

CLIMATE-RELATED DISCLOSURE REPORT

Citibank (UK) Pension Plan (the Plan)

A report for members by the Trustee of the Plan for the period 1 January 2025 to 31 December 2025

INTRODUCTION

Overview

This Climate Report has been prepared by the Trustee of the Plan to comply with the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 (the Climate Regulations).

The Climate Regulations introduced requirements relating to the Trustee's governance and disclosure of climate-related risks and opportunities and are based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. The TCFD was set up in 2015 by the Financial Stability Board (an international body promoting financial stability) to improve climate-related financial disclosures.

This Climate Report explains how the Trustee has established and maintained oversight and processes to satisfy itself that the Plan's relevant climate-related risks and opportunities are identified, assessed and managed appropriately during the period 1 January 2025 to 31 December 2025 (the "Plan Year").

The key messages and a summary of the findings are included in this Climate Report. A more detailed breakdown then follows in the Appendix, split into four sections:

Section 1: Governance - The Trustee's governance around climate-related risks and opportunities.

Section 2: Strategy and scenario analysis - The actual and potential impacts of climate-related risks and opportunities on the Trustee's investment and funding strategy.

Section 3: Risk Management - The processes used by the Trustee to identify, assess and manage climate-related risks in relation to the Plan.

Section 4: Metrics and Targets - The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

These sections address the specific disclosure requirements in the Climate Regulations and have regard to the DWP's statutory guidance for trustees of occupational schemes on the governance and reporting of climate change risk (the "Statutory Guidance"). This Climate Report has also been prepared having regard to TPR's guidance on the governance and reporting of climate-related risks and opportunities, TPR's feedback to industry from their 2023 and 2024 reviews of occupational pension scheme TCFD reports and the DWP's guidance on stewardship.

Application of the Climate Regulations and Statutory Guidance to the Plan

The Plan is a hybrid scheme with a defined benefit (DB) Section and a defined contribution (DC) Section. This Climate Report covers both the DB Section and DC Section of the Plan. As at 31 December 2024 (the end of the last Plan year), the DB Section had £480.8m in assets and the DC Section had £788.3m in assets. The DB Section assets are primarily invested in corporate bonds and gilts (through a liability driven investment portfolio) and the DC Section assets are invested in a range of lifestyle strategies and self-select funds held on a platform via a unit linked insurance policy.

In respect of **DB assets and liabilities**, the requirements relating to strategy and scenario analysis and metrics in the Climate Regulations relate to each DB 'section' within a scheme. For these purposes, the DB Section of the Plan is made up of two separate sections – the Main Plan and the Overseas Plan.

In respect of **DC assets**, the requirements relating to strategy and scenario analysis and metrics relate to each 'popular arrangement' offered by a scheme. A popular arrangement is considered to be one in which £100m or more of the scheme's assets are invested, or which accounts for 10% or more of the assets used to provide money purchase benefits (excluding assets which are solely attributable to additional voluntary contributions). The main default arrangement in the Plan – the Drawdown Lifestyle strategy – and the Core Fund are considered popular arrangements for these purposes. The Core Fund was previously used as the growth element of the default strategy for the Plan prior to the introduction of new lifestyle arrangements in 2016, which is the primary reason it has sufficient assets to be classified as a 'popular arrangement' for these purposes.

This is the fourth Climate Report published by the Trustee of the Plan. We hope you find it informative and welcome any feedback.

This Climate Report is being published alongside the Plan's annual report and accounts for the Plan Year and is available online here:

<https://epa.towerswatson.com/accounts/citi/public/ifa-resource/>

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KEY MESSAGES

1. The Trustee decided to retain its existing scenario analysis undertaken in October 2024. The scenario analysis set out in this Climate Report is therefore the same as set out in last year's report.
2. The Trustee decided to retain its existing climate change metrics and targets.
3. The Plan has continued to make progress towards its chosen targets across the DB Section and the DC Section.
4. While the availability of metrics data has improved over the Plan Year, the metrics that the Trustee is able to report on are still constrained by the data that investment managers, underlying companies and data providers can provide. As these organisations continue to adapt to the TCFD requirements, more consistent and reliable data is likely to become available. Schedule 4 sets out further information on the current issues with climate data.

Key messages for the DB Section:

- As noted in last year's report, the 2024 scenario analysis indicates (noting the limitations set out in this Climate Report) that the Plan's DB investment strategy appears to be resilient to various climate change outcomes in the climate scenarios modelled.
- The Trustee continues to consider the impact of climate change on Citi's covenant is likely to be low, cognisant of the Plan's current funding level and the strength of the employer covenant.
- The Trustee has concluded that the impact of climate risk is unlikely to be significant enough to create a funding deficit that could not be supported by the covenant. As such, the Trustee has concluded that climate-related risks and opportunities are unlikely to impact the Plan's overall funding and investment strategy significantly.
- The metrics show that the Scope 1 & 2 absolute emissions for the DB Section have increased by c.13% over the Plan Year and the Scope 1 & 2 carbon footprint has increased by c.11%. The Trustee notes that these rises are largely driven by improved data availability - particularly from higher-intensity sectors such as utilities - which has increased average emission intensities. Despite the increase, the Trustee views improved data availability as a positive development, as this provides the Trustee with greater confidence in the reported metrics.
- The DB Section has made progress against both its targets over the Plan Year, demonstrating a c.17% increase in data coverage and a c.4% increase in the Plan's Science Based Targets (SBT) metric.

Key messages for the DC Section:

- As noted in last year's report, the 2024 scenario analysis indicates (again, noting the limitations set out in this Climate Report) that Plan members will be subject to climate-related risks to varying degrees, with younger members seeing the biggest potential detrimental impact to their benefits.
- As for last year, the metrics demonstrate that the DC Section's DGF allocation in the Drawdown Lifestyle strategy (taken in its entirety) is the most exposed of any asset class in the Plan's 'popular arrangements' to climate-related risks. For the Core Fund, climate risk is driven by the equity allocations, though this has reduced due to the investment strategy changes implemented in October 2023. The DC Section made progress towards its targets across both selected metrics (i.e. data coverage and portfolio alignment) and across most asset classes over the course of the Plan Year, with the exception of portfolio alignment for corporate bonds where this fell slightly.
- The DCC reviewed the ongoing use of climate-tilted equity funds during the March and June 2025 meetings. The analysis concluded that climate-tilted funds continue to maintain a relatively low tracking error relative to the comparator indices and that they continue to remain suitable investments for the Plan. The DCC decided to retain their investment in climate-tilted funds.

SUMMARY

The Trustee believes that climate change may represent a material financial risk to the Plan's investments but recognises that the level of risk and the approach required is likely to differ between the DB and DC arrangements in the Plan due to the different characteristics of each.

Governance

The Trustee maintains appropriate internal controls and processes to ensure adequate oversight of climate-related risks and opportunities. These include:

- The DCC and the DBC (as appropriate) monitor all updates and consider all decisions relating to climate-related risks and opportunities in respect of the DC assets and DB assets and liabilities of the Plan accordingly.
- Ensuring the Plan's investment advisers can demonstrate adequate climate-related expertise and consider climate-related risks and opportunities as part of their advice to the Trustee, through ensuring environmental, social and governance ("ESG") is incorporated into their objectives on which they are annually assessed.
- Ensuring investment managers have appropriate skills and processes to take account of climate change risks and opportunities, through the Plan's investment advisers incorporating their assessment of the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement in their advice on the selection and ongoing review of the investment managers.
- Ensuring the DB and DC investment managers are fully aware of the Trustee's stewardship priorities, one of which is climate change.

Metrics and targets

The Trustee decided to retain its existing climate change metrics and targets (set out below), which were adopted by the Trustee during the Plan Year to 31 December 2022, to ensure consistency of reporting over the medium-term and to enable the Trustee to assess progress against the selected metrics.

However, as discussed in further detail in Section 4 of the detailed report in the Appendix, the Trustee is aware that without a more supportive policy environment for the global transition, the usefulness of the SBT metric, and therefore targets that rely upon this metric, may decrease over time. The Trustee also notes the limitations of the data coverage metric which does not capture the quality of climate data. Despite these limitations, the SBT metric and the data coverage metric remain the simplest measure and so will be retained for the following Plan year. However, the Trustee will continue to keep the appropriateness of both metrics, as well as the associated targets, under review.

Metric	Selected
Absolute emissions	Total GHG emissions of Plan assets. ¹
Emissions intensity	Carbon footprint, (this shows the total GHG emissions per unit of currency invested by the Plan). ¹
Portfolio alignment	% of portfolio with SBT (this captures the percentage of portfolio companies which have set a voluntary decarbonisation target using a science-based methodology).
Additional metric	Data coverage (calculating the % of the portfolio for which data is available). The Trustee believes this metric provides a useful “confidence indicator” in the accuracy of data available and is a useful tool in its efforts to manage climate risk by providing a basis for investors to encourage improvements in the quality of climate-related reporting that is available.

¹ Scope 1 & 2 and scope 3 emissions are reported separately. Corporate and sovereign emissions are reported separately

Metrics were calculated in respect of both the DB Section and the DC Section during the Plan Year. This is reported in further detail in Section 4 of the detailed report in the Appendix where an update on the performance against the targets is also provided.

Targets (DB Section)

Metric	Target
Data coverage (calculating the % of the portfolio for which data is available)	The Trustee has agreed that by 2026, 95% of the holdings in the portfolio should have climate-related data available.
Portfolio Alignment	The Trustee has agreed that by 2031, 80% of the DB Section's portfolio financed emissions should have science-based Net Zero targets (as currently measured by the SBT metric).

Targets (DC Section)

Metric	Target
Data coverage (calculating the % of the portfolio for which data is available)	The Trustee has agreed that by 2026, 100% of the equity holdings and 95% of the corporate bond and DGF holdings in the portfolio should have climate-related data available.
Portfolio Alignment	The Trustee has agreed that by 2031, 80% of the DC Section's portfolio financed emissions should have science-based Net Zero targets (as currently measured by the SBT metric).

