Our TCFD Statement

Summary

As Trustee of the Unilever UK Pension Fund, we believe that the transition to a more sustainable global economy is inevitable and that, as with any economic transformation, there will be winners and losers. We believe that businesses that rely on the unsustainable consumption of resources, degradation of the natural world or social exploitation will ultimately fail. Conversely, businesses that adapt quickly to the transition, to mitigate risks and grasp opportunities, will prosper.

From this viewpoint, it is clear that our members' interests and Sustainability[1] are inextricably linked. As a pension fund investing on behalf of our members, we must act quickly and effectively to minimise the risks and maximise the opportunities afforded by the transition to a sustainable economy.

Of the many Sustainability challenges to be addressed, we consider climate change to be our priority, and the impact of global warming to be the most immediate and significant risk to the global economy. In a year where global average temperature exceeded 1.5 degrees Celsius above pre-industrial level, we believe policymakers, industry leaders and investors will now need to act even faster. We will continue to act quickly and decisively to stay ahead of the curve so that our members benefit rather than suffer from the transition to a 'Net Zero' economy.

We support the aims of the Task Force on Climate-related Financial Disclosures (TCFD) and believe that transparency of the risks and opportunities associated with climate change is essential for the design and execution of a successful investment strategy. We therefore actively encourage the businesses in which we invest to provide climate-related financial information according to the TCFD's recommendations. However, the availability of robust climate metrics data remains a challenge for us in some of our holdings, and we have to rely on several approximations. It is therefore important to note that the metrics used in this report to monitor progress can be volatile on a year-on-year basis, and it is the overall trends and long-term trajectory that will matter the most. We continue to work collaboratively with our investment managers and data providers with the aim of making further improvements.

In line with the TCFD requirements, our report is structured around four pillars:

- Governance
- Strategy
- Risk Management
- Metrics and Targets.

These four pillars explain how Sustainability considerations are taken into account by the Trustee and the subsequent actions being taken. The Fund's Defined Benefit (DB) and Defined Contribution (DC) sections are both in scope for this report.

We expect climate change to have an impact on our Fund's assets and liabilities and have assessed our position against a selection of plausible future climate scenarios. Over the short term, the analysis indicated that climate transition poses the most risk to our Fund assuming there is large scale downward re-pricing in financial markets over the next few years. This is mitigated to a large extent by the Fund's investments in sustainable investment funds. Without a successful transition, physical

[1] For the avoidance of doubt, where this report refers to "Sustainability", it should be read as encompassing climate change and climate-related risks and opportunities.

risk from climate change is expected to be the most material factor over the long term. For our DB Section, the financial position is expected to remain strong under all scenarios given the strong funding position of c.108% as at 31 March 2025 on the Fund's Low Employer Dependency basis. For our DC Section, the key risk is from a failed transition where physical risks start manifesting, which could cause increasingly large-scale reductions in growth and productivity, impacting asset returns over time and therefore our younger members' fund sizes at retirement. Overall, the analysis reinforces the actions being taken by the Trustee on investing sustainably, with impact, and with a strong focus on engagement and industry collaboration with other pension funds and investors where appropriate and in the best interest of the Fund.

In line with our Sustainability objectives and priorities to focus on, in 2021 we set interim targets to reduce the carbon intensity of our portfolio by 30% by the end of 2024 and 50% by the end of 2029, from a baseline position as at 31 March 2020. As at 31 March 2024, four years on from the baseline measurement, the Fund has achieved a reduction in carbon intensity of 45% for the DB Section and 39% for the DC Section (Moderate Growth Fund), thereby achieving the 2024 targets set and being on track to achieve the 2029 targets. Our Fund is well positioned to achieve our overall Net Zero target by 2050 or sooner. That said, global alignment to a Net Zero pathway remains limited with progress constrained by policy and political uncertainty, which could have an impact on the achievement of our intentions and targets. Nonetheless, we are seeing progress being made across the world. As a next step, we will be reviewing our targets and target-setting approach to enable the Fund to further increase its focus on real world impacts that are aligned with the best interest of our members.

1. Governance

The Trustee is ultimately responsible for the oversight of all the Fund's risks and opportunities. Specifically, it is responsible for setting the investment strategy and for agreeing the overall approach to Sustainability.

The Trustee delegates certain oversight responsibilities to Committees which are therefore directly involved in managing climate related risks and opportunities:

- The Investment & Funding Committee (IFC): has responsibility for implementation of the investment strategy and the review of investment risks for the DB section of the Fund.
- The Defined Contribution Committee (DCC): has similar responsibilities to the IFC but for the DC section of the Fund.
- The Audit & Risk Committee (ARC): supervises the Fund's risk management framework and the review of the Report and Financial Statement Accounts and other regulatory disclosures.

The Trustee and its Committees are supported by the in-house Executive teams. These include the Univest Company (Unilever's internal expert investment centre) and the Unilever UK Pensions Department, as well as the Fund's external investment advisers.

The Chief Investment Officer (CIO) and Head of Trustee Services work collaboratively across the Fund and are accountable to the Trustee for the execution of strategy and the ongoing identification, assessment and management of Fund risks, including climate-related risks.

There is dedicated expert Sustainability resource within Univest Company, which the CIO utilises to drive the Fund's Sustainability agenda.

