TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) REPORT

1 April 2023 – 31 March 2024

DH&S Retirement and Death Benefits Plan

Executive Summary

The Trustee of the DH&S Retirement and Death Benefits Plan (the "Plan") has prepared the following statement in response to the Department for Work and Pensions Climate Change Governance and Reporting requirements and guidance (October 2022, which is built on the recommendations of the Taskforce on Climate-Related Financial Disclosures ("TCFD"). This is the second TCFD statement produced by the Trustee, and it covers the period from 1 April 2023 to 31 March 2024, the Scheme year.

The regulation sets out four elements and a summary of the Plan's position against each element is given below:

Governance

Through the creation of a climate-related belief statement and TCFD framework document, the Trustee has created a governance structure which specifies roles regarding climate change risks and opportunities. Climate beliefs have been articulated within the climate-related belief statement. The Trustee - via the Joint Investment Committee ("JIC") - receives regular training relating to responsible investment, including climate-related risks and opportunities specifically to help its understanding of how climate change may impact the Plan, and to provide appropriate scrutiny of the advice it receives. For example, the Trustee received training on climate change metrics, including an introduction to the data quality metric, as well as further training on stewardship.

Strategy

The Trustee has performed scenario analysis on the Plan to assess the potential impact of climate change under three different scenarios on the Plan's assets and liabilities. This analysis was performed using data as at 31 March 2023 and has not been updated for this year's report as, since the completion of the most recent scenario analysis as at 31 March 2023 for the 2023 TCFD statement, there have been no material changes to the Plan's funding and investment strategy. The Trustee also does not believe there have been material improvements in climate scenario modelling methodology, especially as there has been growing scrutiny of climate modelling and scenario analysis over 2023 due to the assumptions involved. Further detail on this, and the results of last year's scenario analysis, are set out in the main strategy section.

Risk Management

The Trustee recognises the Plan is exposed to climate change-related risks and it has created processes to identify, assess and manage these risks. These processes include conducting and reviewing the results of climate change scenario analysis, receiving climate change reporting from the

Plan's investment advisor (including carbon emissions), and expecting the Plan's investment managers to have sufficient regard for climate change risk within their investment process.

The Trustee has considered and implemented changes to the investment strategy to limit exposure to climate-related risk and take advantage of climate-related opportunities. In order to do this, the Trustee considered the levers it could pull to manage climate-related risk, which included the following:

- **Making changes within mandates:**. The Trustee identified areas for improvement within the existing investment strategy. In May 2023, the JIC approved fully disinvesting from the Bridgewater Optimal Portfolio Fund to improve the liquidity profile of the portfolio. These holdings were subsequently transferred to a more climate-focused DRP strategy called the Man Progressive Diversified Risk Premia fund ('PDRP') in November 2023.
  Actively engaging with managers: The Trustee regularly meets with its managers to ensure climate-related risks are integrated and managed within the investment process, as well as to assess and challenge them on their Environmental, Social, and Governance ("ESG") activities. In 2023, the Trustee met with each of its managers in annually scheduled manager meetings. Managers were challenged on key positions in the portfolio that face the most risk with respect to climate change. In addition, the Trustee's investment advisor conducts annual ESG reviews on each of its managers, challenging them where required on the level of climate integration in their mandates. Finally, the Trustee integrates the monitoring of climate risk metrics into its risk management framework and will expect any new mandates to appropriately integrate and consider climate risk as part of their investment process.

Metrics and Targets

To identify, assess and monitor climate-related risks, the Trustee measures the following metrics:

- Total greenhouse gas emissions of the Plan's assets ("absolute emissions metric");
- Carbon footprint – i.e. total carbon dioxide emissions for the portfolio per million pounds invested ("emissions intensity metric");
- Science Based Target initiative "SBTi" portfolio alignment metric ("alignment metric"); and
- The Partnership for Carbon Accounting Financials (PCAF) Data Quality Score (i.e. "additional climate change metric")

The Trustee decided to replace the "additional climate change metric" for this year's and future reports. The previous metric was to "Monitor climate risk in the investment strategy using the Prudential Regulation Authority (PRA) Slow Transition stress test." The key reason for the change was in relation to limitations in the current methodology used in the climate stress tests. Additionally, reporting on data quality has now been made more readily available and is increasingly being used in the industry. The Trustee decided to choose data quality as the replacement as this metric will provide insight into the reliability of underlying climate data, thereby identifying areas of focus in the Plan's other metrics.

Moving from metrics to targets, the Trustee had previously opted to set a target of maintaining a climate risk budget based on the PRA Slow Transition scenario of less than 50% of the current Funding Ratio at Risk ("FRaR") budget.

The Trustee has also discussed an aspirational target to align the Plan's investment strategy with the goals of the Paris Agreement, i.e. to aim to reduce the greenhouse gas emission intensity of the Plan's assets to net zero by 2050. Given this is a long-term target, the Trustee has set an aspirational interim target of a 50% reduction of carbon footprint by 2030 (compared to a baseline as of 31 March 2022).

However, given the Trustee's decision to monitor data quality instead, the Trustee reviewed the ongoing suitability of the Scheme's target this year and chose to focus on emissions reduction as a primary target. The Trustee therefore decided to update its primary target to focus instead on a 50% reduction of Scope 1 and Scope 2 carbon footprint by 2030 (compared to a baseline as of 31 March 2022). This is consistent with the Trustee's aspirational target to align the Plan's investment strategy with the goals of the Paris Agreement.

The carbon footprint of the Plan's investments has continued to fall from the baseline established in 2022. Portfolio carbon footprint fell 21% over the year and has fallen 44% since 2022, trending towards the Trustee's target. This was largely due to the Plan's disinvestment from the CQS Credit Multi-Asset Fund due to independence constraints. It is expected that the carbon footprint for the Liquid Credit asset class will increase in the next reporting period as the CQS proceeds were subsequently invested into the TwentyFour Strategic Income Fund. The overall reduction in carbon footprint was also caused by the Plan's disinvestments from the Brigade Offshore Credit Fund (which holds high-emitting companies) and from the Bridgewater Optimal Portfolio Fund.

The Trustee will monitor these chosen metrics, and progress against the above targets, on an annual basis. The Trustee will also continue to engage with the Plan's managers and consider other potential investments which could help in the achievement of the targets and are also consistent with the Plan's other investment objectives.

Introduction

This statement sets out the approach of the Trustee with regards to identifying, assessing, monitoring and mitigating climate-related risks in the context of the Trustee's broader regulatory and fiduciary responsibilities to Plan members. This is the second report produced and is based on the year ended 31 March 2024 (in line with the Plan year-end).

The Trustee supports the recommendations set out by the TCFD on the basis that they will allow the Trustee to more closely assess, monitor and mitigate climate-related risks on behalf of members. As the Trustee's second disclosure under the framework, this statement is expected to evolve over time.

This statement has been prepared in accordance with the regulations set out under the Department for Work and Pensions Climate Change Governance and Reporting requirements and guidance 2021, and provides a summary on how the Plan is currently aligning with each of the four elements set out in the regulations (and in line with the recommendations of the TCFD). Details on these elements are below:

- **Governance:** The Plan's governance around climate-related risks and opportunities.
- **Strategy:** The actual and potential impacts of climate-related risks and opportunities on the Plan's strategy and financial planning.
- **Risk Management:** The processes used to identify, assess and manage climate-related risks.
- **Metrics and Targets:** The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

The following pages summarise the Trustee's current position with regards to the TCFD recommendations.

1. Governance

The Trustee Board has ultimate oversight for identifying, assessing and managing climate-related risks and opportunities which are relevant to the Plan.

There is a committee of the Trustee Board (the "Joint Investment Committee" / "JIC") that has been delegated the day-to-day responsibility for ensuring climate-related risks and opportunities are effectively integrated into the Trustee's investment strategy, risk management and overall decision-making. The JIC is comprised of Trustee-Directors of both the PwC Pension Fund and DH&S Retirement and Death Benefits Plan (collectively referred to as "the Schemes").