Conclusions (DB Section)	Conclusions (DC Section)
The metrics show that the absolute scope 1 & 2 emissions of the DB Section have increased by c.13% over the Plan Year and the scope 1 & 2 carbon footprint has increased by c.11%. The Trustee notes that these rises are largely driven by improved data availability - particularly from higher-intensity sectors such as utilities - which has increased average emission intensities. Whilst being cognisant of the limitations referenced, the Trustee notes that the Plan has made progress against both its targets, demonstrating a 17% improvement in data coverage, and a 4% improvement in the SBT metric over the Plan Year². The Trustee notes that whilst there is data coverage across the majority of its corporate bond holdings, both the quality and reliability of this data continue to impact the Trustee's ability to assess climate-related risk and is an area which the Trustee continues to seek improvements in from its investment managers.	Analysis of the updated climate-related metrics during the Plan Year demonstrated that the DC Section's DGF allocation in the Drawdown Lifestyle strategy (taken in its entirety) is the most exposed of any asset class in the 'popular arrangements' to climate-related risks. This is similar to the previous Plan Year and reflects the switch from standard passive regional equity funds to low carbon alternatives in October 2023 and the consolidation of the DGF allocation into the L&G Diversified Fund, which primarily holds assets directly (meaning it is able to report on the climate impact of the majority of its holdings). Carbon emissions in the Core Fund are driven primarily by the Fund's equity holdings, though these have also reduced markedly following the introduction of passive low carbon equity funds in October 2023. The emissions data coverage for the equity funds is high and has further improved compared with last year. Data coverage for the DC Section's DGF and Corporate Bonds allocation has marginally improved over the Plan Year. The proportion of each portfolio invested in companies with science-based targets remains low, though did improve over the Plan Year in for equities and DGFs but fell marginally for corporate bonds. Overall, the DC Section made progress towards its targets across both selected metrics (i.e. data coverage and portfolio alignment) and across most asset classes over the course of the Plan Year, with the exception of corporate bonds where this fell slightly.

² The data coverage metric for the previous year has been restated under a new methodology, which is explained in further detail in Section 4 of the detailed report in the Appendix

Assessment of climate-related risks and opportunities and scenario analysis

The Trustee has considered the type of climate-related risks the Plan could be exposed to (i.e. 'physical' and 'transition' risks over short, medium and long-term time horizons) and what climate change opportunities may look like.

The Trustee has identified and assessed the key risks and opportunities through a number of tools including risk registers, climate-related risks and opportunities dashboards and analysis of the climate metrics calculated during the Plan Year (see above). The Trustee wishes to note that poor data coverage continues to impact the Trustee's ability to assess climate-related risk and is an area the Trustee continues to seek improvements in from its investment managers.

During the Plan Year, the Trustee considered whether to re-run the latest scenario analysis carried out in October 2024. Following advice from its investment advisers, the Trustee decided to retain the climate scenario analysis undertaken in October 2024 on the basis that it was not necessary to carry out new scenario analysis at this point in time. The scenario analysis set out in Section 2 of the detailed report in the Appendix is therefore the same as set out in last year's report. This analysis helps to assess the resilience of the Plan's investment and funding strategy and the forward-looking risks to members.

As noted in last year's report, for the purposes of the scenario analysis undertaken in October 2024, the Trustee adopted three high-level climate scenarios based on different temperature rises across both the DB and DC Sections of the Plan (as set out in the table below). Further details on these are set out in Section 2 of the detailed report in the Appendix.

Scenario #	Description
Scenario 1	1.5°C to 2°C temperature rise by 2100
Scenario 2	3°C temperature rise by 2100
Scenario 3	Temperature rise of 4°C or greater by 2100

Conclusions (DB Section)

Due to the high funding level of the DB Section, the Trustee has adopted an investment strategy with a relatively low risk-return profile to meet its strategic objectives. As a credit investor, relevant climate-related risks are ones which would lead to downgrade or default on the Plan's bond holdings prior to their maturity. Transition risks are likely to be most relevant given the maturity profile of the bonds, but for some medium and longer-dated bonds physical risks may become more significant.

The Trustee has also identified the impact of climate on longevity as a risk, given the Trustee does not hedge its longevity risk. Whilst it is very difficult to accurately predict the impact on longevity of climate change due to the wide range of risks and the complex interactions between these risks, some scenario analysis for this risk was performed during the previous Plan year which indicated that mortality changes arising from the direct and indirect impact of climate change are not expected to have a material impact on the funding strategy, but the Trustee will keep this under review in future years.

The Trustee considers the impact of climate change on Citi's covenant is likely to be low, cognisant of the Plan's current funding level and the strength of the employer covenant.

Based on the climate scenarios modelled, the Plan's DB investment strategy appears to be resilient to the various climate change outcomes. However, the Trustee acknowledges the growing scrutiny of current climate scenario analysis models, which has revealed that current methodologies may not accurately reflect the total threat climate change poses to the planet and society. Consequently, the analysis currently has limited reliability and usefulness as a decision-making tool. Therefore, the

Conclusions (DC Section)

For members invested in the DC Section, climate-related risks are driven by the equity and DGF allocations used in the Plan's Drawdown Lifestyle strategy. For the Core Fund, climate risk is driven by the equity allocations, though this has reduced due to the investment strategy changes implemented in October 2023.

Given the age profile of the DC Section of the Plan (median age of 57, with a range of members between 49 and 87 as at 31 December 2025), the Trustee continues to believe climate change transition risks to be the most significant to the Plan, though younger members who choose to remain invested beyond their target retirement age may be exposed to the impact of physical risks on financial markets, which would be most severe if Net Zero is not reached by 2050.

Older members (e.g. those around 5 years from retirement) will be most exposed to climate transition risks, in particular if Net Zero is achieved by 2050 but financial markets are slower to react and then react abruptly, such that they could see the value of their DC pot fall significantly and potentially impact their retirement plans. Members more than 5 years away from retirement will also be exposed to volatility related to heightened transition risks over the medium-term.

Deferred members of the Plan's DC section are more at risk from the impact of climate change on financial markets than active members, due to the fact that they are no longer contributing to the Plan and therefore do not benefit from the effect of 'pound cost averaging' over market cycles. This is particularly relevant to the Plan as only 3% of members in the DC section are active.

Trustee does not rely solely on this analysis to inform its strategic decision-making but is aware that the analysis helps to highlight that climate change risks do exist.

Despite these limitations, the Trustee has concluded that the impact of climate risk is unlikely to be significant enough to create a funding deficit that could not be supported by the covenant. As such, the Trustee has concluded that climate-related risks and opportunities are unlikely to impact the Plan's overall funding and investment strategy significantly.

Management of climate change risks

DB section In the DB Section, the Trustee manages the climate change risks to which it is exposed by investing in a diversified pool of high-quality credit assets. As the Trustee has adopted an investment strategy with a relatively low risk-return profile, the Trustee decided it wasn't necessary at this stage to actively consider higher-return investment opportunities arising from climate change. However, the tail risk associated with climate-related default in longer-dated credit was an additional factor in the decision taken by the DBC in April 2025 to shorten the duration of the L&G buy and maintain (B&M) credit mandate. No other investment strategy changes were deemed necessary because of climate change considerations. Stewardship is also used as a risk management tool. In relation to the DB Section, the Trustee expects all its investment managers to practice good stewardship and to exercise influence wherever possible. As the DB Section assets are fixed income in nature, there are typically no voting rights attached to the investments. Given the low-risk nature of the portfolio, the Trustee's focus is on ensuring it understands residual climate-related risks and the ways in which the managers are engaging with the investee companies to manage these risks to minimise the risk of downgrades or defaults. The Trustee discussed these topics with two of the Plan's investment managers, BlackRock and L&G, over the Plan Year as part of a recurring manager meeting cycle.	DC Section In the DC Section, during 2023 the Trustee replaced the regional passive equity funds used in the Drawdown Lifestyle strategy and the Core Fund with climate-tilted alternatives, as these funds benefit from a clear decarbonisation pathway that decreases exposure to stocks exposed to climate transition risk and increases exposure to those with green revenues. The DCC reviewed the ongoing use of climate-tilted equity funds during the March and June 2025 meetings. Positioning analysis on a sector and regional basis as well as performance analysis relative to a global market capitalisation approach was carried out to assess continued suitability. The analysis concluded that climate-tilted funds continued to remain suitable investments for the Plan, maintaining a relatively low tracking error relative to the comparator indices. The DCC decided to retain their investment in climate-tilted funds. Stewardship is also used as a risk management tool. The Trustee has delegated to its investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes. In relation to the DC Section, the Trustee has selected climate change as one of its stewardship priorities. The Trustee has agreed that it will engage with investment managers to ensure they are exercising stewardship in support of alignment with Paris Agreement goals and discuss its targets with them.
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Signed: SIGNATURE REMOVED

Chair of the Trustee

Date: 9 July 2026

Appendix – Detailed report

Section 1: Governance

This section describes the internal processes and controls that are in place to ensure adequate oversight of climate-related risks and opportunities. This includes the Trustee’s approach to knowledge and understanding and the roles and responsibilities of the parties involved.

