Consulting Team	Consult with, and provide support to, both the MWS Investment Governance Committee and Mercer Investment Solutions / MGIE.

Assessment of Advisors and Investment Managers

The Trustee places a high level of trust in its advisers and investment managers, expecting them to operate with the utmost integrity, professionalism, and diligence in pursuing and fulfilling the established investment objectives relating to CRROs. To ensure these standards are consistently met, the Trustee regularly engages in meetings and open dialogue with these parties. These interactions serve not only as a platform for communication but also as an opportunity for the Trustee to thoroughly assess, evaluate, and, when necessary, challenge the performance and actions of advisers and managers.

In assessing how the external advisors have performed against their climate responsibilities, given the Trustee's reliance on the Investment Advisors and Actuarial Advisors for advice in relation to ESG and climate change issues, it is important that both are sufficiently skilled. The Trustee is comfortable that this is the case based on ongoing assessments made in relation to the quality of training, advice and communications provided on such topics.

The Trustee takes a proactive and inquisitive approach to working with its advisers and investment managers, and will challenge views presented to ensure that the advice provided to the Trustee will facilitate effective and efficient decision-making.

Investment Advisors

DB - How the investment adviser approaches climate change, and how it is integrated into its advice and services, is assessed explicitly as part of the annual adviser monitoring process.

The Trustee sets specific DB strategic objectives for the investment adviser, including objectives related to climate change. Performance is formally assessed against the objectives annually, and the objectives themselves are also reviewed each year. In 2024/5, the Plan's DB investment advisor was set an objective to ensure the selected managers' TCFD and ESG reporting accurately reflects the Trustee's views on ESG (including climate change) and stewardship.

DC - The Trustee has adopted the fiduciary manager's ESG and climate related policies and reviews these as well as performance against these policies annually

Other Advisors

In respect of the other advisors, the Trustee formally reviews the performance of each advisor annually. Where relevant, this includes a review of the advisor's performance in relation to climate-related risks and opportunities.

As part of the investment manager selection and monitoring process, The Trustee consider the level and extent to which managers take into account ESG factors, including climate change, in their investment process and stewardship activities (such as voting and engagement with the companies or issuers they invest in).

Time and resources assigned to Climate Change

The Chair of the Trustee Board is responsible for ensuring that adequate time and resources are dedicated to discussing and addressing climate change-related matters. The Trustee Board includes climate change topics in their regular meeting agendas, alongside other environmental, social, and governance (ESG) issues.

Climate change is given specific attention at least once a year as an explicit agenda item for the Trustee, particularly during the preparation of the Trustee's annual Task Force on Climate-related Financial Disclosures (TCFD) report.

In addition, climate change considerations are integrated into broader discussions of strategy, investment manager selection, and performance reviews.

The Trustee believes that the current allocation of governance time to climate-change matters is appropriate and sufficient. However, if future analysis or industry developments indicate the need for further discussion, additional time will be allocated in upcoming meetings to ensure all necessary aspects are thoroughly reviewed.

Strategy

This section covers the actual and potential impacts of climate change-related risks and opportunities on the Plan's strategy and financial planning.

Time Horizon

The effects of climate change, and the actions or measures taken by governments, businesses or individuals, will be felt at different times in the future and to different extents.

In compliance with TCFD-aligned regulations, we have defined the periods over which climate risks are identified. This varies between the Defined Benefit and Defined Contribution Sections of the Plan due to the differences in structure and liabilities between the Sections.

Table 3: Time horizons monitored by the Trustee.

	Defined Benefit Section	Defined Contribution Section
Short Term	0-5 years. This allows sufficient time for climate-related decisions to be made, implemented and monitored.	10 years (Representative of a member approaching retirement age).
Medium Term	5-10 years. This is, broadly, the timescale needed for the Plan's to be in a position to buy out its liabilities.	25 years (Representative of a member in the mid-career stage).
Long Term	10-17 years. This definition broadly aligns with the duration of the Plan's liabilities.	40+ years (Representative of a member currently in the 'early career' stage).

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Climate Related Risks and Opportunities (CRROs)

We recognise the importance of identifying the impacts of climate-related risk on the Plan's assets.

The Trustee has considered the following types of climate-related risks in its climate scenario analysis:

Transition risks

The potential financial and economic risks and opportunities from the transition to a low-carbon economy (i.e. one that has a low or no reliance on fossil fuels), in areas such as:

- Policy and legislation
- Market
- Technology
- Reputation

Risks include the possibility of future restrictions, or increased costs, associated with high-carbon activities and products. There are also opportunities, which may come from the development of low-carbon technologies. In order to make a meaningful impact on reducing the extent of global warming, most transition activities need to take place over the next decade and certainly in the first half of this century.

The extent of the impact of transition risk is minimised if the transition to a low-carbon economy is well-managed and smooth, or "orderly".

Physical risks

The higher the future level of global warming, the greater physical risks will be in frequency and magnitude. Physical risks cover:

- Physical damage (storms; wildfires; droughts; floods)
- Resource scarcity (water; food; materials; biodiversity loss)

Physical risks are expected to be felt more as the century progresses, though the extent of the risks is highly dependent on whether global net zero greenhouse gas emissions are achieved by 2050.

Physical risks include temperature-related risks – population deaths can already be attributed to those caused by cold weather and by warm weather. A rise in the mean global temperature is expected to lead to more unstable weather patterns, which could lead to increased deaths from both high and low temperatures.

These risks can affect the Plan's assets directly or indirectly.

Climate Related Risks and Opportunities (CRROs) continued

Short term	A significant climate-related exposure is through the public equity allocations. The climate scenario analysis and climate metrics help the Trustee to understand which equity market sectors are most exposed to climate-related risks and which are best positioned for the move to a low-carbon economy. The Defined Contribution Section is more exposed to this risk due to a higher allocation to equity assets than the Defined Benefit Section.
Medium term	For the Defined Contribution Section, the greatest climate-related exposure remains with public equity allocation. Maintaining a sizeable equity allocation is typically appropriate for a Defined Contribution Section, given most members' long time-horizon up to and through retirement. For the Defined Benefit Section, the exposure is more towards the risk-reducing assets, such as public credit, where an issuer that has made minimal effort to support the low-carbon transition may suffer a potential bond default or downgrade. Market surprises due to unexpected policy changes related to climate change could lead to asset-price volatility and therefore funding-level volatility. The resilience of the funding strategy to climate-related risks improves as the funding level increases.
Long term	Investment opportunities remain in investments linked with the development of technology and low-carbon solutions, which will be harnessed through the sustainable equity allocation in the Defined Contribution Section. Additional policy, legislation and regulatory action post-2030 is likely to be inflationary. The Defined Benefit Section's liability hedging programme will reduce the impact of rising inflation on the funding strategy of the Plan.

Scenarios

The Trustee considers various climate-related scenarios to form a view on the resilience of the Plan's current strategy, the Trustee acknowledges that the Regulations require scenario analysis to be conducted every three years or if there are significant changes in investment strategy.

Table 4 shows the climate scenarios considered in the climate scenario modelling for the DB and DC Sections. Regarding the DB Section, the scenarios designed by the Network for Greening and Financial System (NGFS) have been updated for this year's report, the changes made by the NGFS are outlined below:

- New economic and climate data, policy commitments, and pace of technology change.
- Physical risk modelling has been enriched by including more hazards and increasing geographical granularity.
- The addition of the 'Fragmented World' scenario explores more adverse impacts because of dissimilar and delayed responses from countries leading to higher physical and transition risks.
- The 1.5°C Disorderly scenario (Divergent Net Zero) has been phased out given the reduced likelihood of an uncoordinated transition being successful. This has been replaced by the Net Zero 2050 1.5°C scenario.

For added context, the NGFS scenarios explore the impacts of climate change and climate policy with the aim of providing a common reference framework. The scenarios used in the DC Section are strongly aligned to those of the scenarios used in the DB Section. We note there is no requirement for the scenarios to be exactly the same; however, a strong alignment provides consistency. These scenarios were selected to test a broad range of feasible outcomes and the Plan's exposure to both transition and physical risks.

In designing scenario analysis, a fundamental decision is whether to assume that any climate impacts are priced in today. The analysis in this report is expressed relative to a 'climate-informed' baseline; the implication is that all return impacts are presented in terms of how they are different from what we are assuming is priced in today.

Climate scenario modelling is a complex process. We are aware of the modelling limitations. In particular:

- The further into the future you go, the less reliable any quantitative modelling will be.
- There is a reasonable likelihood that physical impacts are grossly underestimated. Feedback loops or 'tipping points', like permafrost melting, are challenging to model particularly around the timing of such an event and the rate at which it could accelerate.

- Financial stability and insurance 'breakdown' are not modelled. A systemic failure may be caused by either an 'uninsurable' +4°C physical environment, or due to the scale of mitigation and adaptation required to avoid material warming of the planet.

Most adaptation costs and social factors are not priced into the models. These include population health and climate-related migration.

New and emerging risks, such as the impact of climate change on biodiversity loss, will be integrated into climate scenario modelling over time once the supporting science and impact on econometrics and finance is better understood.

Table 4: Climate-related scenarios

Defined Benefit Section	Defined Contribution Section
Net Zero 2050 (1.5°C) - Limits global warming to 1.5 °C through stringent climate policies and innovation, reaching global net zero CO2 emissions around 2050. Orderly scenario assumes climate policies are introduced early and become gradually more stringent. Both physical and transition risks are relatively subdued.	**1.5°C Rapid Transition** - Average temperature increase of 1.5°C by 2100 in line with the Paris Agreement. This scenario assumes sudden large-scale downward re-pricing across multiple securities in 2026. This could be driven by a change in policy or realisation that policy change is inevitable, consideration of stranded assets or expected cost. To a degree the shock is sentiment driven and is therefore followed by a partial recovery across markets. The physical damages are most limited under this scenario.
Delayed Transition (1.70C) - Assumes annual emissions do not decrease until 2030. Strong policies are needed to limit warming to below °2C. Negative emissions are limited. Disorderly scenario with higher transition risks due to policies being delayed or divergent across countries and sectors.	**<2°C Orderly Transition** - Average temperature increase of less than 2.0°C by 2100. This scenario assumes political and social organisations act in a coordinated way to implement the recommendations of the Paris Agreement to limit global warming to below 2°C. Transition impacts do occur but are relatively muted across the broad market.
Fragmented World (2.3^{0}C) - "Too-little-too-late" assumes a delayed and divergent climate policy response among countries globally, leading to high physical and transition risks. Countries with net zero targets achieve them only partially (80% of the target), while the other countries follow current policies.	**2.6°C Limited Transition** – Average temperature of around 2.6ºC by 2100. This scenario assumes that policymakers implement limited NDCs and fall short of meeting the Paris Agreement goals. The attempted transition translates into a slight downward re-pricing of securities in the late 2020s and slightly mitigates physical damage (relative to a failed transition). These damages are priced in to a degree in the late 2020s and the late 2030s.
Current Policies (2.90C) - Hot house world scenario assumes that some climate policies are implemented in some jurisdictions, but globally efforts are insufficient to halt significant global warming. The scenarios result in severe physical risk including irreversible impacts like sea-level rise.	**4°C Failed Transition** – Average temperature increase above 4°C by 2100. This scenario assumes the world fails to co-ordinate a transition to a low-carbon economy and global warming exceeds 4°C above pre-industrial levels by 2100. Physical climate impacts cause large reductions in economic productivity and increasingly negative impacts from extreme weather events. These are reflected in re-pricing events in the late 2020s and late 2030s.

The effects of climate change, and the actions or measures taken by governments, businesses or individuals, will be felt at different times in the future and to different extents. The Trustee believes it is important to understand how the Plan's exposure to climate-related risks may change over time.

The balance between transition and physical risks will vary over different time horizons:

Transition risks are greater than physical risks.

- Perceived or real increase of the pricing of greenhouse gas emissions/carbon by markets may lead to the value of assets in certain sectors being materially impacted.
- Increase in public statements by businesses making net zero commitments and setting out clear decarbonisation plans.

Physical risk increases **but transition risks still dominate.**

- The implications of the physical impacts of climate change become clearer.
- Policy, legislation and regulation will play a key role at the international, national and sub-national level.
- Physical risks linked to resource availability may require some businesses to relocate their operations or change their production process.
- Government responses to building regional resilience through the need to adapt local infrastructure may lead to higher economic costs.

Transition risks continue to dominate.

- Unexpected or accelerated climate-related policy changes (such as the introduction of a 'carbon price') by governments or industry bodies may surprise markets. The policy changes may become inflationary.

Physical risks are expected to **dominate** over the latter half of the century.

- There will be more frequent and extreme weather events creating physical damage to property and infrastructure.
- The availability of natural resources such as water will be a material consideration for society as well as business.