The Trustee has adopted a climate-related belief statement, outlined later in this report, and a TCFD framework document which sets out the Trustee's approach to identifying, assessing, and managing risks specifically related to climate change. The TCFD framework document provides additional detail regarding the roles and responsibilities of the Trustee Board, the JIC, and the Plan's external advisors in assessing, managing, and monitoring climate-related risks and opportunities. Both the climate-related belief statement and TCFD framework document have been taken into account when producing this report.

The specific roles and responsibilities of the Trustee Board, JIC and external advisors are summarised below:

- **Role of the Trustee Board**
    - Sets the overall investment and funding strategy and objectives, which includes the oversight of identification, assessment and management of climate-related risks and opportunities.
    - Approves climate-related metrics, targets and climate scenario analysis. Following recommendations from the JIC, the Trustee Board is responsible for approving the relevant metrics, targets and scenario analysis to allow climate-related risks and opportunities to be considered when setting the Plan's funding and investment strategy.
- **Role of the Joint Investment Committee ("JIC")**
    - Informs and make recommendations to the Trustee Board regarding climate-related risks and opportunities where this may result in a change to the overall investment strategy.
    - Appoints or terminates investment managers where appropriate in relation to climate-related risks and opportunities.
    - Monitors how ESG and climate-related risks affect the Plan via annual training on relevant matters and developments (or more often as required).
    - Monitors and engages with the Plan's investment managers on how they measure and manage climate-related risks (including engagement activities which are carried out on the Trustee's behalf) and identifies related opportunities as appropriate.
    - Reviews the output of the Plan's climate-related metrics and scenario analysis on a periodic basis.
- **Role of the External Advisors**
    - **Investment Advisor**
        - Advises on climate-related risks and opportunities including the provision of climate scenario analysis.
        - Reviews the Plan's investment managers to ensure ESG, including climate-related risks, are appropriately integrated into portfolio management.
        - Ensures it takes adequate steps to identify climate-related risks and opportunities, and that climate-related considerations are included in its annual objectives.
        - As part of the regular review of its investment advisor, the Trustee has set in place ESG and stewardship objectives to ensure the suitability of advice is consistently monitored and evaluated. This includes an annual assessment of how the investment advisor monitors ESG and stewardship (including climate change) within the Plan's investment strategy. The JIC receives a detailed report outlining the investment advisor's monitoring process and progress of the Plan's managers in integrating climate change and other ESG considerations.
    - **Legal Advisor**
        - Primary role with regard to climate change is to assist the Trustee in meeting its legal obligation.
    - **Actuary**
        - Provides funding advice and support on governance matters to the Trustee. In this role, the Trustee's actuary helps, to the extent relevant, the Trustee in considering the impact of climate-related risks and the impact this has on the Plan's funding.
    - **Covenant Advisor**

Provides the Trustee with a view as to the potential impact of climate-related risks and opportunities on the Sponsor and therefore on its ability to support the Plan.

When considering recommendations, the JIC and Trustee Board challenge its advisors where appropriate to ensure robust thinking supports the recommendations being put forward. In keeping with this governance structure, this Statement has been reviewed by the JIC and approved by the Trustee Board.

The Trustee has articulated its climate-related beliefs as follows:

Monitoring climate-related risks and opportunities

The Trustee's approach to managing climate-related risks and opportunities is rooted in its responsibility to act in the best financial interests of the Plan's members.

The Trustee believes that climate change presents material risks to the long-term stability and resilience of the global economy, and so to all available investment opportunities. Swift and robust action is required to reduce global emissions to net zero by 2050 to mitigate the worst outcomes of climate change. This responds to one of the key goals of the Paris Agreement: to limit global temperature increases by the end of this century to well below 2°C, and ideally 1.5°C, above pre-industrial temperatures.

In this context, the Trustee believes that both the physical effects of climate change and the actions required to transition to a low carbon global economy pose financial risks that will affect all the Plan investments to some degree. It is therefore in the best financial interests of its members for the Trustee to invest in a manner that is measurably aligned with achieving the goals of the Paris Agreement.

The Trustee believes that climate-related financial risks need to be considered alongside and balanced against other relevant investment risks and considerations when evaluating investments. The Trustee therefore acknowledges that it may not always be able to minimise or eliminate climate-related risk if doing so would be to the detriment of wider strategic objectives.

The Trustee monitors the carbon emissions of its investment portfolio, and within a reasonable timeframe will set a robust reduction target that is consistent with its wider funding journey plan. The Trustee is mindful of making investment decisions that reduce measurable portfolio emissions but have limited measurable benefit to the risk/return profile of the portfolio. The Trustee has a preference for forward-looking climate metrics as these allow for better informed risk-based decisions.

The Trustee integrates the monitoring of climate risk metrics into its wider risk management framework and considers these when making all investment decisions. The Trustee does not believe that it can rely solely on financial markets to price in climate-related risks quickly or accurately enough. The risks arising from climate change should therefore also be actively managed by asset managers where this is possible and appropriate.

The Trustee recognises that investment opportunities will be available that positively contribute to mitigating climate change and achieving the goals of the Paris Agreement. The Trustee will seek out these opportunities and invest when appropriate and consistent with its wider investment objectives.

The Trustee also believes it should be conscious of the real-world impact of its investment decisions. The Trustee can contribute to achieving the goals of the Paris Agreement, i.e. be impactful, through investing in climate solutions, effective engagement through its asset managers but also through its divestment decisions.

When making divestment decisions, the Trustee believes that the transfer of assets within secondary markets will not necessarily be impactful but may reduce exposure to climate-related risks.

Engagement

The Trustee believes that good stewardship practices, including engagement and the exercise of voting rights, is an effective means of helping to manage the Plan's climate-related risks. Engagement with underlying companies (as well as other relevant organisations) is carried out primarily by investment managers on behalf of the Trustee. To best channel its stewardship efforts, the Trustee believes that it should focus on key themes, and has initially selected climate-related financial risks as a key focus area.

The Trustee may disinvest from businesses or asset managers who are inadequately managing their climate-related risks if attempts to engage with these parties to address this are not successful.

The Trustee will work collaboratively with asset managers and relevant industry stakeholders to set Plan-wide objectives for the engagement activities that are carried out on the Trustee's behalf. This will be disclosed in the annual TCFD report.

The JIC regularly updates the Joint Trustee Board on key investment matters, including climate-related risks and opportunities. These updates are provided quarterly and are included as a standing item on both the Joint Trustee Board and JIC agendas. This approach ensures that climate-related issues and proposals are consistently considered alongside other important investment matters by the Trustee. The Trustee also receives annual reporting from its investment advisor which contains information on the relevant metrics and targets selected for monitoring as outlined in "4. Metrics and Targets".

Furthermore, motivated by the desire to align with evolving best practice and acknowledging the nascency of regulation within the space, the Trustee is committed to periodic training regarding responsible investment. As part of this, the Trustee - via the JIC - undertake ongoing training around ESG and stewardship topics to ensure their understanding and knowledge are up to date with regulatory requirements, and to provide appropriate scrutiny of the advice they receive. Training sessions conducted throughout the Scheme year included:

- Climate change-related metrics and targets, and considerations of whether they should be re-affirmed or updated to align with industry standards and best practice, which have progressed over the past year. This included an introduction to the data quality metric.
- Reviewing and updating the climate-related target.
- Further training on stewardship to help the Trustee articulate and agree on key stewardship theme(s). 'Climate change' was subsequently chosen as the key stewardship theme for the Plan.

Following advice from the Plan's external advisors, members of the PwC Trustee Services Team also assist in the implementation of climate-related enhancement. They may undertake climate training on climate change risks and opportunities, carbon emission and targets, climate change scenario analysis, and stewardship to help in their understanding of how climate change may impact the Plan. For example, in May 2023, members of the Trustee Services Team attended the annual 'Review of the investment strategy from an ESG lens' training session delivered by the Plan's investment advisor to keep abreast of the latest developments in the climate space, with a particular focus on progress made by the Plan's investment managers.