1. The Trustee’s role

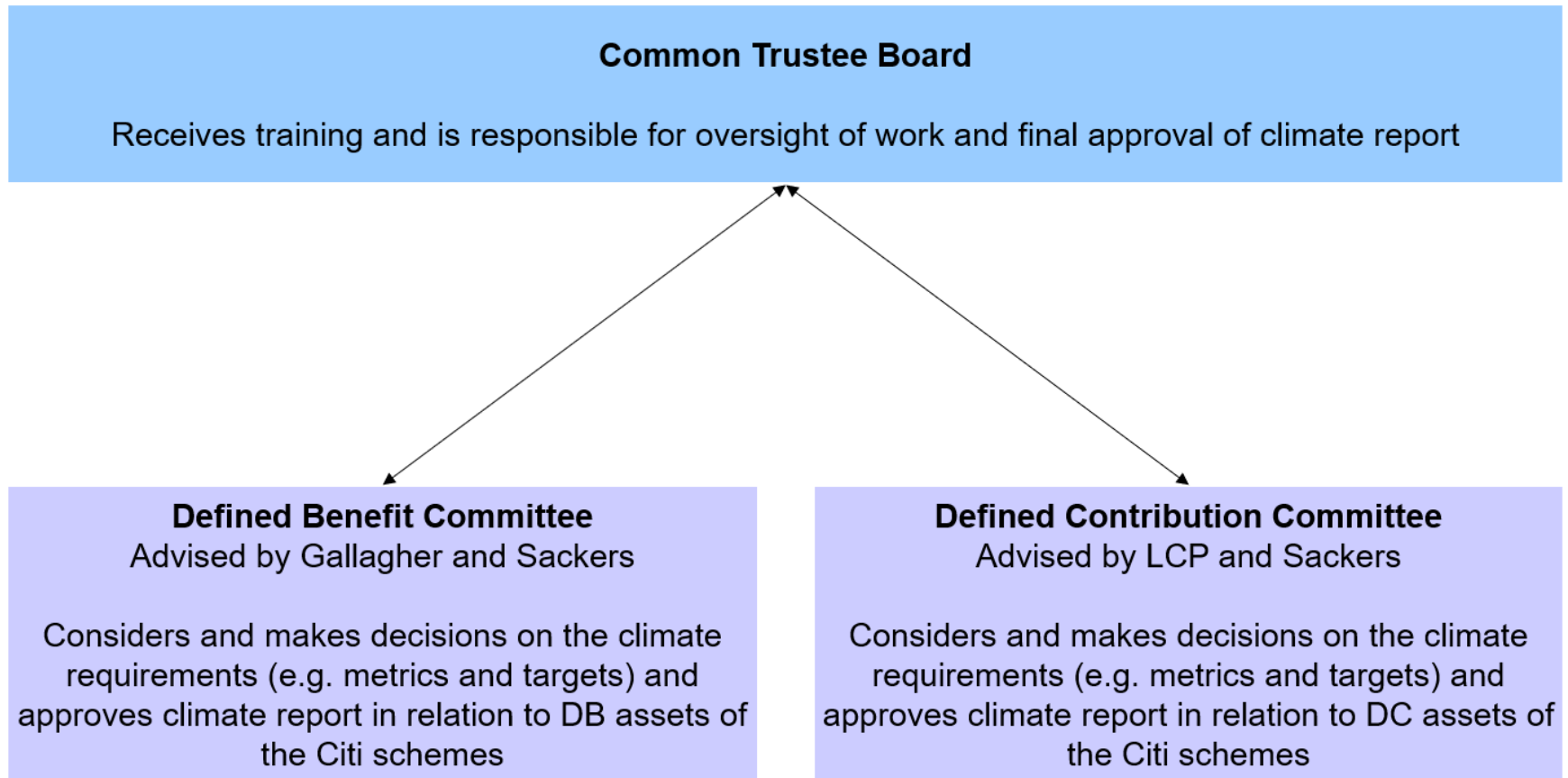
Investment beliefs on climate change

As stated in its most recent Statements of Investment Principles for the Plan, the Trustee believes that:

DB Section	DC Section
<i>“..... environmental, social and governance factors (including but not limited to climate risk) will be financially material over the time horizon of the Plan but will have varying levels of importance for different types of assets invested by the Plan...</i> <i>.... The Trustee does not factor non-financial decisions (such as ethical or moral beliefs) into their investment decision-making, nor do they appoint asset managers that consider these factors.”</i>	<i>“Environmental, social and corporate governance (ESG) factors are sources of risk to the Plan’s investments, some of which could be financially material, over both the short and longer term. These potentially include risks relating to factors such as climate change, unsustainable business practices, and unsound corporate governance. The Trustee seeks investment options that address these risks and to appoint investment managers who will manage these risks appropriately on their behalf where permissible within applicable guidelines and restrictions....</i> <i>... The Trustee does not take into account any non-financial matters (i.e. matters relating to the ethical and other views of members and beneficiaries, rather than considerations of financial risk and return) in the selection, retention and realisation of investments. However, the Trustee recognises that some members may wish to invest specifically in ethical or Shariah compliant funds and offers members appropriate funds to achieve this.”</i>

Climate governance structure

The diagram below sets out the internal governance structure for climate-related work.



Role of the Defined Benefit Committee (DBC) and Defined Contribution Committee (DCC)

The DBC and DCC are each responsible, in relation to the DB and DC assets and liabilities of the Plan respectively, for considering climate risk and opportunities and making any decisions required around climate-related risks and opportunities and approving the relevant sections of the Climate Report relating to the DB and DC Sections respectively.

Both the DBC and the DCC met quarterly during the course of the Plan Year. At those meetings, the DBC and DCC received input and guidance from the Plan's investment advisers, legal advisers and, in the case of the DBC, the Plan's covenant advisers and actuarial advisers, on the Climate Regulations and Statutory Guidance, the consideration of climate-related risks and opportunities and the actions/decisions required from the Trustee in relation to these.

Topics and documentation considered at those meetings included:

- The Trustee's existing metrics and targets and whether to update or change them;
- The most recent scenario analysis carried out by the Trustee and whether it is necessary to carry out new analysis;
- Analysis of the metrics calculations carried out in the Plan Year and the impact of these and the latest scenario analysis on climate-related risks and opportunities.

The DBC also considered the impact of climate change on the employer covenant and funding strategy and the impact of climate change on longevity risk.

The decisions taken by the DBC and DCC during the Plan Year included whether to retain the existing metrics and targets and whether to re-run the Plan's scenario analysis.

Each committee sought input from and interrogated and challenged the advice from its investment advisers, legal advisers and, where relevant, its investment and actuarial advisers, at the relevant meetings before making these decisions.

Role of the Combined Trustee Board (CTB)

The CTB is responsible for oversight of the climate work and has ultimate responsibility for compliance with the Climate Regulations and Statutory Guidance. It has responsibility for final approval of the Climate Report. It received regular updates from the DBC and DCC through the Plan Year.

Trustee training and knowledge

The DBC and DCC received ongoing training and guidance at its meetings during the Plan Year on the Trustee's obligations under the Climate Regulations (and Statutory Guidance).

In particular, the DBC attended a training session led by a sustainable investment specialist at Gallagher where the changing market context around the climate transition and the implications this has for climate reporting was discussed. During the session, the DBC discussed how the observed lack of progress for the climate transition has led some pension schemes to consider a benchmark-relative decarbonisation target as a more appropriate risk management tool. The DBC considered this for the Plan but elected to retain the existing target given the fact that

decarbonisation targets are typically less effective for credit assets, due to the investment holding period, which make up the entirety of the Plan's return seeking assets.

The DBC and DCC concluded that no further training was required at the CTB level during the Plan Year.

As this is a developing area, the Trustee recognises that ongoing training is essential and continues to assess any skills gaps to determine any further training needs.

2. Other parties' and advisers' roles

The Trustee operates a governance model whereby it relies on advice for specific activities from professional advisers and it also relies on an in-house executive team for support. This includes in relation to the consideration of climate-related risks and opportunities. It also delegates responsibility for day-to-day decisions on investment management (including in relation to ESG and climate change) to its investment managers.

In-house pensions team

The secretary to the Plan (and other relevant individuals working within the Citi in-house pensions team where appropriate) attend all DBC and DCC and CTB meetings.

The secretary's role is to act as a point of continuity on climate change between the DBC, DCC and CTB, to aid the discussions around climate-related risks and opportunities (as appropriate), ensure adequate time

and resources are being spent on relevant climate-related activities and that decisions were being taken by the relevant sub-committees at the correct points in time during the Plan Year. The Plan secretary does not make any decisions related to climate-related risks and opportunities.

Investment advisers

Gallagher (formerly known as Redington) is appointed as the Plan's DB investment consultant to advise on climate-related risks and opportunities in respect of the DB assets and liabilities within the Plan. This advice was provided through the DBC during the Plan Year specifically in relation to, (i) the changing market context around the climate transition and the implications this has on climate target setting in TCFD reporting (ii) updated analysis on the Plan's chosen climate metrics and year-on-year performance against the selected climate targets, and, (iii) the assessment of investment managers approaches to ESG and climate change.

LCP is appointed as the Plan's DC investment consultant including to advise on climate-related risks and opportunities in respect of the DC assets within the Plan. This advice was provided through the DCC during the Plan Year specifically in relation to, (i) updated analysis on the Plan's chosen climate metrics and year-on-year performance against the selected climate targets, (ii) the provision of updated climate scenario analysis during the Plan Year and, (iii) the assessment of investment managers approaches to ESG and climate change. During the Plan Year LCP also provided ad hoc input during meetings of the DCC.

During the Plan Year, LCP carried out positioning analysis on a sector and regional basis as well as performance analysis of the climate-tilted funds relative to a global market capitalisation approach to assess continued

suitability. The analysis concluded that climate-tilted funds remain suitable investments for the Plan, maintaining a relatively low tracking error relative to the comparator indices. The DCC decided to retain their investment in climate-tilted funds.

As part of all investment strategy changes, LCP also reviews the Responsible Investment (RI) credentials of any fund recommendations that are made to the Trustee. Fund RI credentials also feed into the ongoing monitoring of the suitability of funds used by the Plan.

Actuarial and covenant adviser

Mercer is appointed as actuarial and covenant adviser to the Plan (including as Plan actuary) in relation to the DB assets and liabilities. As part of their role, they consider the impact of the employer covenant on the DB Section's funding position, which included for this Plan Year preparing a high-level report which outlined the impact of climate-related risks and opportunities in relation to the employer covenant. They also consider the impact of climate change on the Plan's DB liabilities, and during the previous Plan year, they carried out an assessment of the impact of climate change on longevity risk and longevity assumptions.

Investment managers

The Trustee has delegated responsibility for the selection, retention and realisation of investments within all DB and DC investment funds to the underlying investment managers (within certain guidelines and restrictions).

The Trustee expects its investment managers to take account of financially material considerations (including climate change and other

ESG considerations) where permissible within the applicable guidelines and restrictions.

3. Trustee oversight

In house team

The Trustee ensured that the Plan secretary and other relevant members of the in-house team attended all DBC / DCC meetings to ensure they were kept abreast of the ongoing climate change requirements.

Advisers

It is the Trustee's policy to ensure its investment advisers can demonstrate adequate climate-related expertise and consider climate-related risks and opportunities as part of their advice to the Trustee.

The performance of the DB investment adviser (Gallagher) is reviewed by the DBC on an annual basis, and the criteria for this review includes objectives related to ESG (including climate change) and stewardship. The DBC's review undertaken during the Plan Year confirmed that the DBC was comfortable Gallagher had met the ESG (including climate change) objectives set, and no further recommendations were made.

The DCC, as part of its annual strategic investment consultant objectives has set the DC investment adviser (LCP) an objective to "help the DCC implement an investment strategy that integrates its policy on ESG (including climate change) and stewardship". The DCC reviewed LCP's performance against this objective during the Plan Year. The DCC were comfortable following this review that LCP had met this objective, and no further recommendations were made.

The Plan's advisers are members of a number of bodies such as the Institutional Investors Group on Climate Change (IIGCC), Investment Consultants Sustainability Working Group (ICSWG), Net Zero Investment Consultant Initiative (NZICI), Pensions for Purpose and Glasgow Financial Alliance for Net Zero (GFANZ). The Trustee's actuarial adviser, Mercer, also participates in the Institute and Faculty of Actuaries Climate Risk and Sustainability course.