Concentrations of greenhouse gases are likely to increase gradually until we reach net zero. Average temperatures will rise accordingly, with short-term fluctuations likely to be greater than previously.

Scenario Analysis on the Plan's Assets – DB Section

Climate Value at Risk (VaR), a climate scenario modelling tool, provides a forward-looking and return-based valuation assessment to measure climate-related risks and opportunities in an investment portfolio. It provides insights into the potential climate-stressed market valuation of investment portfolios and downside risk. Figure 1 shows the changes in portfolio value of each of the Plan's buy and maintain (BAM) funds under the scenarios broadly in line with the above.

A Net Zero 1.5°C scenario would present the greatest risk to the Plan's asset valuation due to the transition risk embedded in this scenario. While a delayed transition scenario typically carries greater transition risk, in the Plan's case, the funds are not currently aligned to net zero by 2050. Therefore, adjustments are needed to align the portfolio to this trajectory. These could be costly, therefore posing a greater transition risk. If this scenario played out these risks are expected to emerge in the short to medium term.

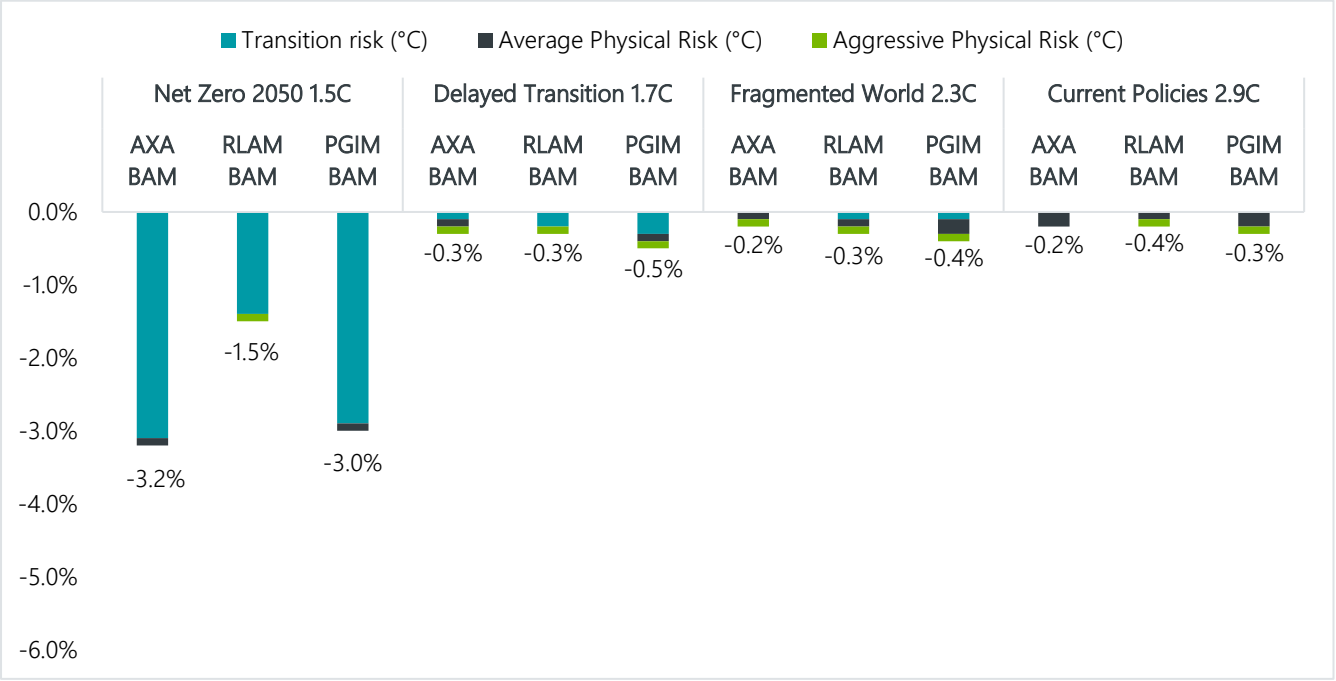
The narrative around the 1.7°C Delayed Transition, 2.3°C Fragmented World and 2.9°C Current Policies scenarios are more aligned to the medium and long-term timeframes defined by the Plan. The overall impacts of each of these scenarios on the Plan's assets are broadly similar. The 1.7°C Delayed Transition carries more transition risk than a 2.3°C Fragmented World scenario and the 2.9°C Current Policies carries no transition risk.

The physical risk for all scenarios is marginal under all scenarios. Within physical risk, there is a range of possible cost outcomes under each scenario, Figure 1 illustrates both the average (expected or 50th percentile outcome) cost impact, and an 'aggressive' (worst case) cost impact. The 'aggressive' physical element represents the 95th percentile outcome.

To mitigate these long-term risks, we will continue to engage more closely with current managers to identify the high-risk holdings or consider investing in funds or arranging for segregated mandates that take more explicit account of forward-looking low-carbon transition alignment with the same financial objectives.

The Trustee notes the limitations of scenario modelling and the fact that it is underpinned by a series of assumptions that may or may not hold in practice, noting in particular that the investment outcomes in a Failed Transition (Current Policies 2.9°C scenario), where physical risks associated with climate change are expected to be high, are hard to estimate. However, the Trustee is comfortable that the modelling provides a helpful comparison of the resilience of the Plan in plausible future outcomes and that it serves the purpose of helping the Trustee to manage climate-related risks.

Figure 1: Climate impact on the Plan's DB assets



Actuarial Funding and Mortality

The Plan has a high degree of interest-rate and inflation hedging in place; while the value of liabilities could be impacted by changes in interest rates and inflation, the hedging policy means that the impact on the funding level is likely to be minimal. Based on analysis undertaken by the Plan Actuary, our view is that the funding level appears resilient in the scenarios considered. In advance of the previous TCFD report, the Trustee requested for the Plan Actuary to undertake modelling to assess the impact of these scenarios on mortality rates and the resulting effect on the Plan's liabilities.

In modelling scenarios for mortality impacts, the Trustee's advisors have made use of:

- Representative Concentration Pathways (RCPs) and Shared Socioeconomic Pathways (SSPs) as defined by the UN Intergovernmental Panel on Climate Change (IPCC), including estimated projected temperatures.
- Relationships between each SSP and a range of socioeconomic and other variables as published by the UK Climate Resilience Program, and modelling of how changes to those variables would affect UK mortality rates.
- UK-based climate projections from the Met Office, with correlations between past climate data and mortality rates being used to predict future influences.

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

Table 5: Climate-related scenarios and mortality assumptions

SSP	RCP	Likely temperature increase to 2100 vs pre-industrial	Scenario	Life Expectancy Change		Scheme Liability Impact
				Age 25	Age 65	
1	1.9	Within ~ 1.5 ^{0}C	Rapid Transition	-1 month*	+ 19 months*	+ 5.1%
1	2.6	Within ~ 2 ^{0}C	Orderly Transition			
2	4.5	Within ~ 3 ^{0}C	Limited Transition	- 15 months*	+ 10 months*	+ 2.3%
3	7	Within ~ 4 ^{0}C	Failed Transition	- 63 months*	- 3 months*	- 1.0%

Based on the range of scenarios above, climate-related longevity uncertainty is higher for younger generations, though there is more funding risk associated with climate-positive scenarios and their implications for improved shorter-term mortality for current pensioners. Key drivers of differences in life expectancies between the scenarios include GDP growth and health-care provision, in addition to the impact of temperature rises.

Based on this analysis, mortality changes arising from the direct and indirect impact of climate-change are not currently expected to have a material impact on the funding strategy.

That said, the Trustee will continue to review the potential impact of climate change on the funding strategy of the Plan and will revisit the scenario analysis at regular intervals, noting that climate change scenario analysis is an emerging area with constant improvements and refinements made to established models based on published research.

** It is important to note that these "Results" are based on longevity projection models and third-party data which may produce output that differ materially from actual outcomes. The Results are set out for informational purposes only and should not be used for any other purpose. In particular, the Results should not be relied upon, and they are not suitable for repurposing, copying, redistributing or modifying. The model provider disclaims all liability and makes no representations about the suitability for any purpose of the Results and such content is supplied on an as is basis, without any warranty of any kind.*

Factors that impact covenant (the Employers' and Guarantors' ability to support the Plan)

The Plan is supported by certain companies ("Employers") in the John Wood Group plc group ("Group").

We receive analysis and advice in relation to the employer, which includes the risks that the Group is exposed to, including climate-related risks.

This assessment assists us in considering these risks alongside mitigating actions taken by the Group, as well as the opportunities for the Group that arise from the transition to a low-carbon economy.

The Group is an engineering and consultancy group operating across energy and materials. A significant proportion of Group operations are related to activities within the energy sector, including the oil and gas industry. This means climate-related risks present a medium to long-term risk to the employer covenant. The short-term risk to the covenant from climate-related factors is expected to be less significant due to the strength of the existing order book. The impact on Plan strategy of such covenant risks materialising depends on the level of covenant reliance at that time.

The Group's strategy includes a focus on the opportunities presented by the transition to a low-carbon economy: specifically, opportunities around decarbonisation and low-carbon solutions including hydrogen, carbon capture, renewables, and biofuels.

The Group has also set various sustainability targets including a carbon reduction target to reduce scope 1 and 2 emissions by 40% (compared with 2019 baseline) by 2030.

Having reviewed the analysis provided, we are currently satisfied that the Group is developing its strategy to address the anticipated risks and opportunities arising from climate change. Therefore, we see no reason at present to alter the Plan's funding strategy because of this covenant analysis. Instead, we will continue to review the approaches of the Group in light of the risks and opportunities the business is exposed to.

We also acknowledge that there may be scope to further develop covenant analysis in the future and will continue to review our covenant monitoring methodology to incorporate available relevant data.

Scenario Analysis on the Plan's Assets – DC Section

As previously mentioned, the scenarios used in the DC Section are broadly in line with those used in the DB Section. Figures 2, 3 and 4 show the expected climate impact on annualised expected returns for the Mercer Multi-Asset Growth Fund, Mercer Long Term Growth Fund and Mercer Diversified Retirement Fund which are key components of the Plan's default investment strategy. Sustainable allocations help reduce the climate impact in short to medium term across both the rapid and orderly transition scenarios.

Figure 2: Climate impact on the annualised expected return of the Mercer Long-Term Growth Fund

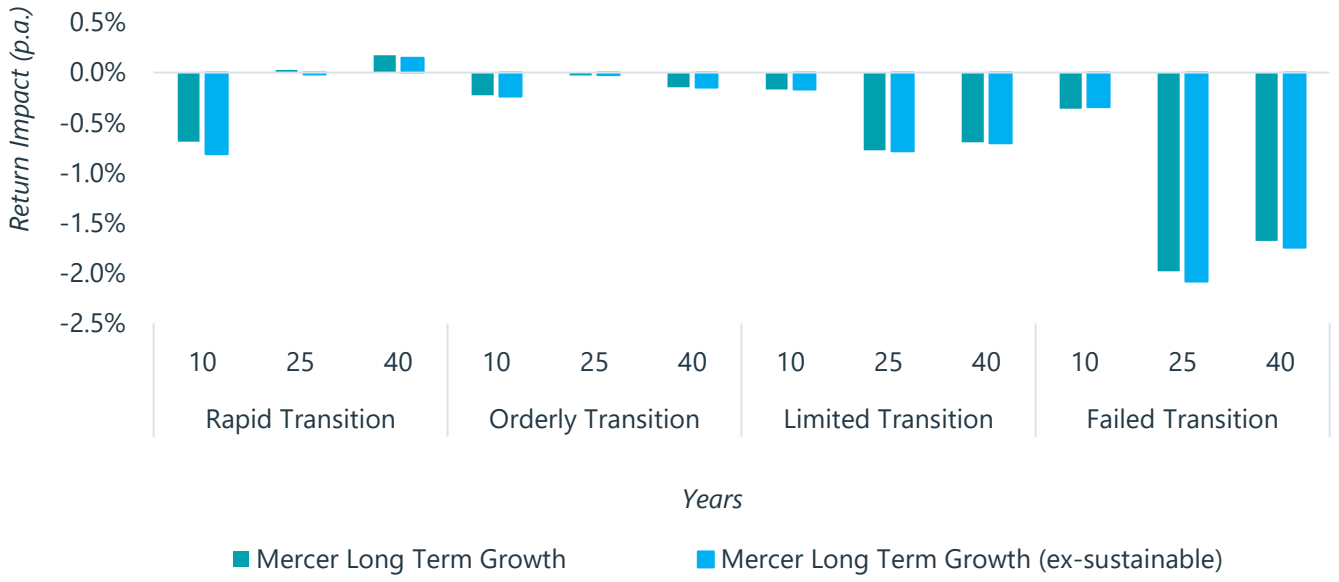


Figure 3: Climate impact on the annualised expected return of the Mercer Multi-Asset Growth Fund