The Trustee is satisfied with the current allocation of time for addressing climate-related risks and opportunities. The Trustee will review this allocation periodically and allocate more time in future if needed.

2. Strategy

The Trustee considers climate-related risks and opportunities and their potential implications on the Plan's investment and funding strategy over the short-term, medium-term, and long-term. The consideration of these factors is incorporated throughout the investment process, from strategic asset allocation to manager selection and portfolio monitoring.

The Trustee acknowledges each of its investments is exposed to climate-related risks to varying extents, and has identified two specific risks which could impact the Plan's investment and funding strategy:

- Physical risks, i.e. those that arise from both gradual changes in climatic conditions and extreme weather events; and
- Transition risks, i.e. risk of re-pricing which would occur as part of the move to a low-carbon economy.

The Trustee has, and will continue to explore investment opportunities which are both appropriate for the Plan from an investment perspective and aligned with the goals of the Paris Agreement of avoiding dangerous climate change by limiting global warming to well below 2°C, ideally 1.5°C, above pre-industrial temperatures. These include, for example, enhancing existing credit strategies to include exclusions of high emitting sectors and exploring strategies which invest in companies which seek to benefit from the transition to a low-carbon economy. In line with this aim, and as noted above, the Trustee decided to transfer the entire proceeds of disposal of its entire holdings in the Bridgewater Optimal Portfolio (which were disposed of to improve liquidity) to a more climate-focused alternative risk premia strategy (Man PDRP) in December 2023. The Trustee believes that investing in such opportunities can be neutral or even positive from a traditional risk/return perspective and is therefore consistent with its fiduciary responsibility.

Since the completion of the most recent scenario analysis as at 31 March 2023 for the 2023 TCFD statement, there have been no material changes to the Plan's funding and investment strategy. The Trustee also does not believe there have been material improvements in climate scenario modelling methodology, especially as there has been growing scrutiny of climate modelling and scenario analysis over 2023 due to the assumptions involved (which underestimate the likely implied temperature rise and overlook climate tipping points). As such, the Trustee considers the scenario analysis as at 31 March 2023 to be broadly representative of the position of the Plan for the 2024 TCFD statement and does not see a need to refresh the analysis. With input from the Plan's advisors, the Trustee will review the suitability of the scenario analysis again at the next Scheme year end.

Therefore, per the most recent scenario analysis as at 31 March 2023, considering the Plan's diversified investment strategy, high levels of liability hedging and strong covenant, the Trustee believes that the overall funding strategy would be resilient to a range of climate outcomes.

Further detail on the latest scenario analysis completed as at 31 March 2023 and included in the 2023 TCFD report has been presented in Appendix A, and updated time horizons for this Scheme year have been presented below.

Appropriate time horizons

The Trustee notes the assessment of climate-related risks and opportunities may vary depending on the time horizon in question. The Trustee therefore assesses climate risks and opportunities over the following time horizons and considers the potential impact of these on its funding strategy:

- Short-term risks and opportunities may include price movements resulting from increased regulation directed at addressing climate change (i.e. mostly transition risk).
- Over the medium term it is expected that there will be changes in consumer spending habits following changes in technology, such as the uptake in electric vehicles or a reduction in overseas travel. Physical risks are likely to start to manifest more substantially and more frequently (i.e. some transition and some physical risk).
- Longer-term risks may include physical damage to real assets as a result of rising sea levels for coastal property or infrastructure assets; there may be opportunities for outperformance for organisations that put in place strategies to mitigate these potential risks well in advance of them materialising (i.e. mostly physical risk).

The table below sets out the time horizons chosen by the Trustee:

	Time horizon
Short term [1]	2 years (in line with the triennial actuarial valuation cycle)
Medium term	6 years (in line with the Plan's low dependency target date of 2030)
Long term	26 years (in line with discussions around the Plan's aspirational target of achieving Net Zero carbon intensity by 2050)

[1] Given the Plan's strong funding position, the Trustee views this time horizon as the most relevant to the Plan.

3. Risk Management

Identifying and assessing Climate Risk

As set out in section "2. Strategy", the Trustee recognises the Plan is exposed to climate change-related risks in the form of transition and physical risk.

The Trustee considers the impact of these climate change-related risks on all of the assets in which it invests through conducting and reviewing the results of climate-related stress tests on a periodic basis. Climate change is also included in the Plan's risk register and reviewed as part of the wider risk management framework.

The Trustee also receives additional climate-related reporting from its investment advisor on an annual basis. This reporting contains relevant climate metrics as set out under DWP's adoption of the recommendations of the TCFD (and as further discussed under section "4. Metrics and Targets"). This allows the Trustee to better identify and manage the climate-related risks which are relevant to the Plan on an ongoing basis.

The Trustee considers the results of climate scenario analysis and assesses four climate metrics (described under "4. Metrics and Targets") as the primary risk identification process. In addition, the Trustee also expects their investment managers and advisors to highlight where climate risks are identified.

As noted in the previous TCFD statement, in considering the results of the Plan's metrics with their advisors, the Trustee identified the Plan's Buy & Maintain portfolios as an area for prioritisation due to the size of the allocations and their relatively high contribution to the carbon intensity of the portfolio. Subsequent steps taken by the Trustee to manage risk are outlined below.

Management of Climate Risk

The Trustee believes that engagement carried out by the Plan's investment managers with underlying companies is an effective means of helping to manage the Plan's climate-related risks. Engagement with the investment managers themselves is largely carried out on behalf of the Plan by its investment advisor. Throughout this engagement process, fund managers are asked to provide details of how climate-related risks and opportunities have been incorporated into the investment process within applicable guidelines and restrictions. During the year, the Trustee chose 'Climate Change' as the Plan's key area of focus in relation to investment stewardship. To best channel its stewardship efforts, the Trustee decided to first focus on a single key theme, which was selected by assessing its relevance to the Plan and its members, the financially material risks and opportunities it poses, and the relative maturity and development of thinking within the industry that allows for ease of integration into the Trustee's approach. As part of the Trustee's regular monitoring of its investment managers, the Trustee will be asking the managers to comment on any votes/engagement activities relating to the Plan's key theme. This will be outlined in the Plan's 2024 Implementation Statement.

Active engagement with underlying companies in which the Plan is invested, specifically relating to climate-related risks and opportunities, is delegated to the Plan's fund managers.

Actively engaging with managers

For all appointed fund managers, evaluation of ESG risk management, which includes climate-related risks, is an explicit part of both the selection process and continued due diligence or monitoring that the Trustee undertakes. The Trustee also relies on the manager research capabilities of its investment advisor to assess each manager's ability to effectively integrate climate-related risks and opportunities. In addition, the Trustee meets with its managers annually to assess and challenge them on their ESG activities. In 2023, the Trustee met with each of its managers in annually scheduled manager meetings. Managers were challenged on key positions in the portfolio that face the most risk with respect to climate change. In the 2023 meeting, the Trustee engaged with the Plan's Buy & Maintain manager (Insight) due to difficulties in ascertaining where Insight had made decisions due to ESG and climate-related considerations. Following this engagement, the Trustee was able to obtain improved reporting from the manager, and the Trustee was satisfied that the manager was undertaking appropriate levels of screening in its investment activities.

In addition, the Trustee's investment advisor conducts annual ESG reviews on each of its managers, challenging them where required on the level of climate integration in their mandates.

Making changes within mandates

In 2022, the Plan incorporated climate enhancements into its existing Buy & Maintain mandates. This resulted in exclusions of sectors with high emissions (e.g. Coal). The Plan's Buy & Maintain portfolios are the mandates where the Trustee can have the largest impact both because they are segregated and because they contribute a relatively high proportion to the carbon intensity of the overall portfolio. In addition, the Plan provided its LDI manager discretion to invest in green gilts within the existing mandate guidelines when the manager believes doing so will be beneficial to performance, liquidity, or risk management. The Trustee also decided to transfer proceeds of disposal of the Plan's holdings in the Bridgewater Optimal Portfolio to a more climate focused alternative risk premia mandate, Man Progressive Diversified Risk Premia (PDRP), which is a signatory of the United Nations Principle for Responsible Investment ("UNPRI") and incorporates ESG issues into its investment analysis and decision-making processes. This was completed in December 2023.