Gallagher, LCP and Mercer's competence and expertise on climate-change is demonstrated through the fact they are all signatories to the UK Stewardship Code and on an ongoing basis through the provision of timely, relevant, and accurate advice and guidance on the subject at DCC and DBC meetings.

Investment managers

The Trustee seeks to appoint managers that have appropriate skills and processes to take account of ESG (including climate change) risks and opportunities.

As part of their advice on the selection and ongoing review of the investment managers, the Plan's investment advisers incorporate into their assessment the nature and effectiveness of managers' approaches to financially material considerations (including climate change and other ESG considerations), voting and engagement.

DB investment managers

In relation to DB investment managers, Gallagher provides quarterly updates to the Trustee (via the DBC) on the performance of the investment managers including in relation to ESG (including climate change). Further, the DBC meets with the Plan's DB investment managers on a broadly two-yearly cycle. As part of this process, the DBC questions the investment managers on relevant issues, including those related to climate change, such as how climate change risks and opportunities are considered in security selection, and how the managers undertake stewardship and engagement related to climate change issues. As the DB Section assets are fixed income in nature, there are typically no voting rights attached to the investments.

DC investment managers

In relation to DC investment managers, the Trustee (via the DCC) reviews LCP's RI scores for the Plan's existing investment managers and funds on a quarterly basis as part of the performance monitoring report. These scores cover the investment manager's approach to ESG factors, voting and engagement. Commentary is provided for any funds with lower RI scores so that the Trustee can monitor any steps being taken by the investment manager to improve these scores over time. In addition, an explanation is provided for any fund RI scores that change over the quarter. The fund scores and assessments are based on LCP's ongoing manager research programme, and it is these that directly affect LCP's investment manager and fund recommendations.

Section 2: Strategy and scenario analysis

This section describes the climate-related risks and opportunities the Trustee has identified over the short, medium and long-term.

There are two types of climate risk – **physical risk** and **transition risk**.

- **Physical risks** relate to the physical impacts of climate change (e.g. a rise in sea levels could result in flooding and mass migration).
- **Transition risks** are the risks of transitioning to a lower-carbon economy which may entail extensive policy, legal, technology and market changes that could trigger the re-pricing of securities (e.g. changes in industry regulation, consumer preferences and technology will take place and impact on current and future investments).

Climate-related opportunities are actions that the Trustee could take to better position the Plan's investment strategy to take advantage of the potential upside related to the climate transition, such as the emergence of new investment opportunities (e.g. new sectors, technologies, etc.). This may ultimately have a positive impact for members' investments.

1. Identification and assessment of climate-related risks and opportunities relevant to the Plan

Trustees are required to decide the short-, medium-, and long-term time horizons that are relevant to their scheme. It is up to trustees how they determine their time horizons for the purpose of identifying and assessing climate-related risks and opportunities. Time horizons should be scheme-specific and, where a scheme has DB and DC sections, the selected time horizons are not required to be aligned.

The Statutory Guidance recommends that trustees should take account of the following considerations when setting time horizons:

In a DB scheme or a DB section of a scheme, the likely time horizon over which current members' benefits will be paid. This may be the longest time horizon they will need to consider.	In a DC scheme or a DC section of a scheme, the likely time horizon over which current members' monies will be invested to and through retirement. This may be the longest time horizon they will need to consider.
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The Trustee of the Plan has taken these considerations into account in the course of its discussions on the appropriate time horizons for the DB and DC Sections of the Plan. In setting the time horizons, the Trustee has taken account of the membership profile of the DB Section and DC Section respectively and the timing of widely held future climate milestones. The Trustee has also had regard to TPR's guidance when considering which time horizons are appropriate for each section of the Plan.

These time horizons informed the Trustee's climate-related considerations and decisions during the Plan Year.

What time periods has the Trustee defined as short term, medium term and long term time horizons relevant to the Plan?

DB Section

The Trustee has defined the time horizons set out in the table opposite for the DB Section of the Plan.

These time horizons apply to both the Main Plan and the Overseas Plan and were adopted by the Trustee during the Plan year to 31 December 2022 (with a baseline date of 31 December 2022 for each). The Trustee reviewed these time horizons during the Plan Year and is of the view that the rationale for the time horizons remains appropriate for the DB Section of the Plan. The Trustee has therefore decided to maintain the current time horizons for the DB Section of the Plan but with the baseline date for the short and medium term time horizons updated in line with the date of the Plan's most recent triennial actuarial valuation which has not been signed off at the time of drafting (31 December 2025)³.

Term	Time period	Rationale
Short	3 years from 31 December 2025	To be in line with the triennial actuarial valuation cycle.
Medium	5 years from 31 December 2025	The Trustee expects to take high-level, climate-related investment and funding decisions over this period, pending changes in the quality of climate change data and in the Climate Regulations, where relevant, given its overall funding, investment and covenant positions.
Long	13 years from 31 December 2022	This time period is in line with the duration of the liabilities of the Plan assessed at 31 December 2021.

³ Please note that the longer time period has been held unchanged due to the early-stage discussions around the valuation

DC Section

The Trustee has defined the time horizons set out in the table opposite for the DC Section of the Plan.

These time horizons were adopted by the Trustee during the Plan year to 31 December 2024. The Trustee reviewed these time horizons during the Plan Year and is of the view that the rationale for the time horizons remains appropriate for the DC Section of the Plan. The Trustee has therefore decided to maintain the current time horizons for the DC Section of the Plan.

Term	Time period	Rationale
Short	3 years from 31 December 2024	In line with the Plan's investment strategy review timescales
Medium	8 years from 31 December 2024	Key period over which policy action will determine if Paris Agreement goals are met
Long	20 years from 31 December 2024	To reflect the closed nature of the Plan and its older demographics

The Trustee will continue to review the designated time periods at least every three years to tie-in with the Trustee's triennial investment and funding reviews.

DB Section

What climate-related risks and opportunities relevant to the Plan has the Trustee identified and how are these risks and opportunities expected to impact the Plan's investment strategy?

Investment opportunities

Due to the high funding level of the DB Section of the Plan, the Trustee has adopted an investment strategy with a relatively low risk-return profile to meet its strategic objectives. As such the Trustee has not been actively considering higher-return investment opportunities arising from climate change and the broader transition to a low-carbon economy (such as green infrastructure investments). However, the Trustee has afforded BlackRock the discretion to allocate to "Green Gilts" through its LDI portfolio. These are UK Government bonds whose proceeds will be used to finance green projects such as the construction of renewable energy infrastructure and clean transportation projects.

Investment risks

As a credit investor, relevant climate-related risks are ones which would lead to downgrade or default on its bond holdings prior to their maturity. Transition risks are likely to be most relevant given the maturity profile of the bonds, but for some medium and longer-dated bonds physical risks may become more significant. These considerations were additional factors in the decision taken by the DBC in April 2025 to shorten the duration of the L&G B&M mandate. The Trustee continues to assess the resilience of the portfolio to physical risk.

Longevity risks

The Trustee, having taken advice from Mercer, has also identified the impact of climate on longevity as a risk, given the Trustee does not hedge its longevity risk. It believes that it is very difficult to accurately predict the impact on longevity of climate change due to the wide range of risks, and the complex interactions between these risks.

During the previous Plan year, the Trustee, with advice from Mercer, considered the impact on the Plan's liabilities in each of the Trustee's chosen climate scenarios (as set out on page 31 below) as part of its scenario analysis work. As noted above, the Trustee concluded that it was not necessary to re-run the scenario analysis carried out during the previous Plan year. The scenario analysis (and connected longevity analysis) is therefore the same as set out in last year's report.

Modelling approach and Limitations

While the Trustee decided to use the same overarching temperature-based climate scenarios for the purposes of the longevity analysis and scenario analysis carried out during the Plan Year, the underlying modelling approach and assumptions used between the Plan's advisers when carrying out the modelling with these three overarching scenarios (and the associated limitations) do differ.

Further details of the key features of the underlying scenarios considered and modelling approaches (and the associated limitations) used by Mercer when carrying out the longevity risk analysis are set out in Schedule 3.

Conclusions

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

Scenario	Life Expectancy Change ⁴		Plan Liability Impact
	Age 25	Age 65	
1	Nil	+ 21 months	+ 7.7%
2	- 14 months	+ 12 months	+ 4.4%
3	- 59 months	- 3 months	- 0.9%

Based on the range of scenarios above, the Trustee considered the climate-related longevity impact and concluded that uncertainty is higher in respect of younger generations, though there is more funding risk associated with climate-positive scenarios and their implications for improved shorter-term

⁴ It is important to note that these 'Results' are based on longevity projection models and third-party data which may produce outputs that differ materially from actual outcomes. The Results are set out for informational purposes only and should not be used for any other purpose. In particular, the Results should not be relied upon and they are not suitable for repurposing, copying, redistributing or modifying. The model provider disclaims all liability and makes no representations about the suitability for any purpose of the Results and such content is supplied on an as is basis, without any warranty of any kind

mortality for current pensioners. Key drivers of differences in life expectancies between the scenarios include gross domestic product growth and health care provision, in addition to the impact of temperature rises.

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

How are these risks and opportunities expected to impact the Plan's funding strategy?

Based on the climate scenarios modelled in the scenario analysis included in this Section 2, the impact of climate risks does not appear to be significant enough to cause a deficit to arise that could not be supported by the Citi covenant. However, the Trustee is aware of the limitations of scenario analysis and the resilience of the Plan's portfolio to physical risk will continue to be evaluated in the future.

The Trustee has also sought input from Mercer, as the Plan's covenant advisers, on the impact of climate-related risks on the employer covenant.

In October 2025, Mercer provided the DBC with an update on their covenant analysis outlining how climate-related risks might impact the Plan. This concluded the financial strength of Citi to be materially unchanged from the previous assessment and that the overall covenant of Citi remained strong. Coupled with the strong funding position, Mercer were of the view that covenant risk generally remained low.

The Trustee was therefore comfortable taking a proportionate approach to the consideration of the impact of climate-related risks on the employer covenant in the context of the DB funding strategy.

Mercer's 2025 paper provided a high-level overview of the physical and transitional risks that may impact the Citi employer covenant over the short, medium and long-term.

Mercer's view remained that as Citi is a market leader with a well-diversified revenue base by geography and sector, they do not anticipate any material risk to the business other than potentially reputational (e.g. lending exposure to projects considered to have significant negative climate impacts or greenwashing in its sustainable financing). Over 2025, Citi has adapted its climate strategy to align with broader market trends, but remains committed to reduced global emissions, evidenced by its \$1tn sustainable finance target by 2030.