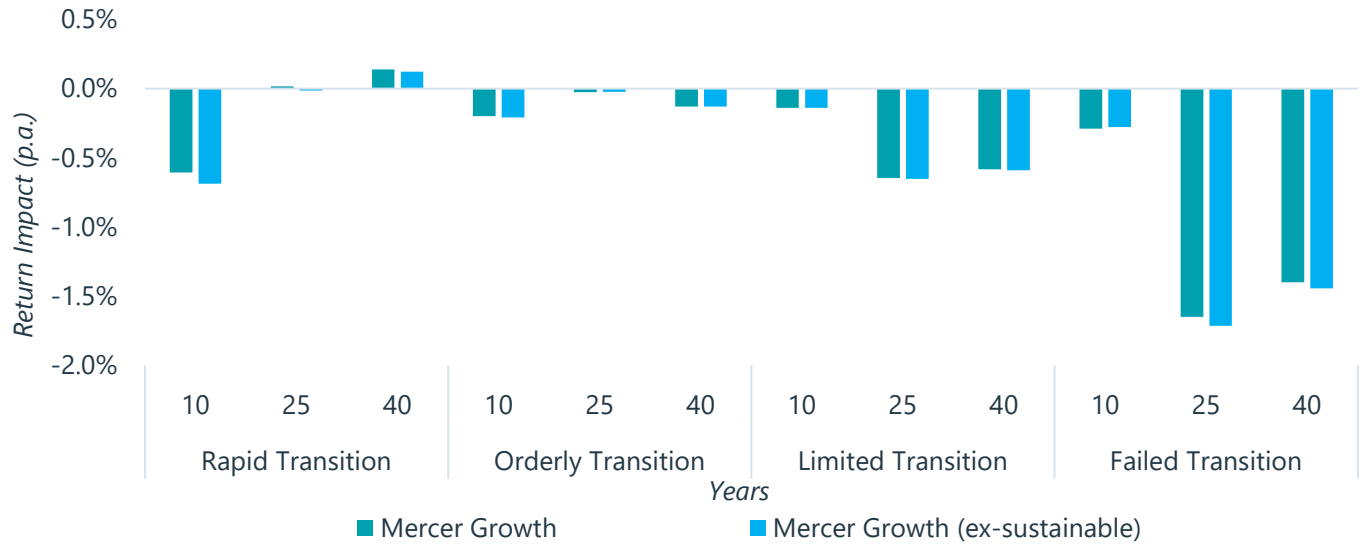
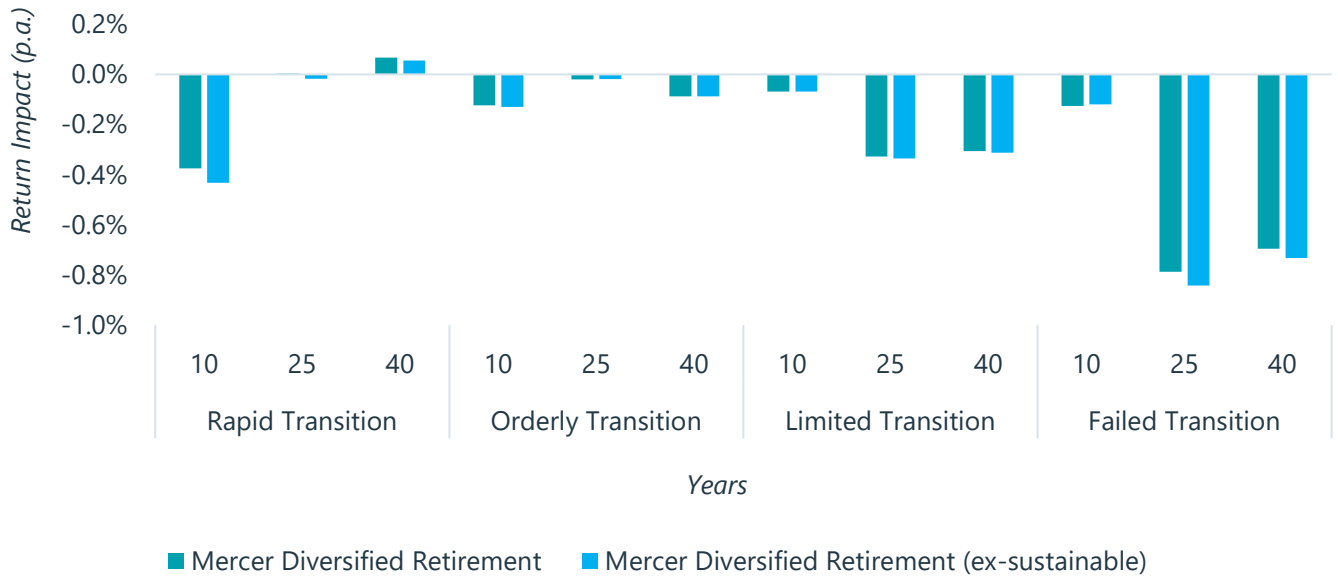


Figure 4: Climate impact on the annualised expected return of the Mercer Diversified Retirement Fund



Over the 10-year period, transition risks are the most significant, therefore the Rapid Transition is the most impactful. However, the Failed Transition scenario becomes more impactful as future physical damages start to be priced in.

The impact of the Orderly Transition is small on the basis that transition costs and impacts are smaller and largely priced in.

In contrast, over the 25-year period (i.e., the medium term), as longer-term physical damages begin to be priced in, the Failed and Limited Transition scenarios become the most impactful.

Over the 40-year period (i.e. the long term), physical damage is the dominant driver, and Failed Transition is by far the worst scenario.

Within an Orderly Transition we see the additional warming and hence the damage caused by this means it becomes a slightly more negative scenario compared to the Rapid Transition.

The charts below illustrate the projected impact on pot size projections for members at different stages on the glidepath for those in the Mercer SmartPath Funds.

Note:

Data and commentary regarding the Plan's DC assets have been provided by Mercer. Mercer has confirmed that the analysis has been updated since the first iteration of the report (2023 TCFD report) to reflect changes to the default strategy that was implemented in 2024. As such, the underlying data is based on 31 December 2023. Please note, scenario analysis is required only once every three years.

Mercer's baseline assumes a composite scenario with the following weightings priced in: 40% Orderly Transition, 10% Rapid Transition, 10% Failed Transition, the remaining 40% represents low impact scenarios and the potential for the transition to have an overall positive impact.

Scenario Analysis on the Plan's Assets – DC Section continued

The charts below illustrate the projected impact on pot size projections for members at different stages on the glidepath for those in the Mercer SmartPath Targeting Drawdown, Mercer SmartPath Targeting Cash and Mercer SmartPath Targeting Annuity.

Figure 5: Mercer SmartPath - Projected pot size - 10 Years to Retirement

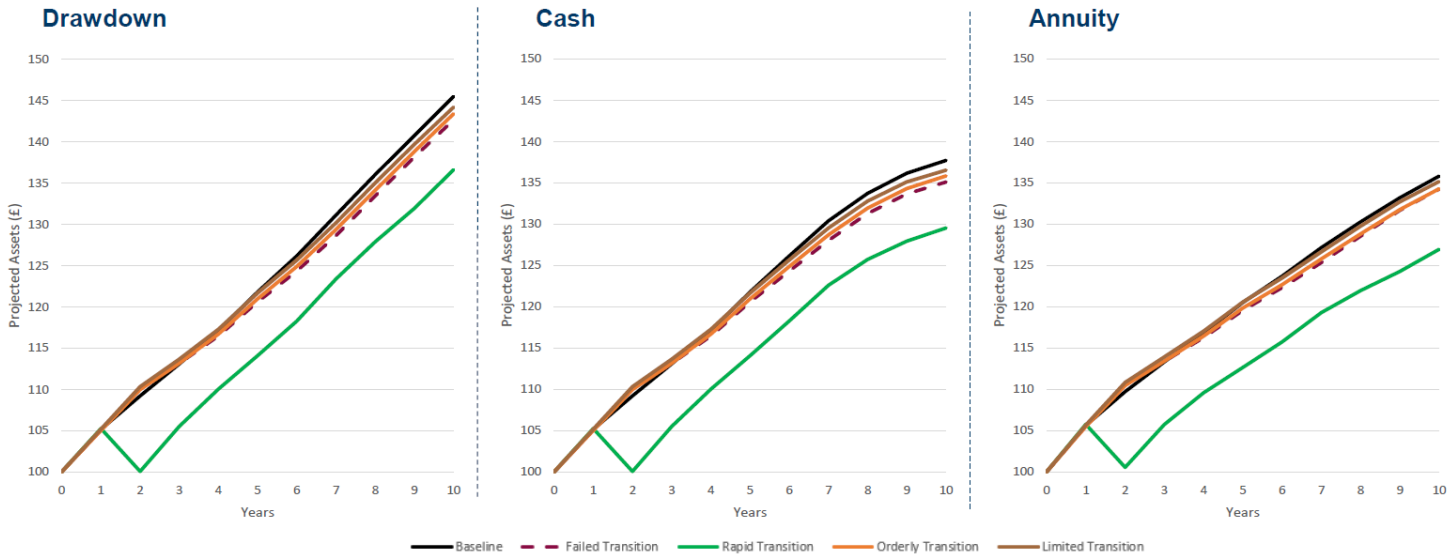


Figure 6: Mercer SmartPath - Projected pot size - 25 Years to Retirement

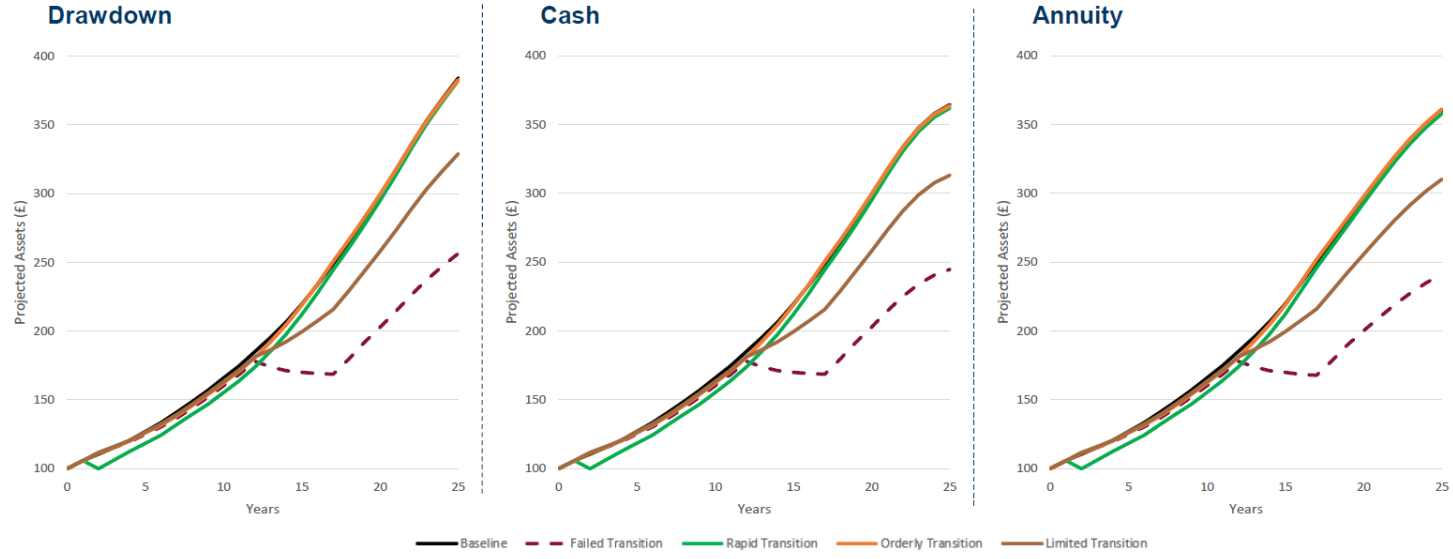
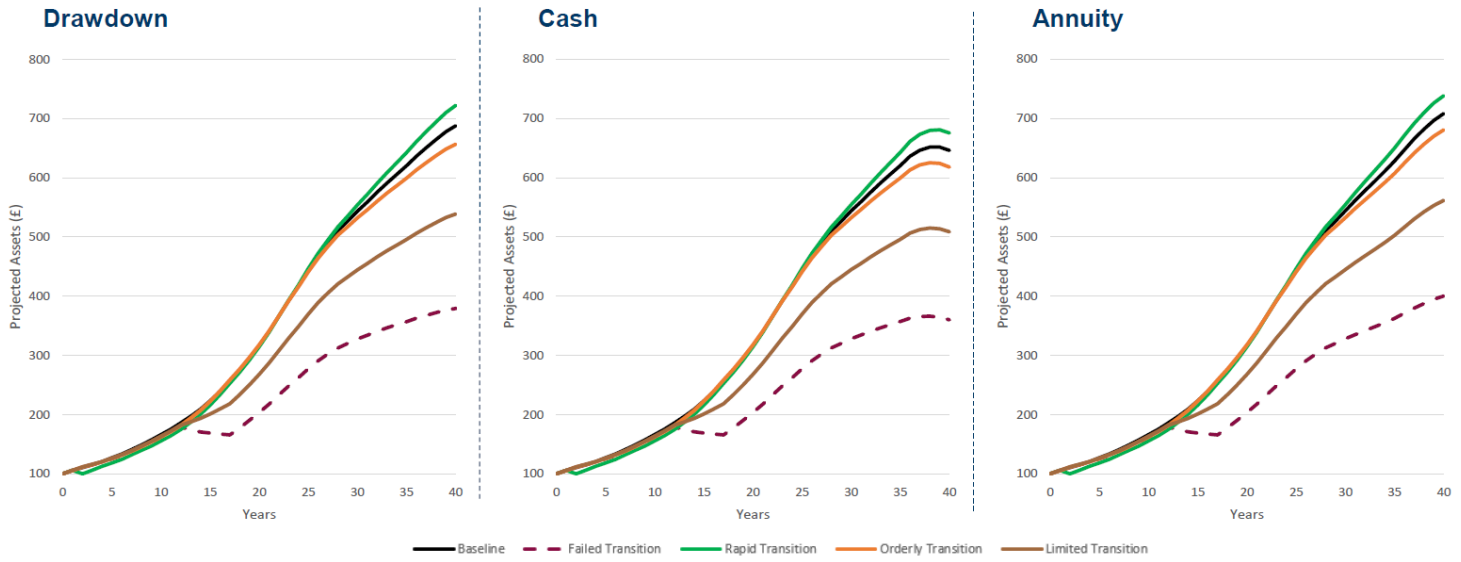