The CIO, the Head of Trustee Services and the Trustees external investment advisors have Sustainability-related annual objectives and are assessed annually on these. The Fund's covenant adviser also provides an annual covenant report which includes covenant considerations in relation to climate risks. The covenant report is taken into account by the Fund's Actuary for valuation purposes.

The Trustee meets at least quarterly, and Sustainability is a regular item integrated within the agenda.

The IFC, DCC and the ARC also meet quarterly and report to the Trustee on their strategic and risk management responsibilities, including on Sustainability which is discussed at every quarterly IFC and DCC meeting.

A regular programme of training is provided to the Trustee, CIO and Univest Company to keep them refreshed and updated on topics relevant to their duties, including Sustainability.

Progress during the Fund year ending 31 March 2025

The Trustee's view is that Sustainability should be fully integrated into 'business as usual' and therefore managed seamlessly within existing Fund processes and through established governance bodies. An implementation plan has been established which maps out our priorities with specific emphasis on climate change related initiatives.

As part of our governance and progress made during the Fund year, the Trustee, IFC, DCC, CIO and/or Univest Company undertook the following actions:

- Reviewed the Fund's annual carbon footprinting results and drivers of change.

- Reviewed the integration of climate risks and opportunities within the Fund's mandates via the annual Sustainability Scorecard exercise.
- Encouraged the Fund's managers and stewardship provider to engage with the top CO2e emitters.
- Reviewed the Fund's investments in the private markets impact fund and approved an additional commitment.
- Worked with the Fund's private/alternative investment managers to obtain bottom-up carbon metrics in additional asset classes such as Real Estate and Hedge Funds.
- Carried out initial work for reviewing the Fund's carbon footprinting approach and on updating our Carbon Journey Plan.

2. Strategy and Risk Management

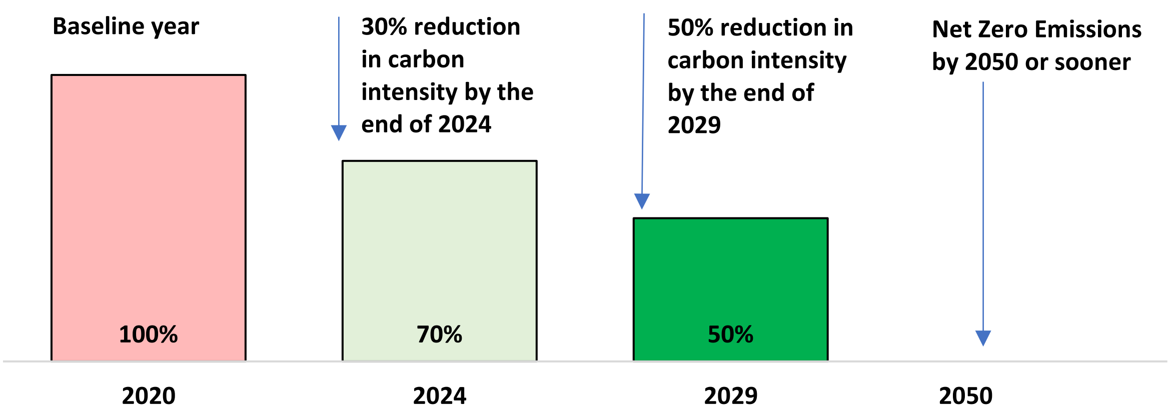
Our ambition is to position our Fund ahead of the curve so that our members benefit rather than suffer from the transition to a Net Zero economy.

We have therefore set two Sustainability goals consistent with this ambition:

1. To build a resilient investment portfolio that is favourably positioned with respect to the risks and opportunities afforded by the transition to a sustainable economy. With our immediate priority being climate change, we aim to reduce the carbon intensity of our portfolio by 30% by the end of 2024 and 50% by the end of 2029.

2. To maintain an eco-system of investment managers, advisors and other external collaborators with the knowledge, capabilities and capacity to help us construct and manage a resilient portfolio.

Our carbon reduction targets:



We have developed Carbon Journey Plans for both the DB and DC sections of our Fund, which plots our path to achieve our carbon reduction targets. We have identified the key levers[2] available to us to help deliver this.

[2] The levers are defined as follows:
Portfolio de-risking – – the reduction in the Fund's return seeking assets for the DB Section, once certain funding triggers are achieved, thereby reducing total level of return seeking assets exposed to climate risks;
Policy impact – the reduction in corporate emissions resulting from governmental pressure on businesses to align with their Net Zero commitments;
Mandate changes – the impact of changing investment manager mandates;
Engagement – active ownership activities to encourage companies to reduce emissions;
Impact investing – investing to generate positive sustainability impact alongside financial returns.

To help us achieve our goals, we have also developed a Sustainability Framework which includes a three-tiered implementation approach to assessing and managing climate risks, with further details on our approach set out in section 2.2.

As set out in the Metrics and Targets section, both DB and DC Sections have achieved their 30% carbon intensity reduction targets as of 31 March 2024. The Trustee is in the process of reviewing the Fund's Carbon Journey Plan and target-setting approach.

2.1 Identification and assessment of climate-related risks and opportunities

The principal climate-related risks for our Fund lie within our asset portfolio. Our strategic and risk management response to climate change is therefore focused on securing the long-term value and security of the assets that we invest on behalf of our members.