Going forward it has been agreed that the Trustee will continue to monitor climate-related risks which may impact the covenant on an annual basis, with a detailed review carried out at least every three years.

The Trustee will continue to engage with Citi to understand the potential climate-related risks the group is exposed to and what is being done to mitigate these, including any reduction in exposure to higher climate change risk sectors (e.g. fossil fuels).

Given the above, the Trustee has concluded that climate-related risks and opportunities are currently unlikely to impact the Plan's overall funding strategy significantly, but they will continue to monitor the Plan's overall reliance on covenant and its ability to underpin funding and investment risks as part of its integrated risk management approach.

DC Section

What climate-related risks and opportunities relevant to the Plan has the Trustee identified?

The Trustee has identified and assessed the risks and opportunities to the Plan over the short, medium, and long-term time horizons identified by the Trustee. At a high level, the risks and opportunities identified are set out in the table below.

These risks and opportunities are considered further in the rest of this Climate Report.

Time Period	Key risks	Key opportunities
Short term	Older members will be most exposed to transition risks, in particular under a High Warming pathway, whereby a material market repricing event could see the value of their DC pot fall significantly and potentially impact their retirement plans.	Over the short-term, the various regulatory requirements highlight the huge opportunity for innovation to drive down carbon use across many industries through the creation and use of new technology.
Medium term	Transition risks may still be heightened over the medium-term creating volatility. Market returns may be lower if a Net Zero Financial Crisis transition harms economic performance.	Over the medium-term, new low carbon industries may emerge which the Trustee could take advantage of. This may require longer term funding to scale up to meet the low carbon transition goals.
Long term	Physical risks are most severe in the High Warming pathway, impacting younger members (e.g. those 20 years or more from retirement).	Over the long-term, most companies should be Net Zero or even carbon negative if Paris goals are to be met. Opportunities will lie with those companies that position themselves before others to benefit from this transition.

How are these risks and opportunities expected to impact the Plan's investment strategy?

The potential impact of climate-related risks and opportunities on the Plan's investment strategy was explored by the DCC through their consideration of updated climate scenario analysis carried out during the Plan Year (see "Climate scenario analysis" section below) and the most recent climate-related metrics calculated in the Plan Year (see Section 4 of this Appendix).

The updated climate scenario analysis of the potential effects on member outcomes showed again that different groups within the Plan's DC membership are likely to be exposed to the impact of different types of climate risk on financial markets (e.g. transition risk, physical risk).

Analysis of the updated climate-related metrics during the Plan Year demonstrated that the DC Plan's DGF allocation continues to be the most exposed of any asset class in the 'popular arrangements' to climate-related risks. This reflects the changes made to the investment arrangements in October 2023.

The DCC also continues to receive regular updates on its DC investment adviser's view of the ESG credentials of its investment managers, including any material changes to those credentials that could have an impact on the performance of the default arrangements and self-select arrangements available to members of the Plan. This enables the DCC to assess the impact of ESG risks and opportunities on the Plan's investment arrangements, including those related to climate, on an ongoing basis.

2. Climate scenario analysis

Overview

This section of the Climate Report describes the resilience of the Plan's investment and funding strategy, taking into account different climate-related scenarios, (including one scenario where there is an increase in the global average temperature between 1.5 degrees Celsius to 2 degrees Celsius above pre-industrial levels, in line with the Paris Agreement goals) and the potential impacts on the Plan that these scenarios have identified.

The Trustee is required to carry out scenario analysis at least every three years and following any material changes to the Plan's DB sections or DC 'popular arrangements'.

As set out in last year's report, the Trustee decided to carry out revised scenario analysis during the previous Plan Year, which was undertaken in October 2024.

During the Plan Year, the Trustee considered whether it was necessary or appropriate to undertake new scenario analysis. The Trustee reviewed this scenario analysis in November 2025 and, after consultation with its investment adviser Gallagher, concluded that the analysis remains appropriate. The decision was therefore made to retain the existing analysis for this Climate Report given that there have been no significant changes to the Plan's DB / DC investment strategies throughout the year.

As such, the scenario analysis set out in this section of the Climate Report remains the same as set out in last year's report.

The Trustee's overall approach to scenario analysis will continue to be assessed regularly for appropriateness and will be updated as best practice continues to develop in this area.

Climate Scenarios considered

As noted in last year's report, the Trustee decided to use the same overarching temperature-based climate scenarios for the purposes of the most recent DB and DC scenario analysis for consistency and improved comparability across the DB and DC Sections of the Plan (and which are set out in the table below):

Scenario	Description
Scenario 1	c.1.5°C to c.2°C temperature rise by 2100
Scenario 2	c.3°C temperature rise by 2100
Scenario 3	Temperature rise of c.4°C or greater by 2100

Modelling approach and Limitations

While, as noted above, the Trustee chose to adopt the same overarching temperature-based climate scenarios for the purposes of the latest DB and DC scenario analysis (carried out in October 2024), the underlying modelling approaches and assumptions used by the Plan's DB and DC investment advisers when carrying out the modelling within these three overarching scenarios (and the associated limitations) do differ.

Further details of the key features of the underlying scenarios considered and modelling approaches used by the Plan's DB and DC investment advisers when carrying out the latest scenario analysis are set out in Appendices 2 and 3 respectively.

A summary of the key limitations of the modelling approaches used by the Plan's DB and DC investment advisers when carrying out the latest scenario analysis is set out below. Further details of the limitations associated with the modelling approaches used are set out in Appendices 2 and 3 respectively.

In respect of the DB scenario analysis, the Trustee acknowledges that current methodologies may not accurately reflect the threat climate change poses to the planet and society, such as overlooking climate tipping points and underestimating the likely implied temperature rise and physical impacts of climate change. Consequently, the analysis currently has limited reliability and usefulness as a decision-making tool. As such, the Trustee does not rely solely on this analysis to inform its strategic decision-making. Nonetheless, the scenario analysis does help to highlight that climate change risks do exist, and the Trustee therefore believes that appropriate risk management steps should be taken to address and limit their potential impacts.

The DC scenario analysis is similarly subject to various limitations. As the model used for the DC scenario analysis uses a ‘top down’ approach, investment market impacts are modelled as the average projected impacts for each asset class. However, in practice, the Plan's investments may not experience climate impacts in line with the market average. In addition, like most modelling of this type, the model does not allow for all potential climate-related impacts and, as such, is quite likely to underestimate some-climate related risks. The scenario analysis also makes no allowance for certain other risks / impacts, for example tail risks and other systemic risks.

Scenario analysis results - DB Section

The results of the scenario analysis detailed below provide the Trustee with an indication of the range of risks the assets and liabilities might face in different climate scenarios. These can be seen as at the analysis date, 31 December 2023, in the table below.

The impacts of these climate scenarios on both the Plan’s DB assets and liabilities have been qualified through both an impact on the Plan’s DB surplus and the estimated effect on its funding level.

Scenario	Impact on surplus (£m)		Impact on funding level (%)	
	Main Plan	Overseas Plan	Main Plan	Overseas Plan
Scenario 1	+1.8	-0.5	+0.6	-2.4
Scenario 2	+1.2	-1.3	+0.7	-6.8
Scenario 3	-0.1	-0.5	+0.2	-2.4

From the climate scenarios modelled above and noting the limitations of the analysis outlined in this Climate Report, the results indicate that as of 31 December 2023, the Plan’s DB investment strategy appears to be resilient to various climate change outcomes.

In the case of the Main Plan, the estimated effect of rising interest rates in each scenario modelled is a reduction in both Plan assets and liabilities and a net increase to the Plan’s funding level. This effect is the result of the Plan hedging 100% of its liabilities but having a funding level in excess of 100%.

The impact associated with a scenario where there is a temperature rise of 4°C or greater appears to be relatively immaterial in the scenario modelled. This is partly because the impact on assets is expected to be experienced over the longer term (with their impact therefore being discounted over a longer period). It is also because life expectancy improvements are predicted to be more limited than in a base-case scenario, therefore reducing the present value of the Plan's liabilities. The current global trajectory is closer to a scenario where temperatures rise by 3°C or greater than any transition scenario and there is a chance physical risks could occur sooner than models currently predict. The Trustee will continue to evaluate portfolio resilience to physical climate risks during the upcoming Plan year.

Scenario Analysis Results - DC Section

The latest scenario analysis completed in October 2024 looked at the retirement outcomes (in terms of the size of retirement pots) for individual members of different ages who are invested in the Drawdown Lifestyle strategy and Core Fund as the Plan's DC 'popular arrangements'. Scenarios were not considered for other lifestyle arrangements (i.e. the Annuity Lifestyle and Cash Lifestyle) or for the Plan's self-select funds.

All three scenarios envisage, on average, lower investment returns and these result in lower retirement outcomes for DC members.

For Plan members invested in the Drawdown Lifestyle, the key results of the analysis are as follows:

- In the **short-term**, older members who may retire within the near future, active and deferred members could see the most significant decrease in their benefits under Scenario 1, particularly as their savings remain invested in return-seeking assets to some degree all the way to retirement, although the proportion decreases over time, which helps to mitigate this risk.
- In the **medium-term**, members with 8 or more years until they retire, active and deferred members are likely to see a significant impact on their retirement funds, particularly under Scenario 3, as the impacts of physical climate change affect their benefits during their period to retirement.
- In the **long-term**, younger members (active and deferred) could see the biggest detrimental impact to their benefits under Scenario 3, as increasingly severe physical impacts emerge over time, though limited effects from Scenario 1.

The tables below show the results of the climate scenario analysis for active and deferred members invested in the Drawdown Lifestyle Strategy in full.