4. Metrics and Targets

Four metrics adopted to assess climate-related risks and opportunities faced by the Plan:

With regard to quantitative metrics, the Trustee – on an annual basis – monitors and reports:

- Total greenhouse gas emissions of the Plan's assets ("absolute emissions metric"). This is the absolute emissions metric recommended by the DWP;
- Carbon footprint – i.e. total carbon dioxide emissions for the portfolio per million pounds invested ("emissions intensity metric"). This is the emissions intensity metric recommended by the DWP;
- SBTi portfolio alignment metric ("alignment metric"). This metric examines whether a voluntarily disclosed company decarbonisation target is aligned with a relevant science-based pathway. There is evidence that companies that have set science-based targets are delivering emissions reductions in line with their ambitions, making this a key metric to monitor to drive positive change.
- The Partnership for Carbon Accounting Financials (PCAF) Data Quality Score (the "additional climate change metric") – this has been chosen on the basis that it monitors the reliability of companies' emissions data, scoring them one to five – with one representing the highest quality of independently verified emissions data. The Trustee will also use the results of the analysis to prioritise engagement efforts with its investment managers.

The Trustee receives these metrics on an annual basis from its investment advisor and will periodically review its selection of metrics to ensure they remain appropriate for the Plan. . In recognition of evolving industry standards, the Trustee has updated its non-emissions-based metric for the year-ending 31 March 2024. Whereas previously the Trustee monitored a measure of climate risk (the output of the PRA "Slow Transition" stress test), the Trustee now reports on data quality through the PCAF data quality score. The change in metric is reflective of progress made across the industry in terms of data provision and quality – the PCAF data quality score was not previously available and is now increasingly prominent. Furthermore, monitoring data quality as opposed to climate risk, provides the Trustee with greater insight into the reliability of its underlying emissions data. This in turn enhances the reliability of the output from the Plan's emissions-based metrics. The Trustee notes that the change in metric does not result in any loss of information to the Trustee as it reviews the Plan's exposure to climate risk through the climate scenario analysis which is conducted at least every three years, and included in this report in Appendix A. Further detail on the PCAF data quality score can be found in Appendix D. In addition, the Trustee has also gone through the process of setting an explicit target for the Plan which is aligned with the Trustee's climate-related beliefs.

For the purpose of this analysis, emissions from gilts and cash are currently excluded due to carbon accounting methodologies not being sufficiently developed in these areas, meaning the Trustee was not able to calculate the metrics using data available. The Trustee will keep abreast of best practice and engage with the relevant investment manager as guidance on reporting develops.

The below tables set out the results of each of the Trustee's chosen metrics broken down by broad asset class:

DH&S Retirement and Death Benefits Plan:

Asset Class (% of Total Portfolio)	Absolute Carbon Emissions ($tCO2e$) (Scopes 1+2)	Absolute Carbon Emissions ($tCO2e$) (Scope 3)	Carbon Footprint ($tCO2e$/EVIC £m) (Scopes 1+2)	Carbon Footprint ($tCO2e$/EVIC £m) (Scope 3)	Science Based Targets Initiative Rating*	PCAF Data Quality Score
Liquid Markets (6%)	1,638	35,866	45.3	473.6	11.9%	2.1
Liquid Credit (45%)	17,904	90,391	56.5	285.3	25.8%	2.3
Total Portfolio	19,542	126,257	55.4	321.7	23.1%	2.3

* Science Based Targets Initiative are based on look through data where it is available and never proxied.
Please note the Carbon Footprint,SBTi and PCAF Data Quality "Total Portfolio" figures in this table are weighted averages of the portfolio and therefore the total may not equal the sum of the individual asset class values shown above.

Trustee's target

The Trustee has set targets which are aligned with the Trustee's climate-related beliefs and are complimentary to the Plan's wider objectives.

The Trustee had previously opted to set a target of maintaining a climate risk budget based on the PRA Slow Transition scenario of less than 50% of the current Funding Ratio at Risk ("FRaR") budget.

The Trustee has also discussed an aspirational target to align the Plan's investment strategy with the goals of the Paris Agreement, i.e. to aim to reduce the greenhouse gas emission intensity of the Plan's assets to net zero by 2050. Given this is a long-term target, the Trustee has set an aspirational interim target of a 50% reduction of carbon footprint by 2030 (compared to a baseline as of 31 March 2022).

However, given the industry wide debate on the limitations of climate-scenario analysis, and the Trustee's decision to monitor data quality instead, the Trustee reviewed the ongoing suitability of the Scheme's target this year and chose to focus on emissions reduction as a primary target. The Trustee therefore decided to update its primary target to focus instead on a 50% reduction of Scope 1 and Scope 2 carbon footprint* by 2030 (compared to a baseline as of 31 March 2022). This is consistent with the Trustee’s aspirational target to align the Schemes’ investment strategy with the goals of the Paris Agreement. Setting a decarbonisation target which aligns with net zero also aligns with the Trustee’s stated climate beliefs and is consistent with the expected direction of travel of the Plan’s portfolio (for example, both of the Plan’s Buy & Maintain mandates are on a path aligned with net zero in 2050).

The Trustee continues to consider the feasibility of its target by considering the anticipated changes in the Plan’s asset allocation over time. As a long-term investor, the Trustee has some scope to consider other potential investments which could help in the achievement of both targets and are also consistent with the Plan’s other investment objectives. The Trustee also intends to use effective engagement with the Plan's managers (to ensure they are in turn engaging with their issuers, especially the highest emitters) to achieve its target. On an annual basis, the Trustee will measure performance against targets and review whether these targets should be updated or replaced.

*Please note only non-LDI emissions have been taken into account for the target and Scope 3 emissions have been excluded. This is because measuring Scope 3 emissions is currently fairly unreliable, given it relies on several assumptions and the fact that, to a large extent, emissions are not being reported by companies and are instead estimated.

Trustee assessment of metrics and targets as at 31 March 2024

The Trustee notes that metrics and targets stated above are embedded in the governance, strategy, and risk management processes via their inclusion in the ESG dashboard reporting provided to the Trustee by its investment advisor. On an annual basis, the Trustee measures performance against this target and furthermore determines whether this should be retained or replaced.

As previously noted, the Trustee has updated its non-emissions-based metric for the year-ending 31st March 2024 from a measure of climate risk exposure (the output of the PRA “Slow Transition” stress test) to data quality (through the PCAF data quality score). The change in metric is reflective of progress made across the industry in terms of data provision and quality and the data quality metric would provide the Trustee with greater insight into the reliability of its underlying emissions data.