The Trustee recognises that climate-related risks could have an impact on the value of the investments made on behalf of the members, over the short, medium and long term, and therefore the risk needs to be understood and managed. For example, climate-related risks could affect:

- The ability of the underlying companies we invest in to pay dividends, impacting the share prices and therefore the valuation of our equity holdings.
- The creditworthiness of the companies we invest in, therefore impacting the value of our fixed income holdings.
- The rental values of the real estate assets the Fund holds, therefore impacting the value of our real estate holdings.

The risks related to climate change comprise transition risk and physical risks, which were identified and assessed as part of the work undertaken on climate scenario analysis.

Transition risk to dominate over next five years | Physical risk to dominate over the longer term

Transition risk: occurs in the process of moving to a more Sustainable global economy. These include policy changes (e.g. sudden imposition of carbon taxes or carbon emission limits), risk of stranded assets, technological advances and changes in consumer behaviour.

Physical climate risks: are those which arise both from gradual changes in climate as well as extreme weather events, both of which can result in damage to assets (e.g. to our real estate portfolios, supply chain disruption, impact on growth and productivity and resource depletion, impacting the companies we invest in).

We note that the resources that we deploy directly for the management and operation of the Fund (such as employees, systems and office accommodation) are modest and the physical and transition risks associated with them are not material to the Fund.

For the DB and DC Sections, the Trustee' short, medium and long-term time horizons are as follows:

DB Section:

Short	Medium	Long
Five years, for assessing the immediate financial risks and opportunities	13 years, to be broadly consistent with the duration of the Fund's liabilities	26 years, reflecting the overall maturity of the Scheme by 2050

DC Section:

Short	Medium	Long
Five years, for assessing the immediate financial implications	26 years, representing a long enough period to 2050, over which members' money may be invested	40 years, representing younger members' overall journey to retirement

2.2 Our three-tiered implementation approach:

The Trustee has agreed a three-tiered implementation approach to Sustainable investment, which is a key tool within our investment strategy to identify, assess and manage climate-related risks and opportunities.

2.2.1 Tier 1 - Investment manager monitoring

A structured approach to monitoring the extent to which our investment managers take Sustainability considerations into account, including climate risks and opportunities, when making investment decisions on our behalf.

This involves the use of a Sustainability monitoring framework to understand the level to which Sustainability considerations are incorporated into each strategy. The framework includes the following four steps, carried out by Univest Company on behalf of the Trustee:

a. **An annual assessment of whether our managers meet a set of minimum requirements:** There are eight minimum requirements that we expect our managers to meet, as agreed by the Trustee. For those managers that do not meet all of the requirements, we will target our engagement, with the aim of them achieving the remaining requirements over a reasonable period.

b. **An annual Sustainability scorecard assessment:** Each manager is assessed against key areas such as voting and engagement, identification and assessment of risks and opportunities and application of carbon and Sustainability metrics, to monitor managers' abilities and progress. Through Univest Company, we receive a detailed scorecard assessment setting out trends observed, ongoing engagement considerations and example case studies.

c. **Sustainability dashboard:** Within our monitoring framework, a dashboard has been developed which identifies the underlying holdings in our equity and bond portfolios. This is used to test the manager if they are holding underlying investments that are at odds with our Sustainability goals. The monitoring dashboard also sets out a number of key metrics for our funds and their respective trends over time. This provides discussion points with our managers on their investment decisions and progress towards our goals agreed within our Tier 2 manager mandates (see below).

d. **Ongoing manager monitoring:** The outcomes of (a), (b) and (c) are used as part of the ongoing engagement and monitoring with our managers. Each manager is given a rating with improvement points identified, which are then further discussed and assessed on an ongoing basis. We track the managers' ratings on a quarterly basis via the Fund's Strategic Investment Risk Management Report and expect an ongoing improvement over time.

If a manager falls short of expectations and there is no clear path to improvement following our engagement, then their appointment may be terminated.

For new managers, we use a due diligence process across seven criteria, of which Sustainability, including climate change, has the highest weighting. All new mandates include appropriate clauses to ensure that Sustainability factors are considered when selecting, retaining and realising investments.

The investment manager monitoring process is reviewed on an annual basis. This is to ensure it remains challenging, fit for purpose for the different asset classes and that it continues to meet our evolving Sustainability requirements.

Progress for the Fund year ending 31 March 2025

With the support of our CIO and Univest Company, we have defined the minimum Sustainability requirements our managers must meet and integrated a revised framework for our monitoring tool focusing on the Trustee's Sustainability ambition. The intention of this action is to better integrate Sustainability across our managers and reduce our Fund's risks to those investment managers that fail to take Sustainability into account through their investments.

The enhanced Sustainability monitoring covers 100% of the growth and income assets for the DB Section, and 100% of the active and passive, return-seeking assets for the DC Section.

Over the year, for both our DB and DC Sections, the Fund experienced improvements in the level of Sustainability integration. The Sustainability monitoring tool continues to help identify targeted areas of engagement and further improvement with our managers such as development of clearer sustainability policies and becoming signatories to the PRI.