Active members (Drawdown Lifestyle Strategy):

	Member aged 25	Member aged 35	Member aged 45	Member aged 55
Starting pot	£9,300	£38,300	£80,500	£88,700
<i>Change relative to LCP central base case</i>				
LCP central base case outcome	£546,700	£635,900	£466,400	£193,100
Net Zero Financial Crisis outcome	£541,300 (-1%)	£623,200 (-2%)	£447,500 (-4%)	£186,600 (-3%)
Limited Action outcome	£438,200 (-20%)	£534,500 (-16%)	£432,900 (-7%)	£190,900 (-1%)
High Warming outcome	£348,700 (-36%)	£430,800 (-32%)	£399,100 (-14%)	£190,000 (-2%)

Deferred members (Drawdown Lifestyle Strategy):

	Member aged 25	Member aged 35	Member aged 45	Member aged 55
Starting pot	£7,200	£24,800	£48,400	£52,200
<i>Change relative to LCP central base case outcome in brackets</i>				
LCP central base case outcome	£36,500	£80,000	£91,700	£61,400
Net Zero Financial Crisis outcome	£32,800 (-10%)	£72,100 (-10%)	£82,400 (-10%)	£58,200 (-5%)
Limited Action outcome	£25,700 (-30%)	£62,100 (-22%)	£83,100 (-9%)	£60,600 (-1%)
High Warming outcome	£17,300 (-53%)	£45,400 (-43%)	£75,600 (-18%)	£60,200 (-2%)

The results for members invested in the Core Fund are similar to those invested in the Drawdown Lifestyle, though the investment time horizons of these members are potentially shorter, given the older average age of Core Fund members. As a result, short and medium-term risks are most significant for these members, particularly under Scenario 1.

Deferred members (Core Fund):

	Member aged 50	Member aged 55
Starting pot	£17,400	£39,300
<i>Change relative to LCP central base case</i>		
LCP central base case outcome	£25,100	£46,200
Net Zero Financial Crisis outcome	£22,900 (-9%)	£43,800 (-5%)
Limited Action outcome	£24,300 (-3%)	£45,600 (-1%)
High Warming outcome	£24,000 (-4%)	£45,300 (-2%)

Section 3: Risk Management

This section describes the Trustee's process for identifying, assessing and managing climate-related risks.

1. Processes and tools for identifying and assessing climate-related risks

Risk registers

The DBC and DCC considered the type of climate-related risks the Plan could be exposed to i.e. physical and transition risks and what climate change opportunities may look like at their meetings during the Plan Year.

The following climate specific risks are currently included in the DBC and DCC risk registers (as appropriate):

- The range of investment options is not suitable for members (including a failure to take account of relevant material financial factors, including ESG and climate change).
- The default and lifestyle arrangements are not suitable for members (including a failure to take account of relevant material financial factors, including ESG and climate change).
- Inadequate expertise, understanding, and capability and/or stewardship practices, of managers, including in relation to ESG and climate change risks.
- The investment strategy fails to take into account relevant material financial factors (including ESG and climate change risks).
- ESG and climate change risks are not understood or factored into decision making around DB funding appropriately.
- A failure to understand and take account of relevant factors (including ESG and climate change) that may affect the employer covenant.

The DBC and DCC risk registers are considered at the relevant committee meetings on a quarterly basis and any new risks identified or changes to the assessment of a risk are subsequently captured in the risk registers.

Any new or changing climate-related risks will also continue to be considered by the DBC/DCC as appropriate on an ongoing basis.

During the Plan Year, the DBC and DCC with input from their investment, actuarial and legal advisers, considered their respective risk registers on a regular basis. No changes were made to the climate-related risks in the risk registers during the Plan Year.

Integrated risk management

The Trustee also has a Risk Management Committee which focuses on looking at the approach to integrated risk management within the Plan. This includes any further integration of climate-related risks into overall risk management within the Plan, including within the effective system of governance ('ESOG') required by the Pension Regulator's General Code.

Assessment of employer covenant risk

The Trustee sought input from Mercer, as the Plan's covenant adviser, on its view on the impact of climate-related risks on the employer covenant as set out in Section 2 above.

Climate metrics and scenario analysis

During the Plan Year, the Trustee (through the DCC/DBC, and with input from its advisers), also considered the output from the latest climate-related metrics calculations (see Section 4 of this Appendix) and the latest climate scenario analysis carried out in October 2024 (see Section 2 of this Appendix) to identify the types of climate change risks (physical or transition) most likely to affect different groups of members (DB/DC, younger/older, active/deferred, etc.), the significance of these risks for these different groups of members, and potential actions the Trustee could take to mitigate these risks.

Management of climate-related risks

Investment strategy changes

DB Section	DC Section
In the DB portfolio, the Trustee manages climate change risks to which it is exposed by investing in a diversified pool of high-quality credit assets. Though not the primary driver for the decision, climate-related considerations and the associated tail risks with longer-dated credit were an additional driver of the decision taken by the DBC in April 2025 to shorten the duration of the L&G B&M mandate. No other notable investment strategy changes were deemed necessary as a result of climate change considerations in the Plan Year.	In October 2023, following the advice of the Plan's DC investment adviser, the Trustee replaced the regional passive equity funds used in the Drawdown Lifestyle and the Core Fund with climate-tilted alternatives. The funds implemented by the Trustee benefit from a clear decarbonisation pathway that decreases exposure to stocks exposed to climate transition risk and increases exposure to those with green revenues. During the Plan Year, LCP carried out positioning analysis on a sector and regional basis as well as performance analysis of the climate-tilted funds relative to a global market capitalisation approach to assess continued suitability. The analysis concluded that climate-tilted funds continue to remain suitable investments for the Plan, maintaining a relatively low tracking error relative to the comparator indices. The DCC decided to retain their investment in climate-tilted funds.

Stewardship

Stewardship is also used as a risk management tool.

The Trustee has delegated to its investment managers the exercise of rights and engagement activities in relation to investments, as well as seeking to appoint managers that have strong stewardship policies and processes.

The Trustee engages with investment managers to ensure they are exercising stewardship in support of alignment with Paris Agreement goals, discusses the SBT with them (see Section 4 of this Appendix), and asks them what they are doing through stewardship efforts to increase the proportion of companies within their portfolios with SBT.

DB Section	DC Section
In Q2 2023, the DBC selected two key stewardship priorities, one of which is Climate Change. These priorities remained during the Plan Year. The DBC believes climate change risks are important market-wide risks and that good stewardship and engagement in this area can improve long-term financial outcomes for the Plan’s DB members. These stewardship priorities were communicated to the Plan’s investment managers in Q3 2023, along with the Trustee’s expectation of all its investment managers to practice good stewardship and to exercise influence wherever possible. It is the Trustee’s preference to only appoint managers with strong stewardship policies and processes. The Trustee notes that as the DB Section assets are fixed income in nature, there are typically no voting rights attached to the investments. The Trustee has in place a manager meeting schedule and uses these meetings to help assess how managers are engaging with the investee companies, to manage climate-related risks to their portfolios and minimise the risk of downgrades or defaults. The Trustee met BlackRock in Q2 2025 and L&G in Q3 2025 under this schedule. The Trustee has included a relevant engagement example from one of the Plan’s investment managers, L&G, below.	During 2023 the DCC communicated its four stewardship priorities to its investment managers. The priorities the DCC selected are those it believes to represent key market-wide risks and areas where it believes that good stewardship and engagement can improve long-term financial outcomes for the Plan’s DC members. These four stewardship priorities were retained during the Plan Year. Climate change is one of the priorities identified. The Trustee has also made its DC investment managers aware that it endorses the expectations that its DC investment adviser has set for investment managers in relation to Net Zero emissions in asset management. As part of its communication to its investment managers, the Trustee also indicated that it prefers managers who are signatories to the Principles for Responsible Investment, UK Stewardship Code, and Net Zero Asset Manager Initiative. During Q3 2024, LCP undertook a deep dive exercise looking at the stewardship undertaken by the largest passive equity managers in the DC Section. This included a review of L&G’s stewardship practices which included consideration of L&G’s voting and engagement practices around climate change. During Q1 2025 the DCC received a further update on L&G’s performance against “asks” made following the deep dive exercise.

Case study (DB Section): Realty Income Corp. (2025)

- L&G began engaging with Realty Income as part of their Climate Impact Pledge⁵ in 2023, with the aim of improving the company's disclosure of Scope 3 emissions, climate lobbying and the green initiatives undertaken by tenants. L&G prioritised this engagement with Realty Income as it is the seventh largest global real estate investment trust (REIT) with properties across 85 different industries, therefore making it a significant influencer in the sector's climate transition. Moreover, L&G do not view the company as a leader on sustainability but believe that any improvements could have positive knock-on effects for other companies in the sector.
- Following initial engagement in 2023, L&G's Investment Stewardship Team engaged extensively with the issuer over 2024 and then via email exchange in 2025. L&G explored the issuers client engagement process, the role of the sustainability team and their participation in industry groups such as NaREIT and the Real Estate Sustainability Council. L&G were pleased to see that the levels of individual typically engaged include the Head of Sustainability. Following initial engagement in 2023/24, L&G placed a Climate Impact Pledge vote against the issuer in 2024 as they believed improvements could be made.
- After continued engagement through 2024 and in 2025, L&G noted improvements at the issuer, particularly in scope 3 data collection. Scope 3 data collection now covers 54% of the portfolio, up from c.35%. Given the company's triple net lease structure - where operational control rests with clients – L&G note that data collection remains a key challenge, but that the progress this year is evident and positive.
- Despite the fact Realty Income does not yet meet L&Gs redlines on climate lobbying disclosure or setting a formal scope 3 target, the advancements in data quality and transparency are recognised. Therefore, L&G did not apply a Climate Impact Pledge vote against the Chair at the company's most recent AGM. L&G will continue to monitor the company's progress against their expectations.

⁵ The L&G Climate Impact Pledge is a commitment by L&G to support companies to limit carbon emissions to net zero by 2050

Case study (DC Section): Ninety One Plc (July 2025)

- L&G invests in Ninety One Plc (“Ninety One”) through its underlying investment funds, such as the L&G UK Equity Index Fund. Shareholders were invited to vote on ‘Resolution 10 – Approve Climate Strategy’ on 23 July 2025.
- This vote was deemed significant as it is related to a stewardship priority selected by the Trustee – Climate Change.
- L&G voted against this proposal as it expects the company to meet its minimum expectations for climate-related disclosures and targets. This includes the disclosure of Scope 1, 2, and material Scope 3 Greenhouse Gas (GHG) emissions, as well as short, medium, and long-term GHG reduction targets aligned with the Paris Agreement’s 1.5°C goal. While L&G acknowledges the detailed disclosures, it feels there have not been meaningful changes from last year’s report, noting continued gaps in the Company’s climate reporting and target setting. L&G also notes the lack of sector-specific targets and lack of a defined interim target for Scope 3 emissions from investment where the Company uses a portfolio coverage target. As such, L&G views it as difficult to ascertain the steps Ninety One intends to take to achieve its overall targets.
- This resolution passed. L&G will continue to engage with the company and publicly advocate its position on this issue and monitor company and market-level progress.