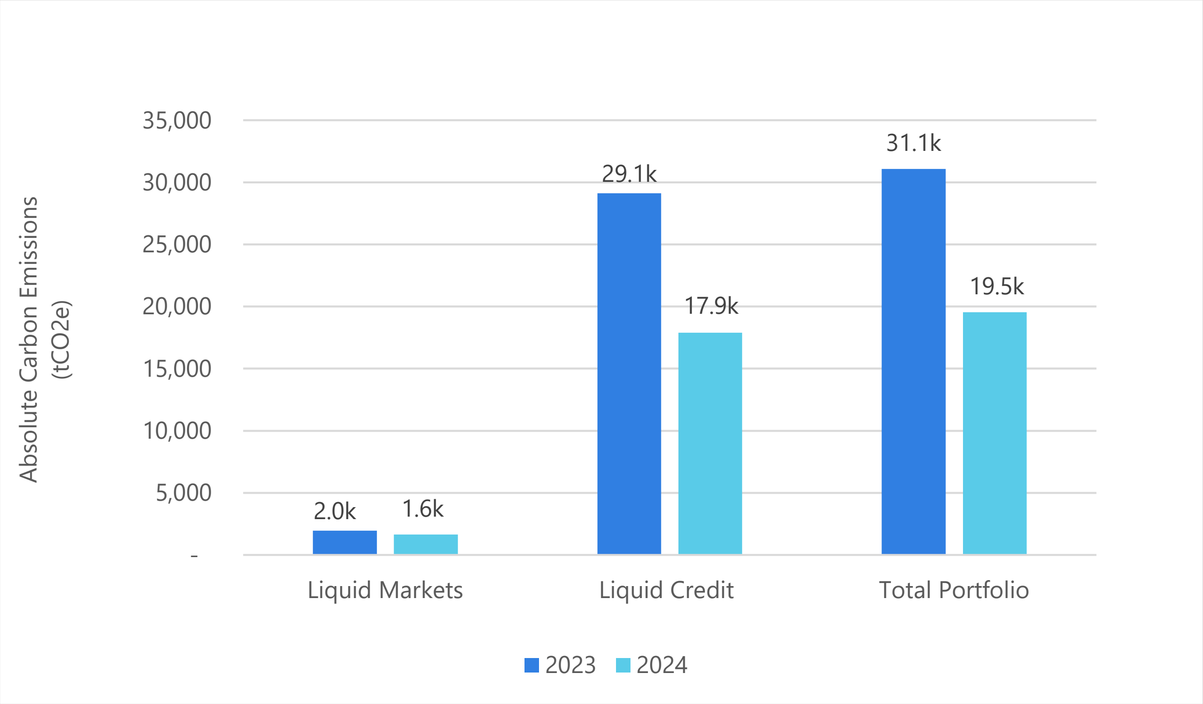
In light of the evolving nature of climate metrics in an investment context, the Trustee may consider further updating its metrics in the future with ones that are more appropriate for the Plan, for example following the emergence of more robust metrics/methodologies or changes in regulatory requirements. The Trustee will continue to use these results to identify tools which will help manage climate-related risks and opportunities which are relevant to the Plan, and to meet the targets set out above. These might include, for example, engaging with fund managers who have material carbon intensity levels or with other industry participants, exploring low-carbon alternative investment options, and updating investment guidelines for managers where the Trustee has discretion to make such changes (similar to some of the work already done, as described previously).

1. **Total absolute emissions**

The Trustee has chosen total absolute emissions as the main metric for absolute emissions – the metric shows the total greenhouse gas emissions that are financed by the Plan's investments, also known as category 15 (investment emissions) in the Greenhouse Gas ('GHG') Protocol.

Absolute emissions are calculated as the proportional share of the Scope 1 and Scope 2 GHG emissions for each relevant investment, based on the size of the investment relative to the Enterprise Value Including Cash ('EVIC') of the respective company – EVIC is a measure of a company's total value.

Chart showing the total absolute emissions (Scope 1 & 2)* for the Scheme as at 31 March 2023 and 2024



Source, Analysis by Redington as at 31 March 2024, using data from MSCI.

Key takeaway: Of the Plan's asset classes, Liquid Credit is responsible for the majority of the Scheme's total absolute emissions, but this has fallen since the previous year. The Plan's total carbon emissions have fallen over the year to 31 March 2024.

*Please note that Scope 3 emissions have been included in this year's TCFD report, in line with further DWP guidance. Progress against Scope 3 emissions will be reported in next year's report.

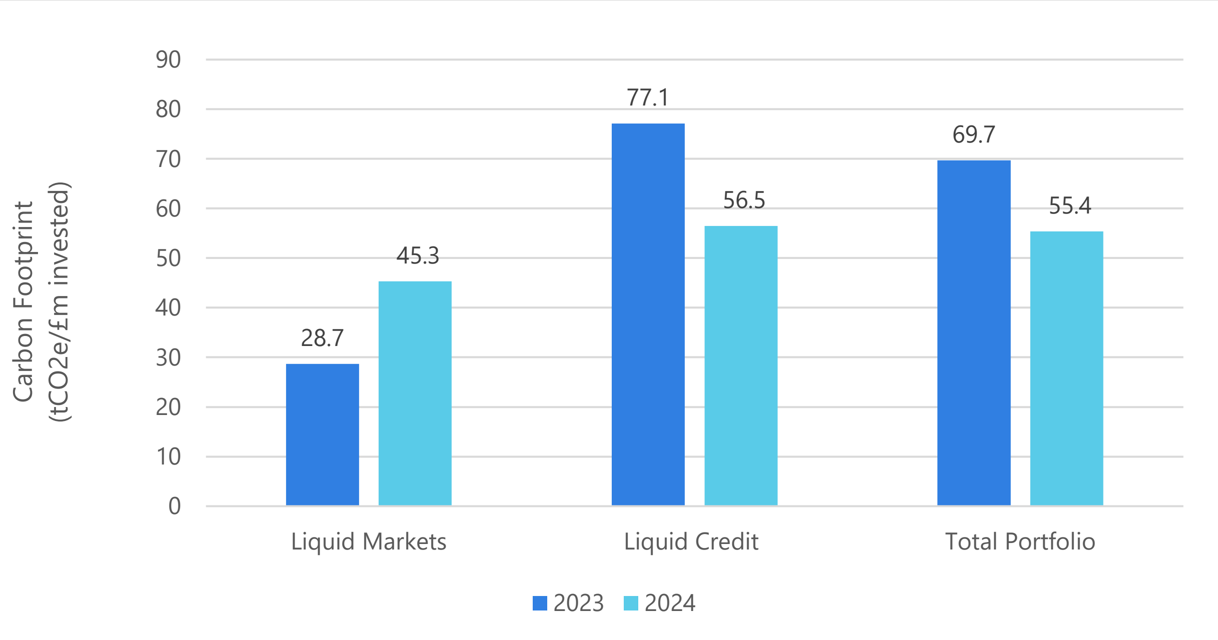
2. Emissions intensity

The Trustee monitors carbon footprint as its emissions intensity metric. Carbon footprint measures the carbon efficiency of a portfolio in terms of emissions per million pounds invested. It normalises the total absolute emissions for the value of the portfolio. In other words, it shows the emissions per millions of pounds invested, the metric is therefore comparable between investments of different sizes.

At a portfolio level, the emissions intensity measures are calculated as the average of the emissions intensity of the underlying holdings, weighted by the value of each holding. A portfolio with a high emissions intensity will have a steeper route towards decarbonisation than a less intensive one. Hence, measuring the emissions intensity across the Plan is useful in order to gauge how difficult (or easy) it will be to progressively decarbonise its portfolios.

The Trustee has set its target of 50% reduction in terms of carbon footprint by 2030 across Liquid Credit and Liquid Markets assets on Scope 1 and 2 emissions against this metric.

Chart showing the total carbon footprint (Scope 1 & 2)* for the Scheme as at 31 March 2023 and 2024



Source, Analysis by Redington as at 31 March 2024, using data from MSCI.

Key takeaway: Per million pounds invested, the Plan's Liquid Credit assets has the highest emissions. The carbon footprint for the Liquid Markets asset class has increased due to the inclusion of emissions from the LGIM VCE portfolio only within the asset class. This excludes overall negative emissions from Man PDRP from the liquid market asset class and total footprint metrics (further details are available in Appendix B). The Plan's overall portfolio saw a reduction in its Scopes 1-2 carbon footprint over the year due to its disinvestment from the CQS Credit Multi-Asset Fund due to audit independence constraints. It is expected that the carbon footprint for the Liquid Credit asset class will increase in the next reporting period as the CQS proceeds were subsequently invested into the TwentyFour Strategic Income Fund. The overall reduction in carbon footprint was also caused by the Plan's disinvestments from the Brigade Offshore Credit Fund (which holds high-emitting companies) and from the Bridgewater Optimal Portfolio Fund.

*Please note that Scope 3 emissions have been included in this year's TCFD report, in line with further DWP guidance. Progress against Scope 3 emissions will be reported in next year's report.

3. Additional Climate Change Metric

Over the year the Trustee updated its third "non-emissions" based metric. For the reasons outlined above in this Section, the Trustee now monitors the PCAF Data Quality score.

The PCAF Data Quality score monitors the reliability of companies' emissions data. The scoring system ranges from one to five, with one representing the highest data quality, which involves independently verified emissions data, and five indicating the lowest quality, characterised by estimated emissions data derived from industry peers.