Figure 7: Mercer SmartPath - Projected pot size - 40 Years to Retirement



The above charts show that for members 10 years from retirement (short-term), transition risk dominates. The Rapid Transition is the most impactful scenario. Under this scenario, there is a shock to asset values in year 2 followed by a recovery in the following year. The impact of the Orderly, Failed and Limited Transitions is small on the basis that transition costs and impacts are smaller and largely priced in.

For members 25 years from retirement (i.e., the medium-term), physical impacts begin to dominate the transition risks. As a result, the greatest negative climate impact on returns over a 25-year time horizon for a member 25 years from retirement comes under the Limited and Failed Transition scenarios. For members 40 years from retirement (i.e., the long term), physical impacts are most important, therefore the failed transition is the worst scenario, potentially reducing the value of portfolios (and therefore member benefits). In addition, we see additional warming and hence damage in the Orderly Transition compared to the Rapid Transition.

In summary, a Failed Transition is substantially worse in terms of long-term returns. This supports the view that long-term investors collectively trying to bring about an effective transition is aligned to their fiduciary duty to seek the best return within risk, liquidity and complexity restraints.

Note: The projections assume £100 as initial asset value, with the baseline following Mercer's capital market assumptions' return expectations. Mercer's baseline assumes a composite scenario with the following weightings priced-in: 40% Orderly Transition, 10% Rapid Transition, 10% Failed Transition, the remaining 40% represents low impact scenarios and the potential for the transition to have an overall positive impact.

The climate change scenario analysis has led to four key findings:

1. **A successful transition is an imperative**: Over the long term for nearly all investors a successful transition leads to enhanced projected returns when compared to scenarios associated with higher temperature outcomes due to lower physical damages.
2. **Sustainable allocations protect against transition risk, growth assets are highly vulnerable to physical risk**: Asset class returns vary significantly by scenario depending on their respective exposure to transition and physical risks.
3. **Sector exposure is key**: Differences in return impact are most visible at an industry-sector level, with significant divergence between scenarios. Oil and Gas, Fossil Fuel Based Utilities and Renewables are most impacted by the transition.
4. **Investors should be aware of future pricing shocks**: As markets react to new information as a result of changing physical and policy / transition risks, investors will be vulnerable to rapid repricing shocks. Exploring the potential impact that repricing events can have on investment strategy and positioning portfolios ahead of time is critical.

Risk Management

What are the climate-related risks and opportunities? (CRROs)

The effects of climate change will be felt over many decades. The Trustee has again considered two types of climate-related risks and opportunities in its climate risk management and scenario analysis. These risks are included in the Plan's risk register.

Transition risks and opportunities

This covers the potential financial and economic risks and opportunities from the transition to a low-carbon economy (i.e., one that has a low or no reliance on fossil fuels), in areas such as:

- Policy and legislation
- Market
- Technology
- Reputation

Risks include the possibility of future restrictions, or increased costs, associated with high-carbon activities and products. There are also opportunities, which may come from the development of low-carbon technologies. To make a meaningful impact on reducing the extent of global warming, most transition activities need to take place over the next decade and certainly in the first half of this century.

Physical risks and opportunities

The higher the future level of global warming, the greater physical risks will be in frequency and magnitude. Physical risks cover:

- Physical damage (storms; wildfires; droughts; floods; reduced productivity of labour and agriculture)
- Resource scarcity (water; food; materials; biodiversity loss)

Physical risks are expected to be felt more as the century progresses though the extent of the risks is highly dependent on whether global net zero greenhouse gas emissions are achieved by 2050.

There are investment opportunities, for example, in newly constructed infrastructure and real estate that are designed to be resilient to the physical impacts of climate change, as well as being constructed and operated in a way that have low or no net carbon emissions. There are also opportunities for investment in those companies or industries that focus on energy conservation and resource efficiency.

Processes to identify and assess the potential impact of climate-related risks/ opportunities

A key part of the Trustee's role is to understand and manage risks that could have a financially material impact on the Plan's investments and, for the Defined Benefit Section of the Plan, on the wider funding position and strategy.

Climate change is one of the risks that the Trustee considers, alongside other financially material risks that may impact the pension outcomes for members.

This section summarises the primary CRROs, risk management processes and activities we undertake. These help us, the Trustee, understand the materiality of climate-related risks, both in absolute terms and relative to other risks that the Fund is exposed to. We prioritise the management of risks primarily based on the potential impact to the security of members' benefits.

We recognise the importance of identifying and assessing the potential impact of climate change within the Plan's investments and have taken the following key actions:

Governance

- Our Statement of Investment Principles is reviewed at least annually and sets out our beliefs relating to climate change and how investment climate-related risks are managed and monitored.
- We maintain a risk register (covering all the Plan) and IRM framework to monitor and mitigate financially material risks to the Fund. The climate-related risks are reviewed annually to ensure the assessment of the likelihood and impact continue to remain appropriate for the Plan given the developing research and understanding on this subject.
- We receive training regularly on climate-related issues, including market updates. The training allows the Trustee to better understand how climate-related risks and opportunities can have an impact on the Fund. The training allows us to challenge whether the risks and opportunities are effectively allowed for in our governance processes and wider activities, and to be able to challenge our advisors to ensure the governance support and advice adequately covers the consideration of climate-related risks and opportunities.

Processes to identify and assess the potential impact of climate-related risks/ opportunities continued

Strategy

CRROs are recognised within the wider strategic investment advice provided by our advisors. This includes highlighting the expected change in climate-risk exposure through proposed asset allocation changes, both from the top-down level (via climate scenario analysis) and bottom-up (via climate-related metrics). It also reflects any potential impact on our climate-related targets and progress to meet those targets.

Climate scenario analysis for the Plan's investments, and the funding strategy for the Defined Benefit Sections of the Plan, are reviewed at least triennially, and more frequently if there has been a material change to the strategic asset allocation of an individual section or a material change or update to the scenario modelling approach. A summary of our climate scenario analysis is included in this report and is the primary tool to help us understand the materiality of climate-related risks that could impact the Plan over time.

We have delegated the management of climate risk and opportunities (including stewardship of assets) to the investment managers. Therefore, responsibility for identifying and assessing climate-related risks has also been delegated to the investment managers. We have:

- Undertaken thorough due diligence to consider the capabilities of the investment managers to integrate climate change and broader ESG issues into the management of the Plan's assets.
- Undertaken an exercise to establish whether industry exclusions are appropriate, and if so, which industries should be excluded and at what threshold.
- Required the investment managers to report in sufficient detail on the carbon footprint of the investments with commentary or rationale for any movement in observations, including a periodic review of the climate change integration by investment managers and carbon footprint of the portfolio to the Trustee calendar.
- Required that the investment managers periodically undertake climate risk modelling and scenario testing to understand the risk exposure of the Plan's assets to various climate scenarios.
- Consulted with the sponsoring employer in relation to the climate-related risks to establish the potential impact on the employer, and therefore the potential impact on the Plan.

Reporting

We receive annual reports of climate-related metrics and progress against targets in respect of the assets held in the Fund. The Trustee may use the information to engage with the Fiduciary Managers and the investment managers.

We receive an annual ESG monitoring report in respect of the Defined Contribution Section and a voting and engagement activity summary in respect of the Defined Contribution and Defined Benefit Sections. The reports summarise how the investment managers chose to vote and engage on climate-related issues (among other key engagement priorities). Key information and outcomes from the stewardship monitoring are summarised in the Trustee's annual Implementation Statement.

Manager selection and retention

We, with advice from our Investment Consultants, consider an investment manager's firm-wide and strategy-specific approach to managing climate-related risks and opportunities when either appointing a new manager, in the ongoing review of a manager's appointment, or as a factor when considering the termination of a manager's appointment.

Our Defined Contribution Fiduciary Manager rates investment managers on the extent of integration of ESG factors (including climate change) into their processes. A manager's stewardship process forms part of the rating assessment. This is considered at the firm level and at the investment strategy or fund level. The ratings are presented and are reviewed in quarterly investment performance reports. A downgraded ESG rating will (taking into account other factors) lead to an investment manager being the subject of closer scrutiny.

A more detailed review of asset manager integration of ESG factors (including climate change) is carried out annually and is based on the Investment Consultant's investment manager research.

The review can highlight gaps in a manager's approach relative to expected market practice and we request Investment Consultants liaise with investment managers to drive improvements. During 2024, the focus remained on engaging with the asset managers to improve the disclosure of information to help with this assessment.

We have a monitoring process in place to review how the underlying investment managers are assessing, managing, and mitigating climate risks including the portfolio's positioning in relation to the transition to a lower-carbon economy. This includes conducting scenario analysis to understand the resilience of the portfolio to various climate scenarios as far as practicable, noting that this type of analysis is still evolving.

The integration of processes for identifying, assessing, and managing climate-related risks into the organisation's overall risk management

We recognise the importance of integrating the considerations which surround climate change within the Plan's overall risk management and have taken the following key actions:

- Explicitly documented climate change, covering both transition and physical risk, within the Plan's risk register and included detail on the steps taken to manage the risk.
- Considered climate change alongside other risks (in terms of invested assets and the impact on the funding strategy).

We view the development of roles and responsibilities as an ongoing process, as approaches to understanding and integrating climate-related risks and opportunities continue to evolve over time. When reviewing the ESG Policy, the Trustee considers whether the current delegations remain appropriate.

Stewardship to manage climate-related risks

The Trustee recognises the importance of effective stewardship activities to enact change and manage risk. The Trustee has delegated all stewardship activity to the Investment Managers as they believe the managers are best placed to conduct stewardship given their expertise and access to company engagement. Where the Plan invests in debt assets there are no voting rights to be exercised but the Trustee expects the managers to engage on material ESG and climate-related issues alongside other non-ESG related issues.

The Trustee asked the Investment Managers to provide examples of engagement activities undertaken during the year. Below are examples of engagement which show the action taken from Investment Managers in relation to climate-related risks.

Table 6: Engagement example (AXA IM Buy & Maintain Credit Fund)

Name of entity you engaged	Vinci SA
Topic of engagement	Biodiversity & Natural Capital
Rationale for engagement	AXA has been engaging with Vinci SA to support the development of a coherent biodiversity strategy aligned with its key impacts, addressing challenges in harmonising diverse group approaches.
Engagement activity carried out	AXA met with Vinci's director of environment and shared Vinci's biodiversity results with the company. AXA provided feedback on the strategy structure and recommended the implementation of key indicators (e.g. distinguishing between negative impacts and positive contributions).
Outcomes and next steps	Vinci demonstrated alignment with the feedback provided. The company agreed to follow up after the publication of its updated biodiversity strategy.