Section 4 – Metrics and Targets

This section explains the metrics and targets the Trustee has set to help measure, manage and disclose climate-change impact. It also highlights some of the current challenges associated with collecting carbon and climate-related data.

1. Metrics

The Trustee is required to select one absolute emissions metric, one emissions intensity metric, one portfolio alignment metric, and one additional climate change metric, in relation to the Plan's assets and to use the calculations of those metrics in order to assess the climate-related risks and opportunities which are relevant to the Plan.

The metrics data provides a snapshot of the selected climate metrics at portfolio level and offers a means of helping the Trustee to monitor exposures to climate-related risks and opportunities. However, the metrics are not intended to be a comprehensive guide to climate risk in the relevant portfolios, nor do they provide a definitive understanding of a portfolio's climate characteristics.

The metrics that pension schemes are able to report on are still constrained by the data that investment managers can provide. This is because the requirement to report climate-related metrics remains relatively new. As investment managers adapt to the new requirements, more consistent data is likely to become available. Schedule 4 sets out further information on the current issues with climate data.

Following advice from its investment advisers, the Trustee decided to retain its existing climate metrics (as set out below) for the Plan Year. These metrics apply to both the DB and DC Sections of the Plan.

Metric	Selected
Absolute emissions	Total GHG emissions of Plan assets. This is the absolute emissions metric that is recommended in the Statutory Guidance. It measures the total GHG emissions attributable to a portfolio (where data is available or can be estimated). Scope 1, 2, and 3 emissions are reported in line with industry best practice.
Emissions intensity	Carbon footprint , this gives the total emissions per unit of currency invested by the Plan. Carbon Footprint is useful for comparing asset classes / portfolios to one another, and to a benchmark, because it is normalised.
Portfolio alignment	% of portfolio with SBT, this captures the percentage of portfolio companies which have set a voluntary decarbonisation target using a science-based methodology. The target can be aimed at one or all of: the short term, long term or Net Zero. Each company is scored with a binary 'yes' or 'no' assessment on the following target categorisations: '1.5°C SBT', 'Well Below 2°C SBT' or '2°C SBT'. Targets are deemed to be 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement. This means that if a company has set a science-based target, it is in line with limiting the overall warming of the planet to well below 2°C above pre-industrial levels and is pursuing efforts to limit warming to 1.5°C. From a company perspective, SBT shows companies how much and how quickly they need to reduce their GHG emissions to prevent the worst effects of climate change. The Trustee notes that this metric is based on voluntary corporate action and is therefore highly dependent on a supportive policy environment. Given the current headwinds to the transition, portfolio SBT percentages are expected to fall over time. As such, the Trustee expects this metric may become less useful as an overall indicator of alignment over time and will keep the appropriateness of the metric under review.
Additional climate change	Data coverage, calculating the % of the portfolio for which data is available. Data coverage is an important factor in the Plan's efforts to manage climate risk because it provides a basis for investors to encourage continued improvements in the availability of climate-related reporting. However, the Trustee notes that since the metric's inception, data availability has improved and the industry consensus has naturally progressed to monitor the quality of climate data rather than the coverage. Therefore, the Trustee will keep the appropriateness of this metric under review.

These metrics were calculated during Q4 of 2025 for the DB and DC Sections, using an as at date of 31 December 2024 (the end of the previous Plan Year), for the underlying portfolio holdings data. The Trustee considered these calculations at meetings of the DBC and DCC in Q4 of 2025. A further explanation of these metrics is included in Schedule 6 of this Climate Report.

DB Section

This Plan Year, the Trustee has chosen to begin reporting both the total emissions and emissions intensity of the sovereign bond holdings (i.e., the Main Section's LDI portfolio and the Overseas Section). This decision reflects the growing industry consensus around a methodology for calculating sovereign emissions, with the Trustee disclosing the sovereign emissions in line with the DWP's guidance, calculated using a methodology based on guidance from the Partnership for Carbon Accounting Financials (PCAF). Given the relative size of the Plan's government bond holdings, this marks a meaningful increase in the coverage of portfolio emissions. Given the difference in methodology between sovereign emissions reporting and reporting for the Scheme's other assets (i.e., corporate emissions), the two are reported separately.

Over the year the Trustee's DB investment adviser updated the methodology used to calculate the data coverage of the portfolio. Under the revised approach, the metric now reflects assets where both the carbon intensity and EVIC data is available, whereas previously this reflected assets where only carbon intensity data was available. Given this material methodological change, and to enable improved year-on-year comparison, the score quoted from the previous iteration of this Climate Report has been restated below under the new, more stringent, methodology.

Main Plan

Metrics	As at 31 December 2023	As at 31 December 2024
Absolute Emissions – Corporate Bond Holdings		
Scope 1&2 Emissions (tonnes)	23,860	27,117
Estimated Scope 3 Emissions (tonnes)	102,329	109,683
Absolute Emissions – Gilt Holdings		
Production Emissions (tonnes)	n/a	43,555
Import Emissions (tonnes)	n/a	30,647
Emissions Intensity – Corporate Bond Holdings		
Scope 1&2 Carbon Footprint (tCO ₂ e/ EVIC £m) ⁶	127.2	140.9
Estimated Scope 3 Carbon Footprint (tCO ₂ e/ EVIC £m)	545.7	569.9
Emissions Intensity – Gilt Holdings		
Production Emissions (tCO ₂ e/ PPP-adjusted GDP £m) ⁷	n/a	123.9
Import Emissions (tCO ₂ e/ PPP-adjusted GDP £m)	n/a	87.2
Additional Climate change – Corporate Bond Holdings		

⁶ EVIC is the Enterprise Value Including Cash. This is the sum of shares, book values of total debts and minority interests with no deductions made for cash

⁷ Purchasing-power-parity-adjusted GDP converts nominal GDP into a number that is more readily comparable between countries with different currencies

Data Coverage (%) ⁸	65.3%	82.7%
Portfolio Alignment – Corporate Bond Holdings		
SBT (%)	29.5%	33.7%

Overseas Plan

In previous years the Trustee was unable to report emissions for the Overseas Plan due to the lack of an appropriate methodology. However, in line with the Main Section, the Trustee's DB investment adviser has now developed a suitable approach, enabling the Trustee to begin reporting emissions for the Overseas Plan. This data is outlined below:

Metrics	As at 31 December 2023	As at 31 December 2024
Absolute Emissions – Gilt Holdings		
Production Emissions (tonnes)	n/a	2,376
Import Emissions (tonnes)	n/a	1,672
Emissions Intensity – Gilt Holdings		
Production Emissions (tCO2e/ PPP-adjusted GDP £m)	n/a	123.9
Import Emissions (tCO2e/ PPP-adjusted GDP £m)	n/a	87.2

Conclusions

From the analysis above, based on the corporate bond holdings of the DB Section of the Plan, the Trustee has concluded that:

⁸ The data coverage metric from the previous year has been restated and relates to the percentage of the portfolio (excluding cash holdings) for which there is Scope 1 & 2 emissions intensity and EVIC data

- The carbon emissions data provides the Trustee with useful information to assist in its engagement with investment managers. The scope 1 & 2 absolute emissions have increased over the year by c.13%. This rise was driven predominantly by an increase in emission intensity of the Plan's holdings over the year. A minor increase in credit asset values also contributed to the rise.
- The carbon footprint data – which is a measure of carbon intensity and is therefore normalised for the size of investment – varies between each of the Plan's corporate bond managers, with Wellington having the lowest value and MetLife the highest. The scope 1 & 2 carbon footprint for the Plan has increased from 127.2 tCO₂e/£m to 140.9 tCO₂e/£m, a c.11% increase. This increase was driven by a notable increase in data availability over the year, particularly in sectors which typically have higher intensities such as utilities.
- The Trustee notes that, whilst data coverage now extends across the majority of its corporate bond holdings, further improvements in data coverage, quality, and reliability will give the Trustee greater confidence in its other climate-related metrics in the future. Following the restatement of prior-year figures to align with the updated methodology, significant progress has been made towards the data coverage target of 95%, rising by c.17% over the year from 65.3% to 82.7%.
- The Plan's SBT metric has increased by 4% year-on-year, driven by improvements in SBT score for both L&G and Wellington, which saw a rise of c.5% and c.8% respectively. The MetLife SBT metric remained broadly flat over the year. The Trustee acknowledges that SBT metrics are reliant upon voluntary targets set by corporations. In order for these voluntary targets to be achieved and the corporates to remain profitable, the policy environment will have to change for achieving these targets to make financial sense for companies. As such, there is a risk that without policy change, the metric could become redundant as voluntary action can only go so far.

DC Section

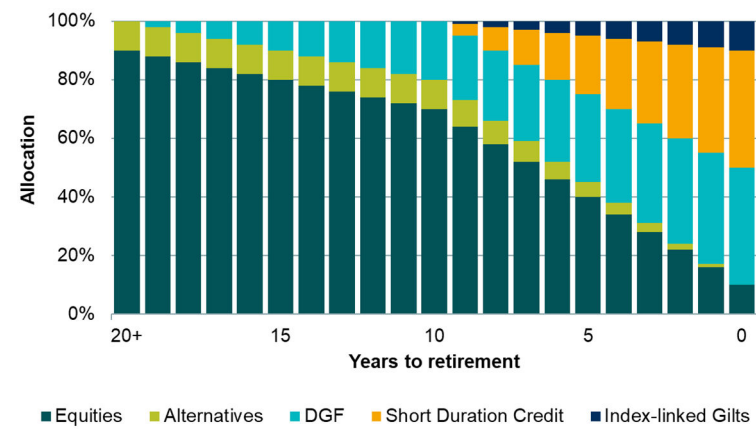
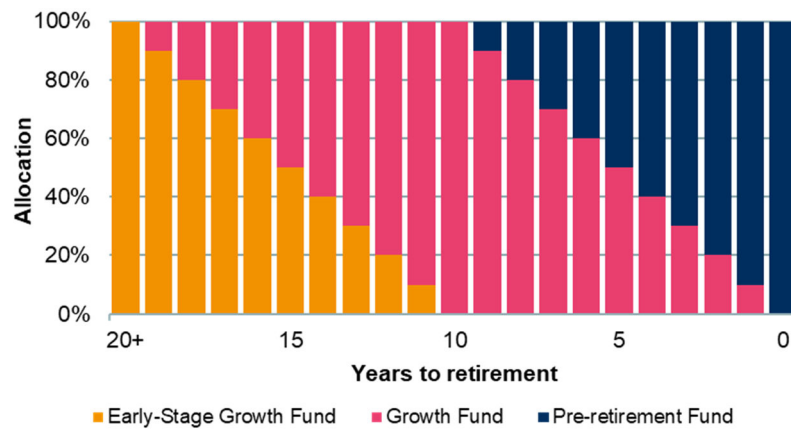
The metrics have been calculated using data made available by the Plan's DC investment managers. The data has been calculated in relation to the Plan's 'popular arrangements': the Drawdown Lifestyle and the Core Fund, and the Trustee has collected data on these arrangements as far as it was able to.