Table showing PCAF Data Quality scoring for the Scheme as at 31 March 2024

Plan	PCAF Data Quality Score
Liquid Markets	2.1
Liquid Credit	2.3
Total	**2.3**

Source, Analysis by Redington as at 31 March 2024, using data from MSCI.
Please note the "Total Portfolio" figures in this table are weighted averages of the portfolio and therefore the total may not equal the sum of the individual asset class values shown above.

Key takeaway: The Scheme's portfolio PCAF Data Quality Score is 2.3, indicating that the majority of emissions data reported by underlying publicly listed companies is in line with the Greenhouse Gas Protocol, but unverified.

4. Portfolio Alignment

The Trustee has adopted the Science Based Target's initiative as the Scheme's portfolio alignment metric, which captures a company or issuer's progress against a self-developed decarbonisation target using science-based methodology.

Table showing the SBTi ratings for each of the Scheme's funds as at 31 March 2023 and 2024

Plan	SBTi Rating	
	31 March 2023	31 March 2024
Liquid Markets	0.0%	11.9%
Liquid Credit	21.0%	25.8%
Total	**17.8%**	**23.1%**

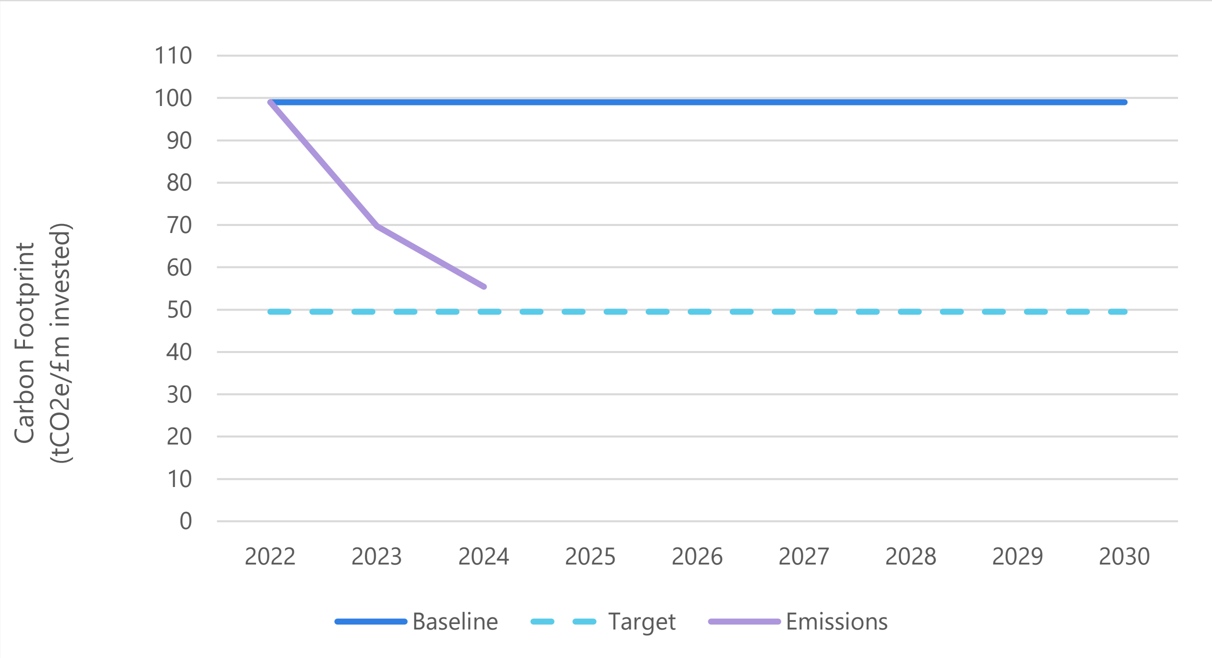
Source, Analysis by Redington as at 31 March 2024, using data from MSCI.
Please note the "Total Portfolio" figures in this table are weighted averages of the portfolio and therefore the total may not equal the sum of the individual asset class values shown above.

Key takeaway: Over the year to 31 March 2024, the percentage of underlying companies or issuers with decarbonisation targets set using science-based methodology increased to 23.1%, from 17.8% in the previous year. This was primarily due to the addition of the Man Progressive Diversified Risk Premia Fund to the Plan's portfolio in December 2023.

Target

The Trustee has set a target of 50% reduction in terms of carbon footprint by 2030 across Liquid Credit and Liquid Markets assets on Scope 1 and 2 emissions. This target is assessed using a base year of 31 March 2022 to monitor progress against annually. The chart below shows the progress against the target.

Chart showing Carbon Footprint of Liquid Credit and Liquid Markets assets (as at 31 March of relevant year)



Source, Analysis by Redington as at 31 March 2024, using data from MSC

> **Key takeaway:** The carbon footprint of the Plan's investments has continued to fall from the baseline established in 2022. Portfolio carbon footprint fell 21% over the year and has fallen 44% since 2022, trending towards the Trustee's target.

Further details can be found in Appendix B. Absolute and % intensity metrics have been modelled at an asset class level by the investment advisor wherever data coverage for a particular fund is below 50%. As and when new data becomes available, the Trustee will review the targets which have been set to ensure they remain appropriate in light of this new information.

Appendix A:

Scenario Analysis

As part of its 2020 biennial stress tests, the Bank of England's Prudential Regulation Authority ("PRA") conducted an exploratory exercise to test the impact of future climate change scenarios on the assets and liabilities of (re)insurers, using predictions by the Intergovernmental Panel on Climate Change ("IPCC") and academic literature as the basis for their modelling assumptions.

Using the same methodology, the investment advisor has constructed similar tests that allow the Trustee to examine the impact on the funding position, via the effect on asset values and liabilities, of the Plan under three scenarios.

The magnitude of each of the physical and transition shocks varies across industries under each scenario, meaning some assets may fare better or worse under one scenario compared to another. For "Fast Transition": the asset downside comes almost entirely from transition risk. For "Slow Transition": the asset downside comes from a mix of transition risk and physical risk. For "No Transition": the asset risk is entirely physical risk.

In terms of the assumptions made under these scenarios, the PRA recognised that feedback loops between climatic shocks and structural economic change need to be incorporated when assessing the financial impacts on businesses of physical and transition risk under each emissions scenario. However, due to existing modelling and data constraints, this is a complexity that is purposely excluded from the modelling.

There is also an acceptance that the timing and sequence of financial impacts will be complex, as behavioural changes could result in physical risks preceding transition risks and vice versa. For the purpose of simplicity, where an asset is subject to both physical and transition risk, the shocks are applied consecutively, with the physical shock applied second.

Climate Scenario Analysis as at 31 March 2023

The results of the climate scenario analysis as at 31 March 2023 can be seen below and further details on the analysis, including key assumptions of the methodology, can be seen in this section.

The Trustee, on an ongoing basis, assesses the impact of the identified climate-related risks and opportunities on the Plan's investment strategy and funding strategy. In order to assess the impact on the Plan's assets and liabilities, the Trustee undertakes scenario analysis consistent with the PRA's Life Insurance Stress Tests ("the PRA stress test scenarios"), as recommended by the Pensions Climate Risk Industry Group ("PCRIG"). The stresses are designed to show what the impact on the value of the Plan's funding level could be in the following scenarios:

- Scenario A (Fast Transition): Abrupt transition to the Paris-aligned goal occurring over a three year time period (temperature increase kept below 2°C relative to pre-industrial levels).

- Scenario B (Slow Transition): Orderly transition to the Paris-aligned goal occurring by 2050 (temperature increase kept well below 2°C relative to pre-industrial levels).

- Scenario C (No Transition): A no-transition scenario occurring in 2100 (temperature increase in excess of 4°C relative to pre-industrial levels).

The Trustee has conducted this analysis to the best of its ability and further detail on the limitations can be found in the above section.

The results of these scenarios are summarised below.

Scenario Analysis

This shows the impact on the Plan's funding position, via the projected change in value of the Plan's assets and liabilities.