Stewardship to manage climate-related risks continued

Table 7: Engagement example (PGIM Buy & Maintain Credit Fund)

Name of entity you engaged	Eco Material
Topic of Engagement	Environmental
Rationale for engagement	PGIM engaged with Eco Material to evaluate its growth plans, ESG initiatives, and potential regulatory risks, with a view to upgrading its ESG Impact Rating.
Engagement activity carried out	A meeting with the ESG team confirmed its significant CO2 reduction impact, avoiding 6.9 million metric tons of CO2e in 2022 and targeting over 10 million annually through landfill harvesting projects, which also aid waste remediation mandated by the Environmental Protection Agency.
Outcomes and next steps	The ESG Impact rating for Eco Material will be upgraded in the next credit report.

Table 8: Engagement examples (RLAM UK Buy & Maintain Credit Fund)

Name of entity you engaged	Wessex Water Ltd - Water Project
Topic of Engagement	Water pollution
Rationale for engagement	RLAM engaged with Wessex Water Ltd following the release of its updated company scores which were derived from our scoring methodology based on public disclosures and company engagement in 2024.
Engagement activity carried out	RLAM discussed areas for improvement, including pollution management, antimicrobial resistance, biodiversity and climate-related physical risks. The discussion also covered physical climate risks, particularly the importance of sustainable drainage to manage increased rainfall.
Outcomes and next steps	Wessex Water plans to initiate the funding process for 2025-2030 and conduct a double materiality assessment.

Metrics

The Trustee intends, as far as it is able, to take a consistent approach between the DB and DC Sections. However, the Trustee recognises that the availability of data may differ given the difference in underlying assets held by each Section.

Core reporting

The Trustee measures the following outcome metrics annually:

i) Total carbon emissions (emissions-based absolute metric)
ii) Weighted Average Carbon Intensity (WACI) (emissions-based intensity metric)
iii) Implied Temperature Rise (ITR) (transition alignment metric)
iv) 'Data quality', i.e., Share of portfolio held at year end for which climate-related metrics of an acceptable quality have been obtained (non-emissions-based process metric)

Additional Reporting

In addition to the core minimum metrics, the Trustee measures the below additional metrics in so far as possible depending on the availability of the data.

Outcome

i) Carbon emissions as a proportion of the company's total market cap, total debt including cash (EVIC) normalised per £m invested (additional emissions-based intensity metric).
ii) Exposure to Carbon-Related Assets exposure to the energy and utilities sectors as defined by the Global Industry Classification Standard (GICS) sector definitions.
iii) Proportion of the Plan's assets invested in low-carbon opportunities.
iv) Proportion of companies held with climate change risk mitigation plans.
v) Proportion of sovereign bonds held issued by countries with Net Zero 2050 commitments.
vi) Proportion of the Plan's assets highly exposed to key indicators of physical climate risk e.g., extreme weather events, flooding risks etc.
vii) Climate Value at Risk.

Process

i) Share of portfolio held at year-end for which engagement or voting on climate-related risk and opportunities has been a substantive topic.
ii) Share of board meetings per year in which climate-related issues have been a substantive agenda item.

DB Section Metrics Dashboard

Please note that MSCI are able to report data regarding the Plan's buy & maintain mandates in GBP for the 2025 TCFD report. The carbon intensity data for the BlackRock LDI portfolio has been reported in dollars.

Please note that '2024' and '2025' in figures 8-15 refer to the reporting year and analysis point to 31 December 2023 and 31 December 2024 respectively.

Core Metrics

Total Financed Carbon Emissions represents the total tonnes of greenhouse gases attributable to the Plan's holdings based on the ownership of the underlying assets. Despite the holding for the Plan's buy & maintain funds being relatively similar for each of the three managers, the majority of scope 1 and 2 financed emissions came from the PGIM Buy & Maintain Credit Fund for both 2024 and 2025, corresponding to the carbon emissions associated with PGIM's industrials exposure. Scope 1 and 2 financed emissions fell, and coverage increased over the year to 31 December 2024 for all three buy & maintain managers.

For scope 3 emissions, the AXA IM Buy & Maintain Credit Fund has the highest financed carbon emissions with the RLAM UK Buy & Maintain Credit Fund being the lowest. Scope 3 financed emissions fell, and coverage increased over the year to 31 December 2024 for all three buy & maintain managers.

Figure 8: Financed Carbon emissions (tCO_2e) - Scope 1 and 2

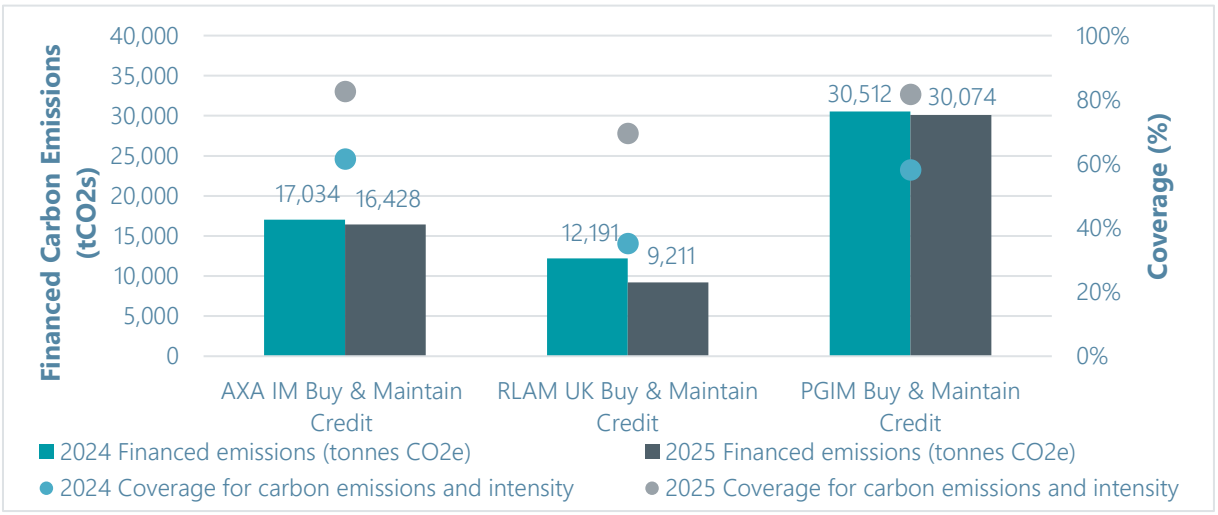
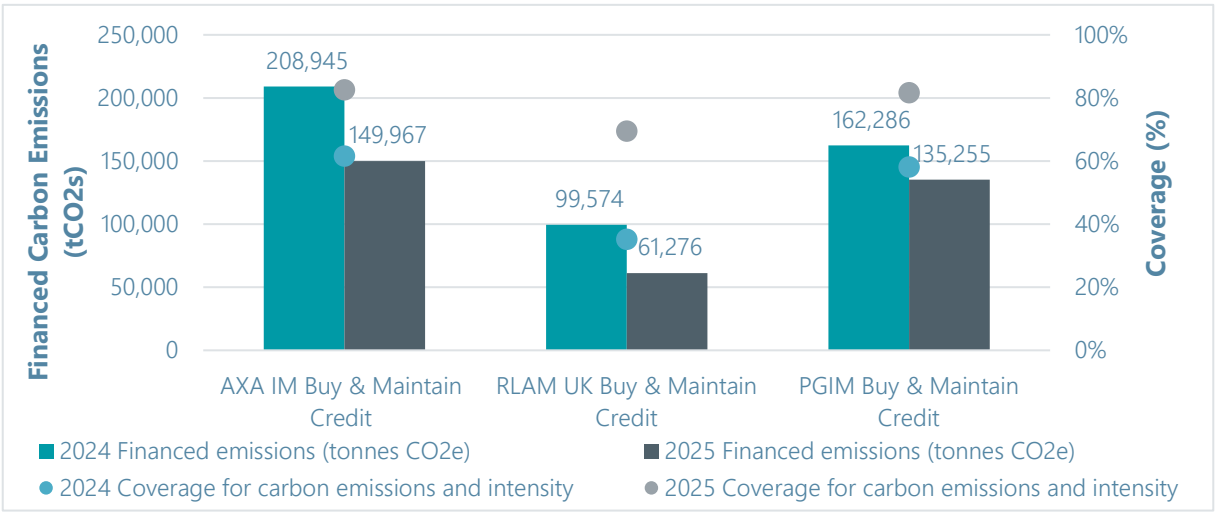


Figure 9: Financed Carbon emissions (tCO2e) - Scope 3



DB Section Metrics Dashboard continued

Carbon footprint is an intensity metric, showing the total carbon emissions normalised by the value of the investment. This is useful to show comparison of emissions intensity for portfolios of different sizes. Figure 7 shows that the PGIM Buy & Maintain Credit Fund was more carbon intensive than the other buy & maintain mandates in regard to scope 1 and 2 for both 2024 and 2025. Figure 8 shows that all three managers have reduced their carbon intensity for scope 3 emissions over the year to 31 December 2024, however AXA IM Buy & Maintain Credit Fund remains the most carbon intensive.

For intensity metrics, the intensity value will increase / decrease as the value of the investments held decreases / increases. This is something to note when making comparisons of these figures year on year, as inflation will have an impact on these figures.

Figure 10: Carbon footprint (tCO2e / £m invested) - Scope 1 and 2

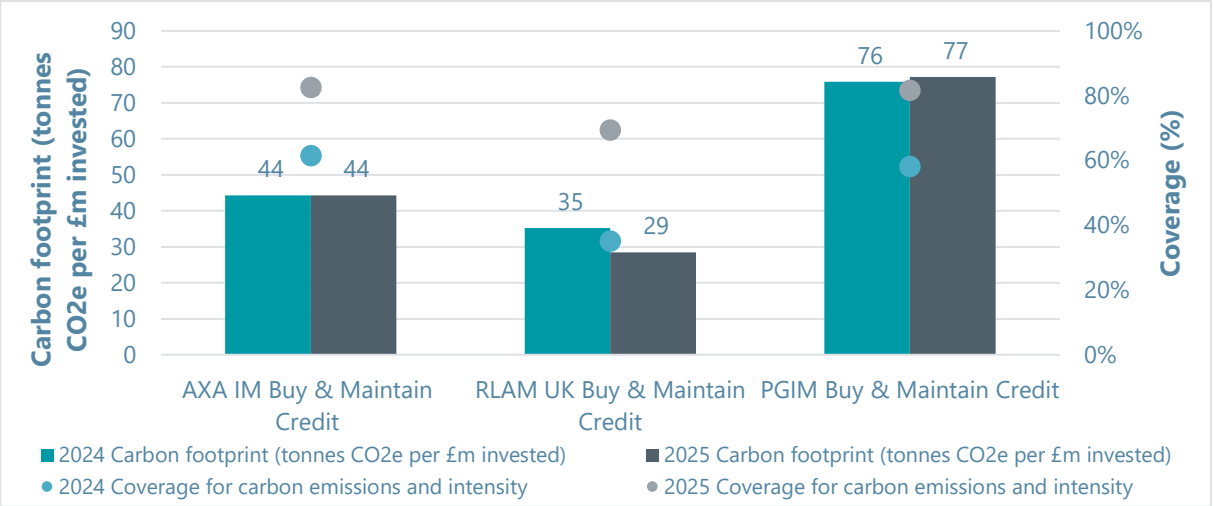
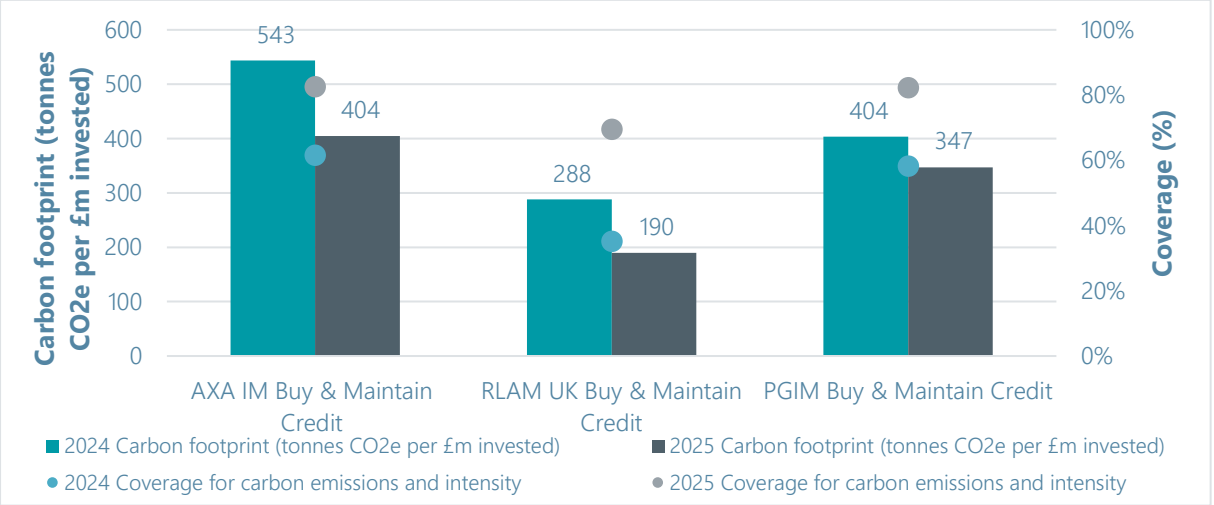


Figure 11: Carbon footprint (tCO2e / £m invested) - Scope 3



DB Section Metrics Dashboard continued

Weighted Average Carbon Intensity (WACI) is another intensity measure. We show two charts regarding scope 1 and 2 emissions, as the WACI of companies (buy & maintain funds) is based on emissions normalised by revenue whereas for the LDI portfolio, WACI emissions are normalised by GDP - and hence are not directly comparable. The WACI illustrates how efficient the investments held are with respect to their carbon emissions. All three managers reduced their WACI for scope 1 and 2 emissions over the year to 31 December 2024, however PGIM continued to have the highest intensity figure with regards to scope 1 and 2 emissions (as shown in figure 9). Coverage for all three managers rose over the year for scope 1 and 2 emissions. The Plan's LDI portfolio WACI for scope 1 and 2 emissions fell over the year from 132 to 121 tCO2e / USD millions (normalised for GDP), while coverage remained at 100%.