2.2.2 Tier 2 - Investing in funds which have a Sustainability tilt

Investing in funds which integrate Sustainability in their investment processes and decision-making, and which are aligned with our Sustainability beliefs and goals.

Progress for the Fund Year ending 31 March 2025

For the DB Section of the Fund, our global developed and emerging equity funds, global credit bond funds, global high yield fund and property funds have a clear Sustainability tilt. During the year, our property mandates were further enhanced, and we introduced a Sustainability tilt in the global high yield bond fund.

For the DC section of the Fund, our global developed equity funds and property funds have a clear Sustainability tilt. These equity funds are accessible across all DC investment options which have global equity exposure, including the default option and accounts for 100% of the DC section's global developed equity investments. The DC Section will be reviewing the overall strategy and fund range in 2025, which may lead to further Sustainability developments.

2.2.3 Tier 3 - Specific investments in Sustainable impact opportunities

The DB section of the Fund has agreed a strategic asset allocation of 3.0% of its total assets to investing in opportunities that offer positive sustainable impact alongside appropriate financial returns. Univest has set up the Univest Sustainability Funds (USF) I, II and III for this purpose.

The USF funds invest across across impact opportunities in various themes such as clean energy, sustainable food and agriculture, sustainable transport, ecosystem services and further inclusive growth themes such as healthcare, education and affordable housing.

The USF funds have a clear impact thesis coupled with annual reporting of impact metrics such as on tons of carbon dioxide equivalent (tCO_2e) avoided (c. 63,500 tCO_2e avoided), cubic meters of water saved (c. 550,000m3), acres of land sustainable managed (c270 acres), affordable housing beds (15), small businesses served (135) and patients reached (c. 175,000).

Progress for the Fund year ending 31 March 2025

During the year, we invested a further c.£40m in underlying Sustainability-focused opportunities via our commitments to USF I, II and III, bringing the total invested to c. £229m across the three funds.

For the DC section of the Fund, we continue to engage with our managers and our investment platform provider to encourage better product offerings in Sustainability-focused impact investments.

2.3 Employer covenant

The Trustee assesses the strength of the employer covenant annually against the impact of risks and opportunities due to climate change. A third-party specialist consultant is employed by the Trustee to carry out this exercise. The analysis conducted during the reporting year concluded that climate risks have marginally increased the cumulative impact on the Company's net profit due to increased risks from carbon taxes, energy prices and extreme weather events, if these risks are left unaddressed. That being said, the Company is on track to achieve its Scope 1 and 2 emissions targets, whilst the overall value chain targets are in the process to be refined. There has been a shift by the Company towards more specific sustainability targets, particularly in areas highly important to the Company such as nature conversation and plastic reduction. Overall, the analysis suggests that the Company's targets continue to place them at the forefront of achievable goals in the industry, but there is a recognition that more work needs to be done. The Trustee continues to monitor the employer covenant and currently does not have any concerns with the assessment, especially given the Fund's strong funding position.

2.4 Climate Scenario Analysis

We updated our climate scenario analyses for both sections of the Fund in December 2024. The updated modelling aims to more accurately reflect the economic and financial market impact of future global warming. The analysis we conducted generally reflected a greater sensitivity of financial markets and asset class returns for each 0.1-degree Celsius rise in global temperature modelled.

Three scenarios were examined:

- 1.5 degrees Celsius Rapid Transition to a lower carbon economy: average temperature increase of 1.5°C by 2100, in line with the Paris Agreement. Under this scenario, it is assumed that a short-term broad market shock (due to sudden pricing of transition risks) is followed by a partial recovery. Physical damages are limited under this scenario as temperature rises are contained.

- Less than 2 degrees Celsius Orderly Transition to a lower carbon economy: average temperature increase of less than 2.0°C by 2100. This assumes a coordinated approach to implement the aims of the Paris Agreement. Transition impacts do occur but are relatively muted across the broad market.

- A 4 degrees Celsius Failed Transition: Average temperature increase above 4°C by 2100. This assumes that the world fails to co-ordinate a transition to a low carbon economy. Physical climate damages cause increasingly large reductions in economic productivity and increasing impact from extreme weather events.

2.4.1 DB Section – scenario analysis

Impact on assets:

Over the short term, transition risk dominates and as such the Rapid Transition is the most impactful scenario. This scenario assumes sudden large-scale downward re-pricing in financial markets in the next two years followed by a partial recovery by 2029, potentially impacting the funding level by 1% by 2029. The Fund's Sustainable investments are expected to do well in this scenario, providing an element of protection against the risks and capturing opportunities.

Without a successful transition, over longer periods the physical impact of climate change begin to be priced in and as such a Failed Transition becomes the most impactful scenario with a material impact on funding level by 2050. Given the DB Section's strong funding position currently, the Fund is expected to be in a material surplus position by that time offsetting the impact.

Impact on liabilities:

We also estimated the potential impact of mortality assumptions and the Fund's liabilities.

The climate mortality impact analysis shows that younger age groups (non-pensioners) are expected to be more affected by climate risk. For example, a Failed Transition could result in shorter life expectancies from physical climate risks, leading to a reduction in liabilities of c.1%.

Older members would benefit more from a Rapid or Orderly Transition, as these scenarios could contribute to increasing life expectancy, which could result in a c.6% increase in the value of the liabilities.