Scenario	A - Fast Transition (3 years)	B - Slow Transition (by 2050)	C - No Transition (by 2100)
Funding Level Change	**-2.0%**	**-2.0%**	**-1.9%**

The results of the scenarios provide the Trustee with an overview of how resilient the current investment strategy is with regards to various different climate change outcomes.

Further information on scenario analysis can be found in the above section.

Impact of climate scenarios on Plan liabilities

The results of these climate scenarios reflect the impact to the Plan's funding position as a result of changes in both assets and liabilities. The Trustee notes that two of the three key liability related risks (interest rate and inflation) are suitably hedged via the Plan's Liability-Driven Investment ("LDI") strategy. Therefore the Plan is not overly exposed to changes in these metrics and they are expected to have a minimal impact.

The third (and largest) liability-related risk facing the Plan is longevity / mortality risk. The Trustee notes that there is currently little consensus in the industry as to how these longevity / mortality impacts should be incorporated into climate scenario analysis, and that the results can vary drastically. On this basis, the Trustee has discussed this matter with the Plan actuary, and the Plan actuary has run a scenario analysis to assess the impact of changes in mortality as a result of climate change. The analysis has been based on a warming scenario broadly equivalent to a PRA no transition scenario and the actuary concluded that under this scenario, the impact on liability values is expected to be minimal as the decrease in cold-related mortality is expected to cancel out projected heat-related mortality. It expects the impact on liabilities to remain small across the other less extreme scenarios. The results of this analysis are yet to be included in the Plan's scenarios on a quantitative basis as the Trustee notes that disclosure and industry best practice are expected to develop over time and will engage with its actuary as this thinking evolves.

Impact of climate scenarios on Plan's sponsoring employer

The Trustee has engaged with its covenant advisor to understand how the Plan's sponsoring employer (known as its "covenant") would be impacted by various climate scenarios.

The impact of the chosen climate scenario is focused on a Paris-aligned scenario and a No mitigation scenario akin to the PRA slow transition and no transition scenario. Given the size of outstanding deficit repair contributions relative to the sponsor's profits and cashflow, the impact of climate risks on the affordability of contributions or the likelihood of them being paid, is expected to be low over the relatively brief period of the remaining recovery plan.[1] In addition, the covenant advisor does not consider there to be a material risk to the employer covenant, such that the risk of being downgraded from its current rating of Strong over the current valuation period as a result of climate risks is unlikely. This is supported by:

- The funding level of the Plan when compared to the resources of the sponsor and the timeline over which climate related risks and scenarios might emerge.
- PwC's operations which are not as directly exposed to climate-related risks when compared with other industries such as manufacturing or aviation.
- PwC's own net zero targets, in relation to which it is taking actions in line with peers and keeping pace with its market.
- Growth opportunities for PwC due to climate change (e.g. advising organisations on how to better manage climate-related risks).

When considering the Plan's diversified investment strategy, high levels of liability hedging and strong covenant, the Trustee believes that the overall funding strategy would be resilient to a range of climate outcomes.

Portfolio Alignment

The Trustee has agreed to adopt the Science Based Targets Initiative (SBTi) as its chosen fourth metric, which examines whether a voluntarily disclosed company decarbonisation target is aligned with a relevant science-based pathway.

As part of SBTi, a company or issuer will sign a commitment to self-develop a single or multiple pathways to reduce greenhouse gas ("GHG") emissions, with 24 months to develop this pathway, submit it for SBTi validation and publish the approved target. The Company/Issuer's chosen decarbonisation target can be aimed at one or all of; the short term, long term or Net Zero, with each company being scored with a binary yes or no assessment on the following target categorisations: "SBTi Approved 1.5 C", "SBTi Approved Well Below 2 C" or "SBTi Approved 2 C." These categories indicate the expected global temperature increase based on the company or issuer's target. Should a company/issuer's decarbonisation pathway not comply with either of the Paris-aligned targets, it will be assigned a 'Not Committed' rating.

Using line-by-line data, the investment advisor can calculate the proportion of assets invested within each fund the Plan is invested in, that correspond to each SBTi score classification, ignoring negative allocations. Where line-by-line data is not available, managers can also provide these proportions if they have access to the data. A scheme-level score is calculated as the value weighted average of the fund level scores (i.e. for an example Scheme XYZ, that is 50% invested in Fund X with an SBTi score of

[1] The recovery plan has concluded since this scenario analysis was conducted.

20% and 50% invested in Fund Y, with an SBTi score of 40%, the Scheme-level aggregate SBTi score (30%) is calculated through a weighted-average of the fund's weight within the portfolio and SBTi score).

Appendix B:

Carbon footprint analysis

- Climate reporting as of 31 March 2023 can be found on the following pages. This reporting includes the chosen four metrics as described under "4. Metrics and Targets".
- Where possible and where there is reasonable data coverage, the Trustee monitors 'line-by-line' emissions reporting for funds. These tend to be more generic, long-only asset classes such as listed equity and corporate credit. However, for funds with less than 50% coverage, the Trustee monitors 'asset class level' carbon estimates in the absence of reliable, reported line-by-line emissions data from MSCI. The Trustee notes that using asset class modelling of emissions for assets where this data is not available enables a more holistic view of the Plan's total portfolio emissions, albeit recognising that the modelled data is not perfect.
- The analysis in Appendix C contains estimates of the Plan's scope 3 GHG emissions, i.e. the "financed emissions" associated with the Plan's investments. The Trustee acknowledges the impact its own actions may have and does consider them, but the Plan's scope 1 and scope 2 emissions (e.g. the use of fuel and electricity in office buildings) are nominal in comparison to scope 3 emissions (i.e. the emissions arising from investments). Definitions of scope 1, 2 and 3 emissions can be seen in the Glossary of Terms in Appendix C.
- The asset class modelling of emissions has been provided by the Trustee's investment advisor and is based on asset class 'building blocks'. These are either calculated directly using a given index's underlying holdings emissions (such as using Intercontinental Exchange Bank of America Merill Lynch ("ICE BofAML") US Corporate Index as a proxy for a broad credit fund) or in some cases these indices are used and extrapolated to other asset classes based on given assumptions.
- Emissions metrics have been calculated in line with the GHG Protocol Methodology, the global standard for companies and organisations to measure and manage their GHG emissions. The GHG Protocol provides accounting and reporting standards, sector guidance and calculation tools. It has created a comprehensive, global, standardised framework for measuring and managing emissions from private and public sector operations, value chains, products, cities and policies to enable greenhouse gas reductions across the board.
- The Trustee recognises that there can be some degree of double counting in including scope 3 emissions for all investments in the same portfolio (due to the potential supply chain relationships between companies within the portfolio). For this reason, scope 3 emissions figures have been adjusted for double counting by applying a de-duplication multiplier of 0.22 to all portfolio companies' scope 3 emissions. This is the discount factor used by the Group's ESG data provider and it is based on the relationship between the total scope 1 and scope 3 emissions of a company. In this way the discount factor is designed to reduce the portfolio's aggregated scope 1, 2 and 3 emissions down to a level more closely reflecting the real-world footprint. The climate metrics reporting the Trustee receives from its investment advisor reports "scope 1 & 2" and "scope 3" data separately before aggregating, in an effort to improve transparency.
- The current approach for calculating emissions data used by the Trustee's advisors considers both long and short positions for each mandate. As such, if a mandate were to 'short' a higher emitter this may result in overall negative emissions for that mandate. The Trustee believes that shorting high emitters is not a credible way to reduce the Plan's emissions. As such, mandates with overall

negative emissions are excluded from the Scheme's total emissions metrics and will not contribute towards achievement of the Scheme's net zero ambition.