In line with the carbon footprint and financed carbon emissions for scope 3 emissions, the AXA IM Buy & Maintain Credit Fund had the highest WACI figure of all the buy & maintain managers. The WACI for scope 3 emissions increased marginally for PGIM over the year to 31 December 2024.

Figure 12: Weighted Average Carbon Intensity (tCO2e / £m sales) - Buy & Maintain Funds - Scope 1 and 2

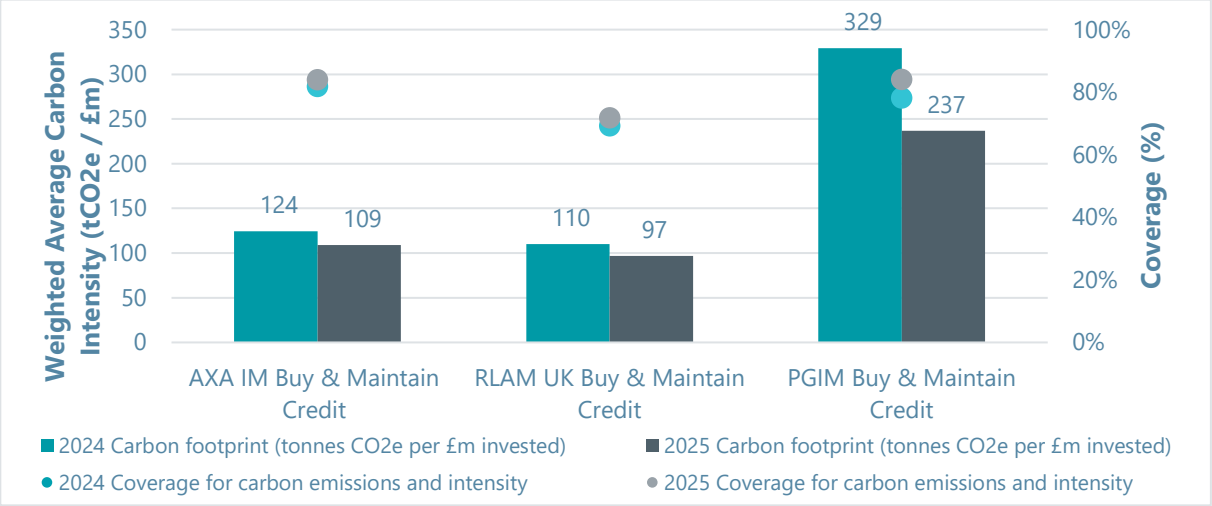
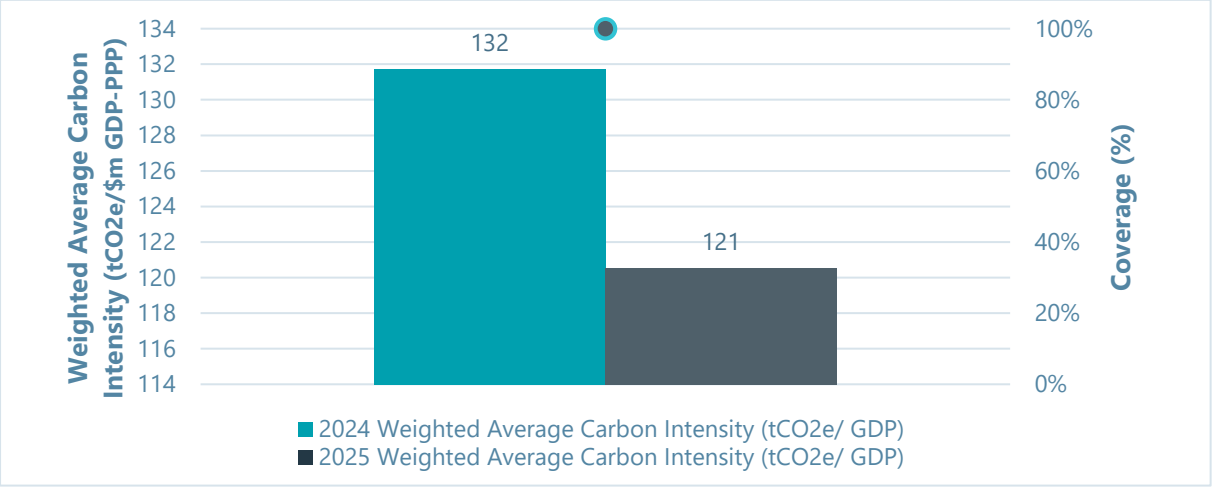
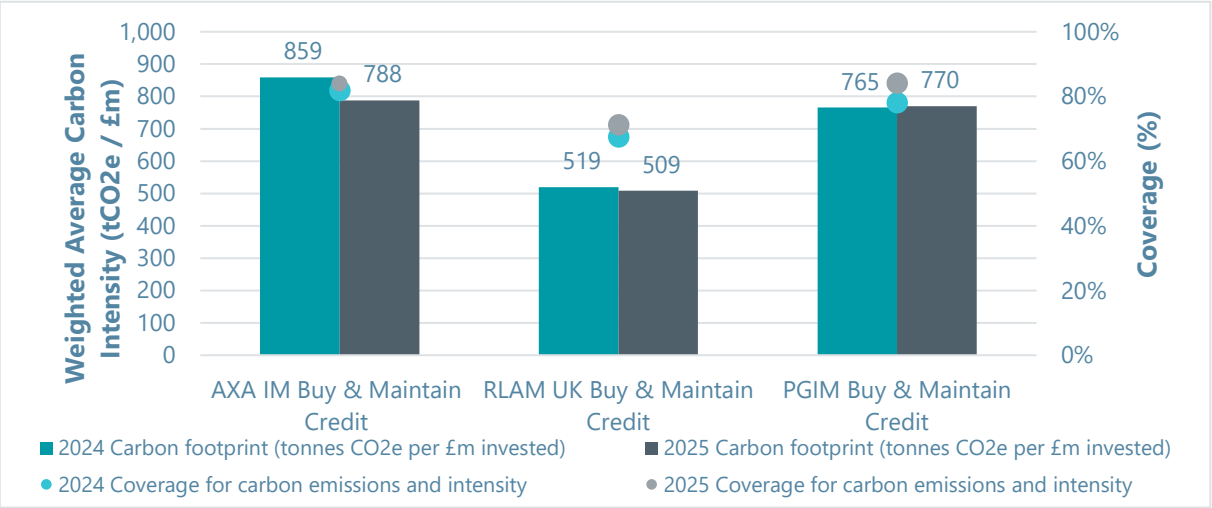


Figure 13: Weighted Average Carbon Intensity (tCO2e / USD million GDP-PPP) - LDI - Scope 1 and 2



DB Section Metrics Dashboard continued

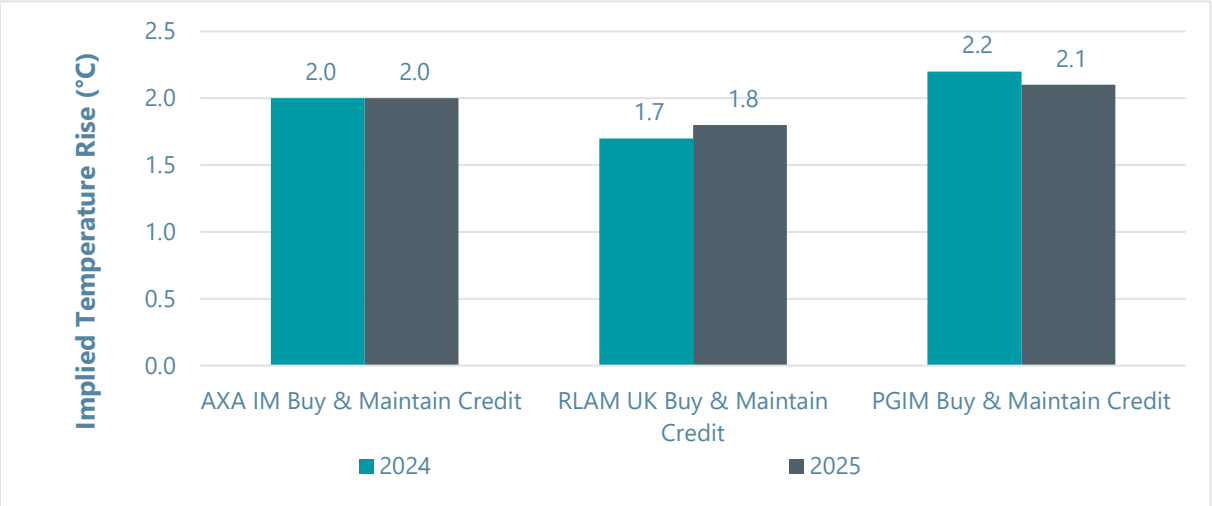
Figure 14: Weighted Average Carbon Intensity (tCO_2e / £m sales) - Buy & Maintain Funds - Scope 3



Implied temperature rise (°C)

Implied Temperature Rise ("ITR") is a measure of the alignment of the portfolio to a future increase in global temperatures above pre-industrial levels, to give an indication of whether the portfolio is in line with the delivery of the Paris Agreement. An ITR of 2°C or lower would indicate alignment with successful outcome under the Paris Agreement. The PGIM Buy & Maintain Credit Fund temperature alignment decreased marginally compared to 2024, however the Fund remains above 2°C as a greater proportion of its holdings is strongly misaligned compared to the other buy & maintain credit funds. The ITR remained the same for 2024 and 2025 for the AXA IM Buy & Maintain Credit Fund but increased for the RLAM UK Buy & Maintain Credit Fund.

Figure 15: Implied temperature rise (°C)



DB Section Metrics Dashboard continued

Data Quality

The Partnership for Carbon Accounting Financials (PCAF') data quality scoring is a framework used by financial institutions to assess the quality and reliability of the data used to measure and report on carbon emissions of investment portfolios, offering a standardised approach to ensure consistency in carbon accounting. PCAF uses a five-tier scoring system whereby a score of 1 represents highest quality/verified data and a score of 5 represents lowest quality data. Therefore, an average PCAF score closer to 1 is most desirable.

Over the reporting year, there has been a worsening in data quality (scopes 1 and 2) for the AXA and PGIM Buy & Maintain Funds, however, the score improved for the RLAM UK Buy & Maintain Credit Fund. Data quality metrics for scope 3 emissions have been made available this year. The data quality for scope 3 emissions is lower relative to scope 1 and 2 for all three buy & maintain funds, as expected. Generally, achieving a PCAF score of close to 1 for buy & maintain funds is very challenging as they often include issuers with varying levels of emissions reporting and verification practices. The Trustees will continue to monitor data quality each year and will engage with investment managers to take appropriate action where necessary.