The analysis assumes that any impact is felt immediately whereas in practice any impact would take time to materialise and feed through into actuarial assumptions.

Overall, the financial position of the Fund is expected to remain strong under all scenarios considered.

2.4.2 DC Section – scenario analysis

For the DC Section, over the short term transition risk dominates and as such the Rapid Transition is the most impactful scenario. Transition risk would pose the most risk to members approaching retirement today as financial markets are re-priced suddenly. Depending on how close the member is to retirement, their pot size may not recover in full due to the de-risking that takes place as the member nears retirement. The DC Section also invests in Sustainable investments, which would be expected to provide an element of downside protection.

Younger members are not expected to be impacted by a Rapid Transition as they are invested long enough for the markets to recover.

Over the long term, physical impact from a Failed Transition poses the most risk, potentially impacting pot sizes at retirement for younger members materially. This would be due to large scale reductions in growth and productivity that could be expected from general increase in temperature and more frequent extreme weather events, therefore also impacting asset returns.

2.4.3 Scenario analysis conclusions

Based on the scenarios examined, we concluded that the impact on our DB Section would be limited due to the strong funding position. For our DC Section, younger members could be exposed materially due to the physical risks from climate change manifesting over the longer period.

We remain committed in our focus on refining our investment strategies, investing with impact and on our engagement and industry collaboration initiatives to create real world impact and contribute towards limiting the temperature rises across the world.

2.5 Our strategic engagement approach

We firmly believe that we can best drive change and protect our members' interests through ownership and engagement. The decision to divest from a company that is poorly placed with respect to climate risks should be a natural consequence of our investment managers' processes. However, we have decided to exclude companies that derive more than 50% of their revenues from coal mining or coal power generation on the basis that these companies expose us to the risk of value destruction in the near-term given that they are unlikely to successfully transition to a sustainable economy. This applies to the DB section's listed equity and fixed income investments. Our DC section's Sustainability developed market equity fund is also aligned with this approach.

An external stewardship provider has also been appointed to carry out the majority Fund's stewardship activities for our listed holdings including voting and engagement. The stewardship provider seeks to ensure that our portfolio companies' strategies and actions are aligned to the goals of the Paris Agreement on Climate Change.

Over the year, through our stewardship provider we were able to progress several engagement themes with our underlying companies with achievement of positive dialogue and key milestones, such as circular economy and zero pollution, climate change, human and labour rights and investor protection and rights. Our stewardship provider also made voting recommendations at over 3,500 meetings covering over 36,000 resolutions over the year.

We also engage with our Fund's investment managers for improvement in Sustainability integration and review how they engage on our behalf on our portfolio holdings. Our engagement with managers is carried out on an ongoing basis as part of our investment manager monitoring exercise under our Tier 1 implementation framework, as well as through the collaborative initiative with the UN Net Zero Asset Owners Initiative (NZAOA).

2.6 Collaborative initiatives

We recognise that working with others will be necessary for achieving our carbon reduction targets, in keeping with our second Sustainability goal of achieving an eco-system of investment managers, advisors and other external collaborators with the knowledge, capabilities and capacity to help us construct and manage a resilient portfolio. We cannot do this with in-house resources alone. Through Univest Company we are involved with a number of collaborative initiatives including the UN NZAOA as noted above, the Principles of Responsible Investment, the Asset Owner Council and the Institutional Investor Group for Climate Change.

3. Metrics and Targets

During the year, we conducted our annual comprehensive carbon footprinting analysis[3]. The analysis is based on reported information by the underlying entities where available, as well as on proxy emissions which were estimated by our carbon footprinter using company and sector-based averages.

For our Sustainability objective, the primary carbon metric we currently use to measure our progress is Weighted Average Carbon Intensity ("WACI"), using Scopes 1 and 2 carbon emissions. WACI measures a portfolio's exposure to carbon-intensive companies. WACI is represented as tonnes of carbon dioxide emissions (or equivalent amount of other greenhouse gases) over million pounds of revenue i.e. tCO2e/£m revenue.

We have chosen not to report the carbon footprint of the portfolio and to choose WACI as our emissions intensity measure instead. WACI is one of the metrics recommended by the TCFD for portfolio carbon footprinting and we consider that WACI is better aligned with our Sustainability objectives and priorities and provides a more meaningful basis on which to measure our ambitions to reduce the portfolio's carbon intensity. We recognise that carbon metrics such as WACI have their limitations and therefore the Trustee monitors a number of other metrics to form a balanced view of the Fund's progress.

The report also includes Scope 3 emissions as much as we were able to, including the use of estimates to increase our coverage. Scope 3 emissions include both upstream and downstream supply chains, such as the extraction and production of purchased materials and fuels, flight emissions, waste disposal and company investments, and as such they can be the largest source of emissions in the value chain.

Our targets do not encompass Scope 3 emissions. Estimating and including Scope 3 emissions in target setting continues to pose challenges such as differences in estimation methodologies across industries, double counting of emissions, data availability and accuracy, to the point where we would not be sufficiently confident to set a target including these emissions. We continue to engage with our managers and data providers on improving data quality and reporting.

It should be noted that these reduction targets do not cover Scope 1 and 2 emissions associated with the Fund's own infrastructure and operations as these are not considered material in the context of our investments.