Appendix C: SBTi and MSCI Climate Metrics Output

Fund	Fund Value (£m)	MSCI Climate Metrics Coverage %	Carbon Emissions (tCO2e)				Carbon Intensity (tCO2e / EVIC £m)			
			Current – Scope:		Previous – Scope:		Current – Scope:		Previous – Scope:	
			1+2	3	1+2	3	1+2	3	1+2	3
Liquid Markets (Equities)										
LGIM Volatility Controlled Equity with Put Portfolio	3.9	-	1,638	8,651	1,562	8,246	45.3	239.1	45.3	239.1
Liquid Markets (Multi-Asset)										
Man Progressive Diversified Risk Premia Fund	39.6	-	-3,726	27,215	-	-	-94.2	687.9	-	-
Liquid and Semi-Liquid Credit										
Insight Buy & Maintain Global Credit Portfolio	125.1	95.3%	6,541	29,984	7,121	45,713	52.3	239.7	59.7	383.4
LGIM Global Buy & Maintain Credit Portfolio	134.6	86.3%	6,780	35,449	5,741	31,458	50.4	263.3	45.4	248.8
Payden & Rygel Absolute Return Bond Fund	57.0	-	4,583	24,958	4,363	23,761	80.4	437.6	80.4	437.6
TOTAL PORTFOLIO	**360.2**		**19,542**	**126,257**	**31,075**	**167,436**	**55.4**	**321.7**	**69.7**	**375.7**

All "Current Total Portfolio" figures in this table are weighted averages with the exception of "Fund Value" and "Absolute Carbon Emissions (tCO2e)".
"Absolute Carbon Emissions (tCO2e)" is calculated using the notional value of the fund. "Fund Value (£m)" shows the mark-to-market value of the fund.
"Previous" figures show climate metrics from 12 months prior to "Current" figures. Fund-level "Previous" figures may not sum to the "Previous Total Portfolio" figures because the "Total Portfolio" values may contain funds that have now been divested from and not reported in this table.
Mandates with overall negative emissions are excluded from the Scheme's "Total" metrics and will not contribute towards achievement of the Scheme's net zero ambition, hence does not sum in total.
Carbon metrics are proxied where there is insufficient data for funds. In these instances, no figure is shown for MSCI Climate Metrics Coverage.
ESG and MSCI Carbon Metrics meet the current minimum UK DWP's TCFD-aligned "Metrics and Targets" regulations. However, regulations are subject to change. Redington monitors developments closely.

Fund	Fund Value (£m)	Science Based Targets initiative Rating		PCAF Data Quality Score	
		Current	Previous	Current	Previous
Liquid Markets (Equities)					
LGIM Volatility Controlled Equity with Put Portfolio	3.9	-	-	-	-
Liquid Markets (Multi-Asset)					
Man Progressive Diversified Risk Premia Fund	39.6	22.7%	-	2.13	-
Liquid and Semi-Liquid Credit					
Insight Buy & Maintain Global Credit Portfolio	125.1	36.6%	34.9%	2.24	-
LGIM Global Buy & Maintain Credit Portfolio	134.6	25.4%	24.5%	2.33	-
Payden & Rygel Absolute Return Bond Fund	57.0	3.0%	5.5%	2.33	-
TOTAL PORTFOLIO	**360.2**	**23.1%**	**17.8%**	**-**	**-**

All "Current Total Portfolio" figures in this table are weighted averages with the exception of "Fund Value" and "ITR" (where it is presented).
"Previous" figures show climate metrics from 12 months prior to "Current" figures. Fund-level "Previous" figures may not sum to the "Previous Total Portfolio" figures because the "Total Portfolio" values may contain funds that have now been divested from and not reported in this table.
Where presented, "Science Based Target initiative (SBTi)" or "TPI" scores are all based on lookthrough data where it is available and never proxied. "ITR" is only proxied where there is insufficient data.
Where presented, the SBTi score reflects only the long positions within a portfolio.
ESG and MSCI Carbon Metrics meet the current minimum UK DWP's TCFD-aligned "Metrics and Targets" regulations. However, regulations are subject to change. Redington monitors developments closely.

Glossary of Terms (Carbon Metrics)

Enterprise Value Including Cash (EVIC): Defined as the sum of market capitalisation of shares and book values of total debts and minority interests at fiscal year-end. No deductions of cash or cash equivalents are made to avoid potential negative enterprise values. This is the recommended denominator metric for carbon attribution according to the GHG Protocol, the global standard for carbon accounting endorsed by the European Union and the DWP.

Estimated Total Mandate Carbon Emissions (tons): Represents the total share of Scope 1, Scope 2 and Scope 3 carbon emissions a fund is responsible for. Please note the metric is sensitive to the investment holding size in the fund.

PRA Slow Transition Climate Scenario Analysis: The investment advisor's extrapolation of a stress test constructed by the Prudential Regulation Authority ("PRA") to explore the % impact of future climate change on assets. A slow transition assumes a long-term, orderly transition that is broadly in line with the Paris Agreement out to 2050.

Scope 1 & 2 Carbon Footprint (tCO2e / EVIC £m): Measurement of the Scope 1 & 2 CO2e emissions of a fund per million pounds of EVIC. Scope 1 emissions refer to those which are directly connected to the production of a company's product or service e.g., burning of fossil fuels to power the electricity grid. Scope 2 emissions refer to those from electricity used to power company facilities. For a pension scheme, scope 1 emissions include the use of gas fuel and refrigerants in the office whilst scope 2 emissions include the use of electricity in the office buildings.

Scope 3 Carbon Footprint (tCO2e / EVIC £m): Measurement of the estimated Scope 3 CO2e emissions of a fund per million pounds of EVIC. Scope 3 emissions refer to all those that are not in direct control of a company's productive activities. Namely, all those emissions from a company's upstream supply chains and downstream product use by the consumer.

MSCI Climate Metrics Coverage: The proportion by value of a fund for which carbon metrics are available from MSCI. Climate metrics are proxied where coverage is low and in this case, the MSCI Climate Metrics Coverage will be assumed to be "-".

SBTi Score: The Science-Based Targets initiative ("SBTi") sets out a framework through which companies can set out their decarbonisation pathway and have them assessed against the goals set out in the Paris Agreement – limiting global warming to 1.5°C above pre-industrial levels or well-below 2°C. The SBTi Score is the proportion of assets invested that are classified as being Paris-aligned.

Tons of Carbon Dioxide Equivalents (tCO2e): Tons of greenhouse gases including methane, nitrous oxide, carbon dioxide, and fluorinated gases. Given the abundance and prominence of carbon as a greenhouse gas, all the other gasses are considered carbon equivalents.

Limitations of Carbon Metrics

- TCFD based regulations require portfolios to report on their climate metrics without asset class adjustments. Therefore, metrics in funds with a lower coverage (below 80%), or in multi-asset funds and liquid / semi-liquid credit need to be evaluated with more context. This is because a low coverage means a larger part of emissions are unknown, and because the carbon risk of equity holdings will tend to be higher than that of credit holdings.
- Specific line-by-line modelling of emissions is currently available only for publicly listed equity and credit assets. For unlisted asset classes, the investment advisor has reported asset class-level estimations of carbon emissions. This provides a broad and longer-term understanding of what the portfolio's emissions are and where the biggest amount of emissions come from. The investment advisor believes this is appropriate from a strategic asset allocation perspective, but will not capture specific actions managers are taking to reduce their CO2e footprint.
- Due to lags in company carbon reporting and database updates, carbon footprint numbers have a one to two year lag. The carbon numbers included in this report are updated at the start of every year.

Appendix D: Additional Climate Change Metric

In February 2024, the Trustee decided to adopt the Partnership for Carbon Accounting Financials ("PCAF") data quality score as its chosen third metric, which monitors the reliability of companies' emissions data. The scoring system ranges from one to five, with one representing the highest data quality, which involves independently verified emissions data, and five indicating the lowest quality, characterised by estimated emissions data derived from industry averages. For the purpose of TCFD reporting, the Fund will report this score on an annual basis, monitoring progress over time (on an asset class basis).

The Trustee decided to adopt this metric in line with evolving industry standards and best practice as data quality and availability are often cited as key issues with climate-related data. Monitoring data quality provides useful context for interpreting the emissions-based metrics and reviewing the data quality scores aides the degree of conviction the Trustee has in the data being used. The Trustee believes that over time, better data should allow it to make better informed decisions.