Table 9: Data Quality at 31 December 2024 for Scope 1 and 2 Emissions

Fund	PCAF data quality as at 31 December 2024					Average score	
	1	2	3	4	5	31 December 2023	31 December 2024
AXA IM Buy & Maintain Credit	0.0%	89.3%	0.0%	10.7%	0.0%	2.13	2.21 ↑
RLAM UK Buy & Maintain Credit	0.0%	82.4%	0.0%	17.6%	0.0%	2.43	2.20 ↓
PGIM Buy & Maintain Credit	0.0%	82.8%	0.0%	17.2%	0.0%	2.23	2.26 ↑

Table 10: Data Quality at 31 December 2024 for Scope 3 Emissions

Fund	PCAF data quality as at 31 December 2024					Average score
	1	2	3	4	5	31 December 2024
AXA IM Buy & Maintain Credit	0.0%	83.2%	0.0%	16.8%	0.0%	2.34
RLAM UK Buy & Maintain Credit	0.0%	76.0%	0.0%	23.3%	0.0%	2.36
PGIM Buy & Maintain Credit	0.0%	72.8%	0.0%	27.2%	0.0%	2.45

Notes regarding core metrics:

- Scope 1 and 2 carbon emissions shown. Availability of Scope 3 is limited and not required by TCFD.
- Metric results sourced from the MSCI ESG Manager tool for all funds apart from LDI, using underlying fund holdings provided by investment managers on 31 December 2024 for PGIM, AXA and RLAM.
- WACI for LDI presented separately as this is measured in tCO2e / $m GDP-PPP, in line with market practice for government bonds. The 2024 Weighted Average Carbon Intensity figure has been restated for the 2025 report in $ terms from £ terms.
- Coverage indicates the proportion of the fund for which carbon data is available. For LDI this is calculated based on long exposure to gilts physically owned by the Plan. Where coverage is less than 100%, data provided has been re-normalised to reflect 100% of the funds (assumes unknown emissions data is equivalent to known data points).

DB Section Metrics Dashboard continued

Additional Metrics

Forward looking exposure to opportunities

The exposure to low-carbon solutions measure identifies the portion of the portfolio's market value that is invested in companies poised to benefit from the growth and demand for low-carbon products and services. Over the reporting year, exposure to low-carbon solutions for RLAM and PGIM improved; however, marginally fell for AXA. Green revenue represents the weighted average of revenue derived from sectors such as alternative energy, energy efficiency, green building, pollution prevention, sustainable water and sustainable agriculture. Over the reporting year, PGIM and RLAM have shown improvement in this area while AXA has slightly declined.

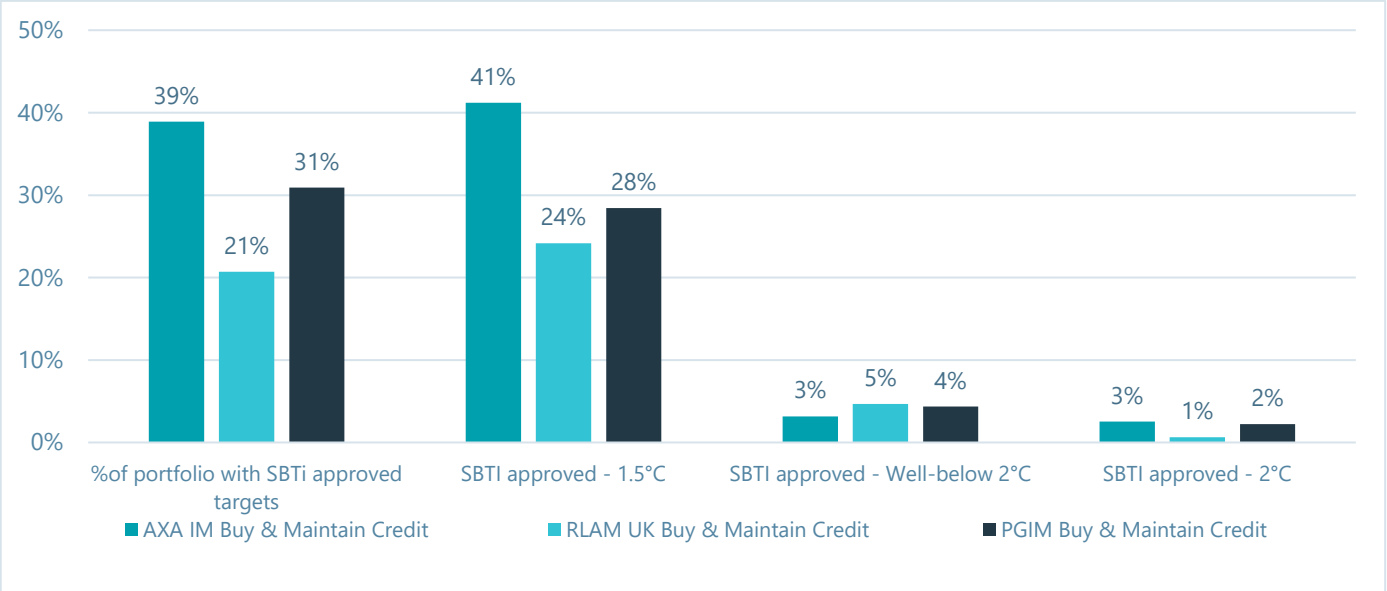
Table 11: Fund exposure

Fund	Exposure to low-carbon solutions		Exposure to Green revenue	
	31 December 2023	31 December 2024	31 December 2023	31 December 2024
AXA IM Buy & Maintain Credit	4.7%	4.1%	7.0%	6.7%
RLAM UK Buy & Maintain Credit	4.3%	4.5%	5.4%	6.1%
PGIM Buy & Maintain Credit	3.5%	4.4%	4.5%	4.7%

Forward-looking commitments of investments

Figure 13 illustrates the proportion of the fund underlying holdings which have verified Science Based Targets, according to the Science Based Targets initiative (SBTi). The SBTi is a global organisation which assesses the current emissions and green transition plans of companies and assigns a temperature alignment score (e.g. 1.5°C aligned) based on the credibility of the plans. Although a sizeable proportion of companies have not had their transition plans approved by SBTi, the majority of those who have are aligned to 1.5°C, which is encouraging.

Figure 16: SBTi Holdings



DC Section Metrics Dashboard

Core Metrics (Scope 1 & 2) at 31 December 2024

- Absolute emissions – represents each company's reported or estimated greenhouse gas emissions, where available (includes Scope 1 and Scope 2 emissions).
- Weighted Average Carbon Intensity ("WACI") – measures the carbon emissions (in tonnes) generated per million US dollars of revenue generated. For sovereign assets, this is normalised by Gross Domestic Product ("GDP") rather than revenue.
- Sovereign carbon intensity (aligned with the latest guidance from the Partnership for Carbon Accounting Financials – ("PCAF")) – measures the carbon emissions (in metric tonnes) per million US dollars Purchasing Power Parity ("PPP") adjusted Gross Domestic Product ("GDP"). Sovereign carbon intensity is now defined between Production Emissions and Consumption Emissions.
- Production emissions - sovereign emissions data shown are consistent with the PCAF definition of Scope 1 sovereign emissions, aligning with the UNFCCC definition of domestic territorial emissions, including emissions from exported goods and services. Emissions data are presented including and excluding land use, land-use change and forestry (LULUCF).
- Consumption emissions - sovereign emissions data shown are consistent with the PCAF definition of consumption emissions, equivalent to production emissions, less exported emissions, plus imported emissions. Emissions data exclude LULUCF.
- Carbon footprint – measures the carbon emissions (in tonnes) per million £ Sterling invested.
- Implied Temperature Rise – analyses the warming scenario that the investment is aligned with. As a reminder, the 2015 Paris Agreement was to keep global temperature rises to below 2°C above pre-industrial levels.
- Climate VaR - an estimation of the impact related to climate change under a 1.5°C scenario.
- Data Quality - proportion of the company's emissions data either reported by the company, estimated by the data provider, not reported or estimated, or reported by a third party.

Table 12: Mercer Fund Metrics

Metric	Measure	Mercer Long Term Growth Fund	Mercer Multi-Asset Growth Fund	Mercer Diversified Retirement Fund
WACI (listed assets)	Tonnes CO_2e per $m revenue	100.7	122.2	133.0
Carbon Footprint	Tonnes CO_2e per £m invested	54.5	67.3	79.7
Sovereign Carbon Intensity (Production, Including LULUCF)	Tonnes per $m PPP-adjusted GDP	315.0	224.6	188.0
Sovereign Carbon Intensity (Production, Excluding LULUCF)	Tonnes per $m PPP-adjusted GDP	295.7	217.9	184.6
Sovereign Carbon Intensity (Consumption)	Tonnes per $m PPP-adjusted GDP	259.3	222.2	203.7
Implied Temperature Rise	°C	3.7	3.8	3.7
Climate VaR	% return	-10.6%	-11.3%	-13.9%

Table 13: Mercer Absolute Carbon Emissions

Metric	Measure	Mercer Long Term Growth Fund	Mercer Multi-Asset Growth Fund	Mercer Diversified Retirement Fund
AUM	£m	282.7	181.0	71.6
Absolute Emissions - Corporate	Tonnes CO2e	13,856.4	9,170.1	3,655.9
Absolute Emissions Production including LULUCF- Sovereign	Tonnes CO2e	7,792.8	6,801.5	4,529.7
Absolute Emissions Production excluding LULUCF- Sovereign	Tonnes CO2e	7,315.8	6,599.1	4,447.0
Absolute Emissions Consumption - Sovereign	Tonnes CO2e	6,416.3	6,728.9	4,909.1

Table 14: Mercer Long Term Growth Fund Data Quality (Scope 1 & 2)

Non-eligible	Sovereigns	Reported	Estimated	Not Reported
3.0%	7.0%	76.8%	10.2%	2.9%

Table 15: Mercer Multi-Asset Growth Fund Data Quality (Scope 1 & 2)

Non-eligible	Sovereigns	Reported	Estimated	Not Reported
11.3%	13.4%	64.4%	8.5%	2.3%

Table 16: Mercer Diversified Retirement Fund Data Quality (Scope 1 & 2)

Non-eligible	Sovereigns	Reported	Estimated	Not Reported
9.1%	26.9%	50.8%	8.3%	4.9%

Where data is not available from the underlying investments, data is estimated using a suitable proxy to allow the Trustee to understand the climate position of the DC Section as accurately as possible. The Trustee continues to engage with Mercer to understand developments in data quality.

DC Section Metrics Dashboard continued

Scope 3 Metrics at 31 December 2024

- Scope 3 data, upstream and downstream.
- Decarbonisation targets focus on Scope 1 and 2 emissions. Scope 3 emissions should be measured and integrated into target-setting in future, once there is more confidence in the underlying emissions data.
- Data quality for Scope 3 is significantly below that of Scope 1 and 2.

Table 17: Mercer Long Term Growth Fund Data Quality (Scope 3)

Non-eligible	Sovereigns	Estimated	Not Estimated
3.0%	7.0%	87.2%	2.9%

Table 18: Mercer Multi-Asset Growth Fund Data Quality (Scope 3)

Non-eligible	Sovereigns	Estimated	Not Estimated
11.3%	13.4%	73.0%	2.3%

Table 19: Mercer Diversified Retirement Fund Data Quality (Scope 3)

Non-eligible	Sovereigns	Estimated	Not Estimated
9.1%	26.9%	59.2%	4.8%

Table 20: Mercer Long Term Growth Fund - Upstream and Downstream Data

Metric	Measure	Upstream	Downstream
WACI (listed assets)	Tonnes CO2e per $m revenue	237.8	384.7
Carbon Footprint	Tonnes CO2e per £m invested	115.7	267.0

Table 21: Mercer Multi-Asset Growth Fund - Upstream and Downstream Data

Metric	Measure	Upstream	Downstream
WACI (listed assets)	Tonnes CO2e per $m revenue	207.2	277.5
Carbon Footprint	Tonnes CO2e per £m invested	111.4	213.2

Table 22: Mercer Diversified Retirement Fund - Upstream and Downstream Data

Metric	Measure	Upstream	Downstream
WACI (listed assets)	Tonnes CO2e per $m revenue	164.0	278.3
Carbon Footprint	Tonnes CO2e per £m invested	83.4	167.8

Targets

As part of the TCFD requirements, we must set a target against one of the metrics chosen.

Target setting is flexible and can be:

- Set for certain asset classes
- Applicable to only a portion of the Plan's assets

Targets should be:

- Based on recognised metrics
- Be quantified and regular.
- Have a clear baseline and timeframe.

Targets should be, Emissions, Transition based or can relate to "other metrics".