We also monitor:

- an additional carbon metric, greenhouse gas (GHG) emissions, which sets out the total GHG emissions in our portfolios;
- portfolio alignment metric, which is the percentage of our portfolio with Science-Based Targets based on information available to us;
- data coverage of our emissions metrics by asset class across the portfolio.

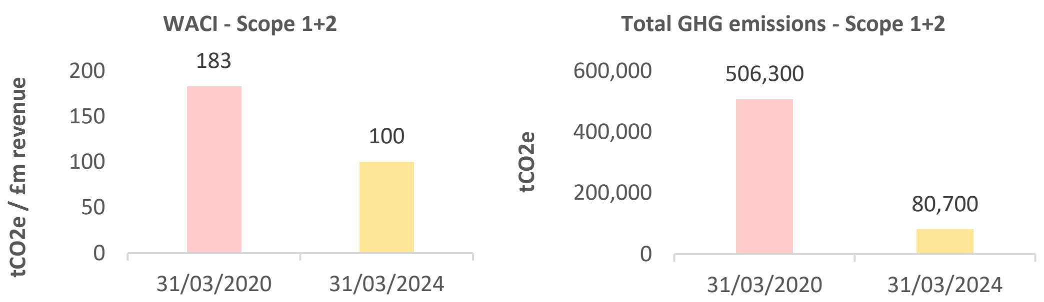
[3] The estimated metrics are based on underlying company emissions for the 2022 financial year, which is the most recent data available to us at the time of calculation. We note that the quality of data being reported for listed equities and listed fixed-income assets continues to be significantly better than that for real estate, private equity funds and other alternative asset classes. In these cases our carbon footprinter made several approximations which can impact the accuracy of our results. As for many investors, obtaining climate change data continues to be a challenge and we continue to work with our managers and carbon footprinting provider to improve the data coverage.

The Trustee has been able to achieve emissions coverage for c. 90% of the portfolio[4]. Like our peers, obtaining robust climate metrics data remains a challenge for us in some of our holdings and we continue to work collaboratively with our investment managers and data providers to improve our data coverage.

3.1 Our progress

3.1.1 For the DB Section:

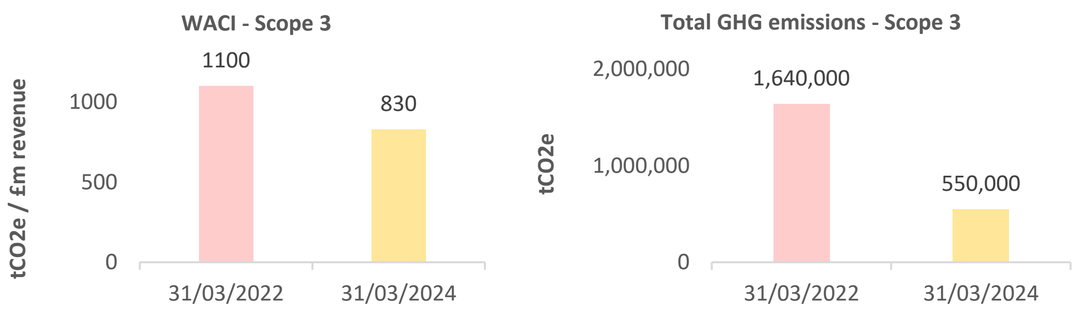
Total assets (excluding all sovereign bonds)
Scope 1 and 2 emissions



Source: ISS ESG

The Fund's total assets (excluding all sovereign bonds) have experienced a WACI reduction of c. 45% over the four years since the baseline date of 31 March 2020. Total GHG emissions have also fallen by c. 85% mainly as a result of the Fund's de-risking achievements.

Scope 3 emissions
The chart below sets out our Fund's progress on Scope 3 emissions since 31 March 2022 (our first reporting date for Scope 3 emissions):



Source: ISS ESG

We have estimated our Fund's Scope 3 emissions as far as we are able to, and we are pleased to note that both our Scope 3 WACI and Total GHG emissions have decreased since 31 March 2022.

As indicated earlier, Scope 3 emissions tend to be the largest for most holdings and companies in general (compared to Scope 1 and 2 emissions), but there continues to be significant challenges in

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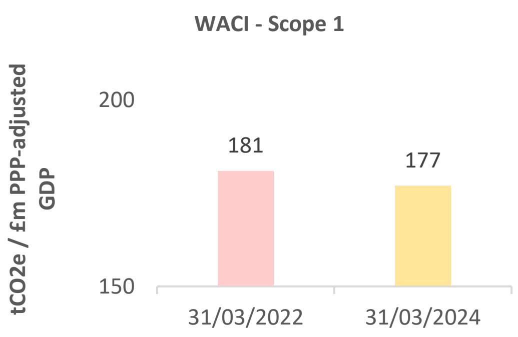
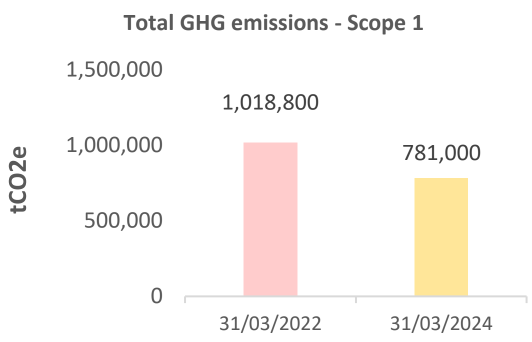
[4] Further details on data coverage can be found in the appendix.

accuracy and availability of data to support any investment decisions.

Portfolio alignment metric
Based on the information available to us, the percentage of companies in our listed equity and debt portfolios which have approved or committed Science-Based Targets, ranged from 29% to 65%. Further details are set out in the Appendix.

Sovereign bonds (includes UK Government bonds in our LDI portfolio and other Government bonds)





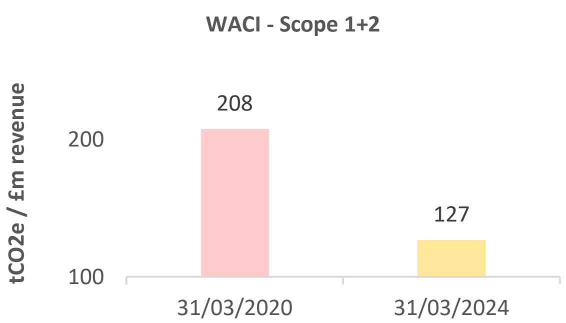
Source: ISS ESG

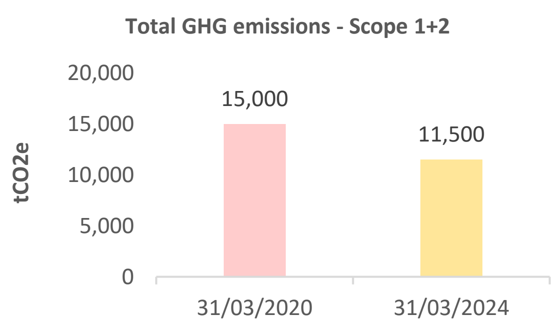
The WACI and total GHG emissions from our Sovereign bond portfolio have decreased since 31 March 2022. The figures above are in line with Partnership for Carbon Accounting Financials' ("PCAF") updated guidance in 2023, which recommends that Scope 1 Sovereign emissions should be treated as emissions that are produced within a country's borders (including any exports) and are the emissions that are taken into account when assessing a country's alignment to the Paris agreement. Progress is therefore shown from 31 March 2022 when the figures were rebased to the new methodology, as prior years' comparison would not be meaningful.

Scope 2 and 3 emissions for Sovereign countries are now deemed to be emissions in relation to the country's imports. In line with PCAF's guidance, these are not taken into account given the significant challenges with data accuracy and availability.

3.1.2 For the DC Section:
For the DC section, we set out the WACI for the Moderate Growth Fund (MGF), which is where the majority of our members are invested.

Moderate Growth Fund (excluding sovereign bonds)
Scope 1 and 2 emissions



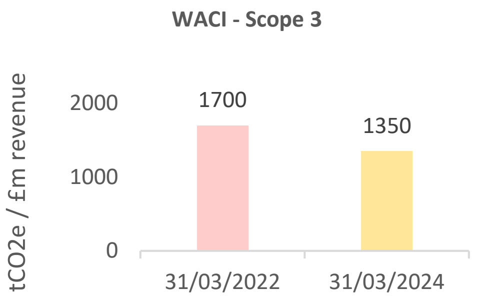


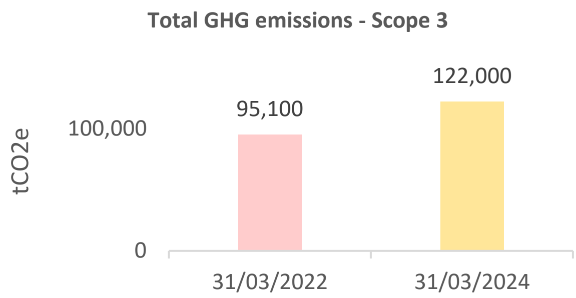
Source: ISS ESG

The MGF WACI has decreased by c. 39% over the four years to 31 March 2024. Total GHG emissions for the MGF has also decreased by 23% over the four years. This reflects the actions taken by the

Trustee to switch to more sustainable mandates.

Scope 3 emissions



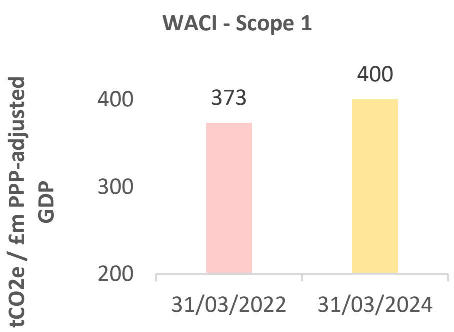


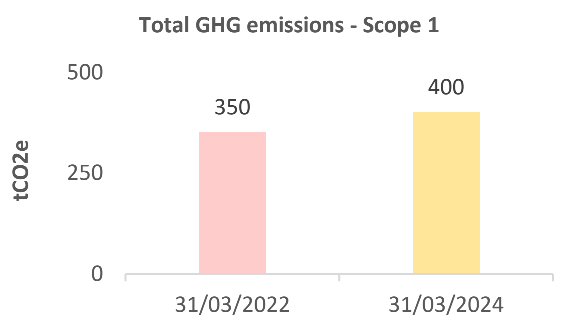
Source: ISS ESG

The MGF's Scope 3 WACI decreased by c. 23% over the year, whilst the estimated Scope 3 GHG emissions increased by c28% over the same period, as companies restated some of their Scope 3 emissions data.