DB Section	DC Section
Data Quality metric Our target is to increase average data quality relative to the prior year, based on PCAF (Partnership for Carbon Accounting Financials) score. We believe that intuitive and high-quality data are critical to enable better understanding of current risks. It will be applicable to all asset classes. We believe that by first ensuring that the more direct climate metrics are reliable will allow us to target improving those metrics in the future. While the data quality for the RLAM UK Buy & Maintain Credit Fund improved over the year, the data quality worsened for the AXA IM Buy & Maintain Credit Fund and the PGIM Buy & Maintain Credit Fund. The data quality for all three funds is broadly similar. Given the Trustee's intention to pursue a prompt buy-in for the Plan's liabilities, followed in due course by buyout, the Trustee will consider the ESG credentials, including data quality, of the chosen insurance company the Plan transacts with.	**Emissions-based** For the relevant popular arrangements (as defined by the TCFD regulations) we measure (as far as we are able) the performance of the Plan against a target for at least one of the metrics reported. The Trustee has agreed to a Net Zero strategy within the DC popular arrangements. The funds have an overall Net Zero by 2050 target, and an interim target to reduce WACI by 45% by 2030, from 2019 base levels. The Trustee works closely with its investment consultant to understand the actions that need to be taken by our delegated Fiduciary Manager to progress towards the Trustee's climate-related target. Examples of continued efforts to work towards the target are: • Better integration of climate considerations in the manager selection process • Pushing managers to enhance their voting and engagement practices. • Continuing to identify and allocate solutions which deliver return opportunities as well as emissions reductions targets. • Continuing to monitor exclusions framework to ensure best outcomes for investors. In addition, we may monitor and target an increase in the quality of carbon data available for the portfolio held at year end. The Data Quality metric measures the proportions of the portfolio for which we have high-quality data. Data Quality also assists the Trustee in monitoring quality of reporting over time, as companies are expected to continually improve their reporting on climate-related metrics. As the quality of data improves, the climate metrics reported on the Plan's portfolio allow better-informed decision-making. In addition, our Fiduciary Manager can identify the companies in the portfolio that are not currently reporting emissions data and use this as the basis for engagement.

We review the progress against our targets every year and review the target itself at least every three years. This is to ensure it remains consistent with the latest scientific thinking and is appropriately incentivising the economic transition that is needed.

Mercer progression against target

The target for the Mercer Growth and Mercer Diversified Retirement funds has been set against Weighted Average Carbon Intensity (WACI) and is aligned with the funds' net-zero commitment. This metric scales the total carbon emissions of each underlying investee company by the amount of revenues generated by that company. At a total asset class portfolio level, this metric gives an indication of carbon efficiency. A lower WACI score shows better efficiency. For government debt, the WACI measure scales the Absolute Emissions of each country by the Gross Domestic Product ("GDP") of the country. The methodology used to calculate the carbon intensity associated with government debt has potential to change and we will keep this under review.

In March 2021, Mercer committed the Multi-Asset Growth and Diversified Retirement Fund (and other multi-client multi-asset funds) to achieving net-zero absolute portfolio carbon emissions (Scope 1 & 2) by 2050. This commitment has also been extended to the Long-Term Growth Fund. To achieve this, Mercer expects to reduce portfolio carbon emissions intensity by at least 45 per cent from 2019 baseline levels by 2030. The commitment is consistent with targeting a 1.5°C limit on global temperature increases and the Paris Agreement's ambitions.

Table 23: Mercer portfolio carbon emissions intensity

	Mercer Long-Term Growth Fund	Mercer Multi-Asset Growth Fund	Mercer Diversified Retirement Fund
31 December 2019 (Baseline)	274.0	329.6	274.2
31 December 2024 (Actual)	100.7	122.2	133.0
31 December 2024 (Target)	208.8	251.2	209.0

Figure 17 SBTi Baseline Emissions - Mercer Long Term Growth Fund

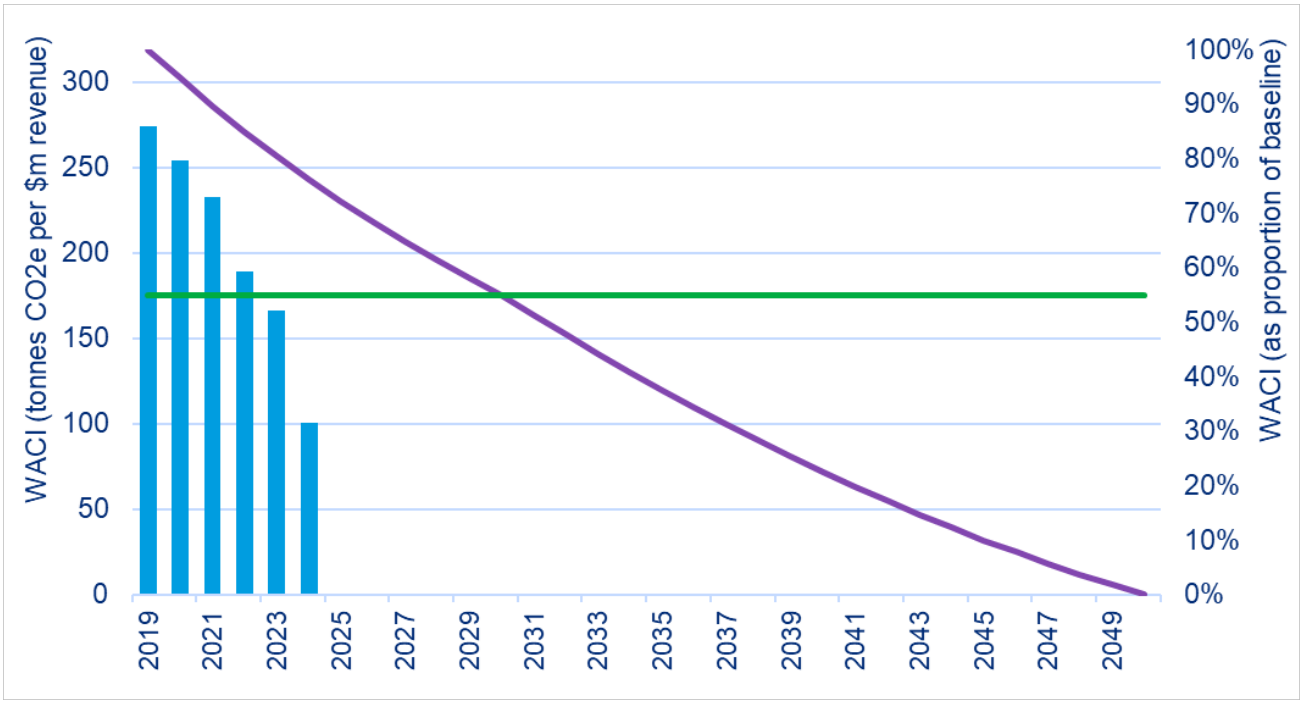


Figure 18 SBTi Baseline Emissions - Mercer Multi-Asset Growth Fund

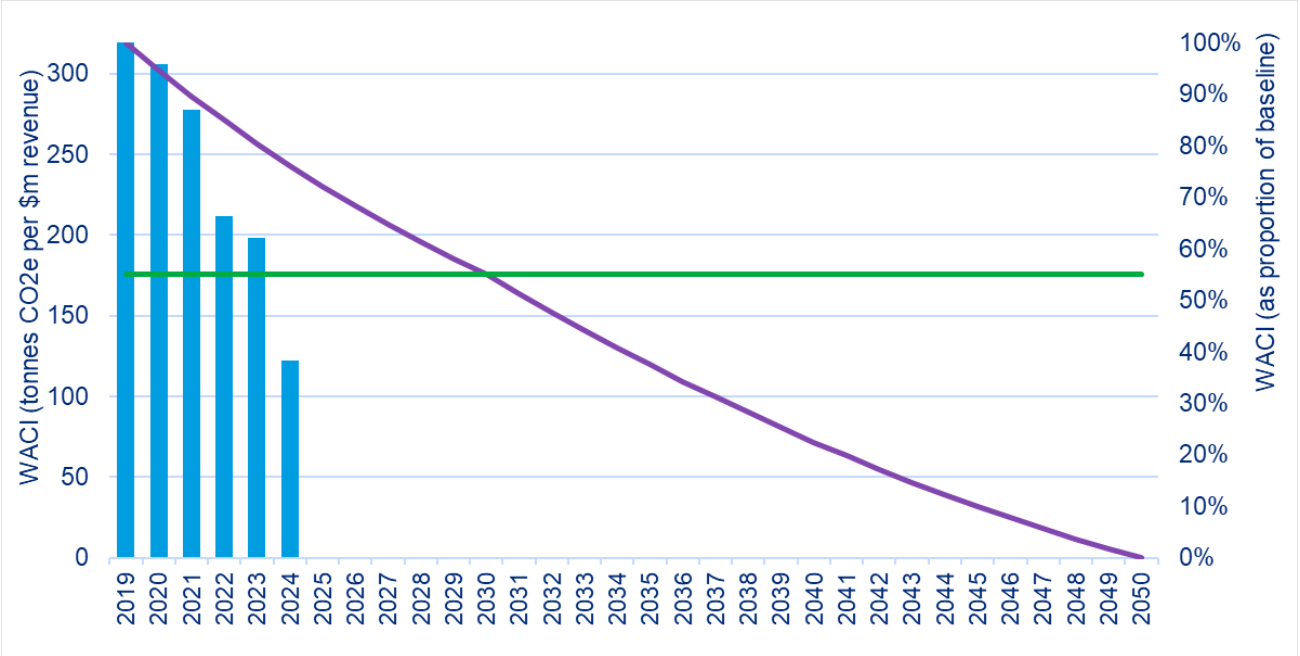
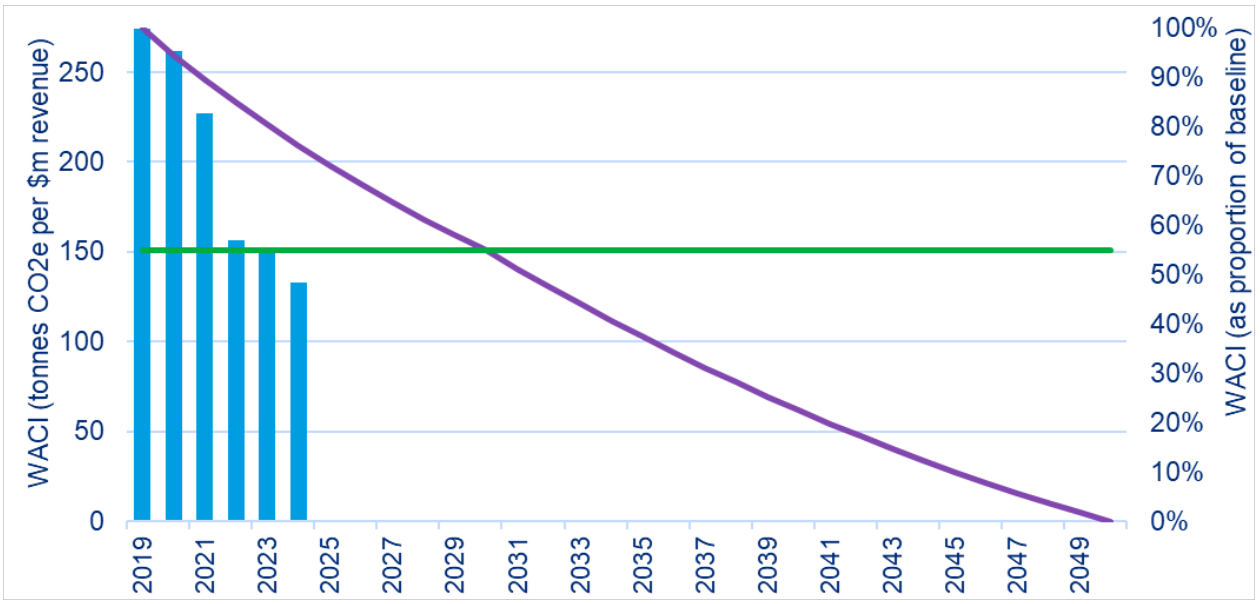


Figure 19 SBTi Baseline Emissions - Mercer Diversified Retirement Fund



Glossary

Term	Definition
Absolute emissions (tCO_2e)	Measures the absolute tonnes of CO_2e for which an investor is responsible.
Carbon footprint (tCO_2e / £m invested)	The total greenhouse gas emissions 'owned' per £ million invested. This is an intensity measure but should not be confused with Carbon intensity which is typically quoted as emissions per amount of revenues of a company.
Weighted Average Carbon Intensity (tCO_2e / £m sales)	Measures portfolio exposure to carbon-intensive assets.
Transition risk and opportunities	Relates to the risks and opportunities from the realignment of our economic system towards low-carbon, climate-resilient and carbon-positive solutions (e.g. via regulations or market forces).
Implied Temperature Rise	Provides indication of portfolio alignment to Paris Agreement targets. Estimates global temperature rise (above pre- industrial levels) associated with current and estimated GHG of a company.
Climate VAR	A scenario-based approach to analysing climate-related risks which aims to assess potential financial sensitivity to climate-related risks and opportunities. Measures the potential loss in value of a portfolio if different climate scenarios come to fruition.
Partnership for Carbon Accounting Financials (PCAF)	Data quality scoring framework used by financial institutions to assess the quality and reliability of the data used to measure and report on carbon emissions of investment portfolios, offering a standardised approach to ensure consistency in carbon accounting.