Portfolio alignment metric
Based on the information available to us, the percentage of our listed equity and debt portfolios with approved or committed Science-Based Targets, ranged from 23% to 64%. Further details are set out in the Appendix.

Sovereign bonds





Source: ISS ESG

The sovereign bonds in the MGF experienced an increase in WACI and total GHG emissions since 31 March 2022. As per our DB Section, the figures were rebased as at 31 March 2022.

The impact of the emissions within the sovereign bonds is limited at the overall Fund level, as the emissions from the sovereign bonds in the MGF account for only a very marginal percentage of the total emissions in that fund.

4. Looking Forward

Having undertaken a substantial review of our approach to Sustainability in 2021 and having set ourselves challenging objectives as a result, we are pleased to note the progress the Fund has made since 2020 and in achieving our 2024 targets. This puts out Fund on track to achieve our 2029 targets and our overall Net Zero target by 2050 or sooner. The current level of alignment to a Net Zero pathway across the world on average is very low, but we are seeing progress being made. We will continue to act quickly and decisively in order to stay ahead of the curve so that our members benefit rather than suffer from the transition to a ‘Net Zero’ economy. As a next step, we will be reviewing our carbon journey plan and our targets to enable the Fund to further increase its focus on real world impact.

We will also continue to align our mandates with our Sustainability goals, as well as continue to engage with our managers to improve their Sustainability integration, quality of data collection, reporting and accuracy of the data we use, especially in the non-mainstream asset classes.

We look forward to reporting further progress in due course.

Appendix

Data coverage*

DB Section:

Asset class	31 March 2023**	31 March 2024**	% of total portfolio assets as at 31 March 2024
Listed equity	100%	100%	c. 2.5%
Listed credit (developed markets)	85%	89%	c. 10.0%
Listed credit (emerging markets)	49%	70%	c. 0.2%
Property	100%	100%	c. 8.0%
Sovereign bonds/LDI***	100%	100%	c. 57.0%
Alternative assets (Real Estate Debt, Hedge Funds, Private Equity, Asset-backed securities)****	94%	95%	c. 22.3%

DC Section (Moderate Growth Fund):

Asset class	31 March 2023**	31 March 2024**	% of total MGF as at 31 March 2024
Listed equity	100%	100%	64%
Listed multi asset credit	65%	62.5%	26%
Listed Property (REITS)	99%	99%	10%

* Based on Scope 1 and 2 emissions data

**Emissions coverage figures shown are based on underlying reported information by the underlying entities, as well as those emissions which were estimated by our carbon footprinter using company and sector-based averages
***Coverage data includes government bonds only and not any unfunded leverage
**** Each individual asset class has actual reported coverage at less than 50%, however we have been able to model the estimated emissions using broad sector-based averages

Portfolio alignment metrics (data included where available)

Fund (DB Section)	Companies with SBT*	Fund (DC Section)	Companies with SBT*
Global Developed Market Equities	60%	Global Developed Market Equity	60%
Emerging Market Equities	29%	Emerging Market Equities	27%
Global Credit Bonds	51%	Multi Asset Credit	64%
Fixed Interest Corporate Bonds	49%	Flexible Credit	41%
Global High Yield	32%	Global Property	58%
Emerging Market Debt (Corporate Exposure only)	28%	Cash	23%

*% of fund with approved or committed targets verified by the Science-Based Targets Initiative.

Glossary of Terms

Carbon emissions
The Trustee refers to carbon emissions, which is used as shorthand for the six main greenhouse gases (GHGs), defined by the Kyoto Protocol (Carbon dioxide (CO_2); Methane (CH_4); Nitrous oxide (N_2O); Hydrofluorocarbons (HFCs); Perfluorocarbons (PFCs); and Sulphur hexafluoride (SF_6)). As an equivalence measure for WACI in the charts shown in the TCFD Statement, 1 tCO_2e/Mio GBP is currently comparable to 1,120 pounds of coal burned or 2.3 barrels of oil consumed, according to estimates provided by the United States Environmental Protection Agency.

Net Zero
As noted by the Intergovernmental Panel on Climate Change (IPCC), Net Zero emissions are achieved when anthropogenic emissions of greenhouse gases to the atmosphere are balanced by anthropogenic removals over a specified period. Anthropogenic in terms of climate change refers to the impact humans have had on climate change, primarily through emissions of greenhouse gases.

Scope 1 Greenhouse Gas Emissions
Scope 1 emissions refer to all direct GHG emissions, or in other words, emissions from sources that are owned or controlled by the operating company.

Scope 2 Greenhouse Gas Emissions
Scope 2 emissions refer to all indirect GHG emissions stemming from the consumption of purchased electricity, heat or steam.

Scope 3 Greenhouse Gas Emissions
Scope 3 emissions are all indirect emissions not covered in Scope 2. This includes both upstream and downstream supply chains, such as the extraction and production of purchased materials and fuels, flight emissions, waste disposal and investments.