The glidepath and asset allocation for the Drawdown Lifestyle as of the date the climate metrics were calculated (31 December 2024) are shown below. In October 2023, strategic changes were implemented, resulting in updates to the glidepath, underlying passive equity funds and the DGF allocation used in the Drawdown Lifestyle. These changes are reflected in this Climate Report and represent a significant change relative to previous Climate Reports.

The Climate Report shows Scope 1 and Scope 2 emissions (though these have been aggregated in this Climate Report) as well as Scope 3 emissions. This reflects the approach adopted last year, in line with regulatory requirements. Whilst Scope 3 emissions dominate the emissions figures shown, there remain

concerns on the robustness of this data and, as a result, the Trustee has a higher degree of confidence in the data relating to Scope 1 and Scope 2 emissions.

Drawdown Lifestyle



Climate metrics for the Drawdown Lifestyle

The table below shows a breakdown of the climate metrics by asset class for the Drawdown Lifestyle Strategy. Holdings data is as at 31 December 2024. Data from last year's metrics calculations is shown in brackets, with holdings data as at 31 December 2023.

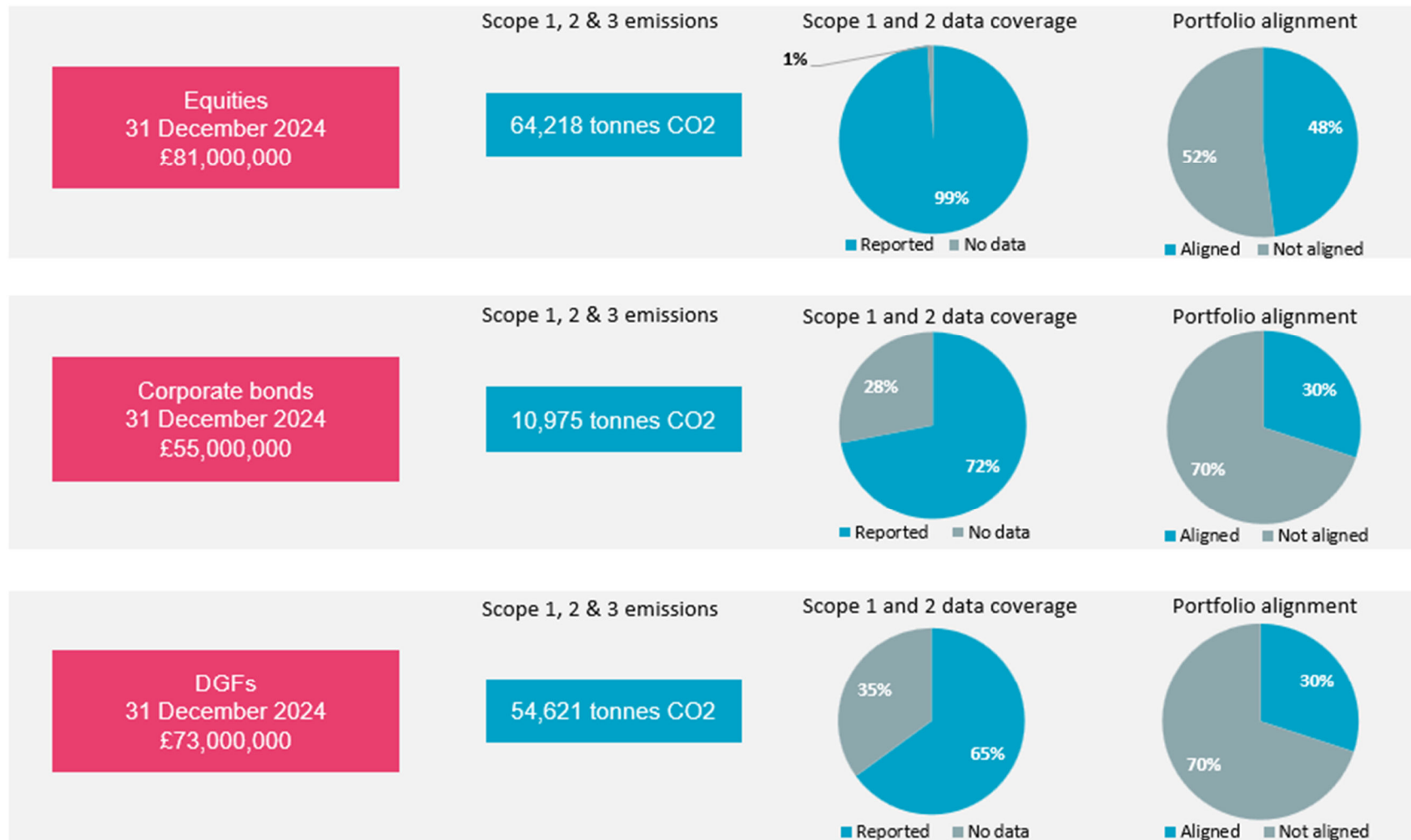
In preparing this Climate Report, the Trustee was able to collect data for all asset classes used in the Drawdown Lifestyle Strategy, including its direct allocation to government bonds and alternative assets (it was not previously able to collect data for these asset classes). However, consistent with previous years' reports, the Trustee was unable to collect data on government bond exposure in the DGFs used in the Drawdown Lifestyle Strategy.

Fund	Fund value (£m)	Absolute emissions metric		Emissions intensity metric		Additional climate change metric		Portfolio alignment metric
		Scope 1 and 2 emissions (t CO2e)	Scope 3 emissions (t CO2e)	Scope 1 and 2 carbon footprint	Scope 3 carbon footprint	Scope 1 and 2 data coverage (%) ⁹	Scope3 data coverage (%) ⁹	Portfolio alignment (SBTI %)
Equities	81 (89)	2,780 (2,755)	61,438 (45,140)	34 (31)	762 (508)	99 (96)	99 (96)	48 (42)
Corporate bonds	55 (53)	1,484 (1,139)	9,491 (8,904)	27 (22)	174 (169)	72 (71)	80 (83)	30 (31)
Government bonds	14 (13)	1,925 (2,235)	2,175 (1,789)	143 (170)	162 (136)	100 (100)	100 (100)	N/A (N/A)
Diversified growth funds	73 (73)	5,175 (5,640)	49,446 (37,774)	71 (77)	679 (517)	65 (64)	65 (64)	30 (23)
Alternatives	10 (11)	25 (36)	48 (23)	11 (12)	38 (16)	28 (29)	15 (13)	Not reported (Not reported)

A more detailed analysis of the climate metrics is set out in Schedule 5, which shows data at the underlying fund level for the Drawdown Lifestyle Strategy.

⁹ Figures in this column represent the percentage of the total portfolio for which data is available

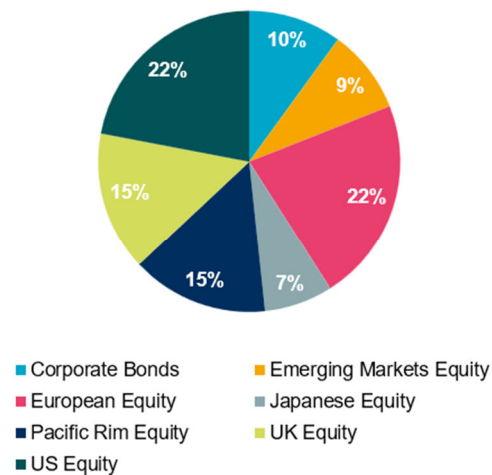
The charts on this page summarise the data shown on the previous page for the funds in the Default Drawdown Lifestyle. Please note that government bonds and alternatives have not been shown as the portfolio alignment metric is not available for these assets.



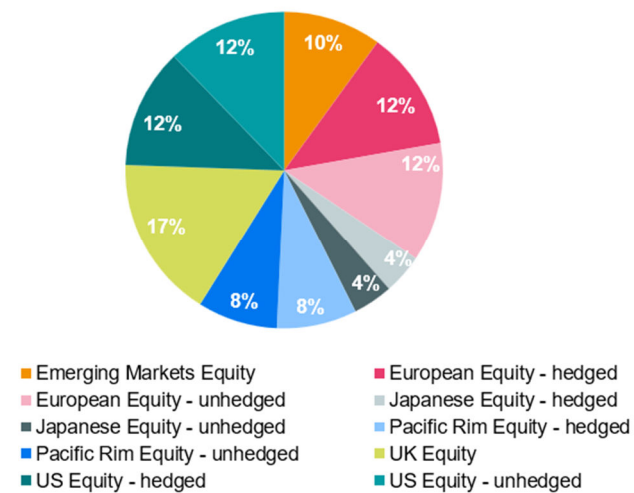
Climate metrics for the Core Fund

The Core Fund is a blended fund comprising hedged and unhedged equity holdings and a corporate bond allocation. The asset allocation of the Core Fund at the point at which the climate metrics were calculated (31 December 2024) is set out below.

Core Fund: Asset Allocation



Core Fund: Equity Allocation



The table below shows the climate metrics for the Core Fund. Holdings data is as at 31 December 2024. Data from last year's report is shown in brackets, with holdings data as at 31 December 2023. Although this arrangement comprises a mixture of corporate bond and equity holdings, the Trustee has decided to show the data at the level of the blended fund as a whole, as this is consistent with its approach to displaying data for the DGFs used in the Drawdown Lifestyle strategy.

Fund	Fund value (£m)	Absolute emissions metric (t CO2e)		Emissions intensity metric Carbon footprint (t Co2E per £m)		Additional climate change metric		Portfolio alignment metric
		Scope 1 and 2 emissions (t CO2e)	Scope 3 emissions (t CO2e)	Scope 1 and 2 carbon footprint (t Co2E per £m)	Scope 3 carbon footprint	Scope 1 and 2 data coverage (%) ¹⁰	Scope 1 and 2 emissions (t CO2e) ¹⁰	Scope 3 emissions (t CO2e)
Citibank Core Fund	372 (382)	10,322 (10,928)	281,007 (192,752)	28 (30)	766 (503)	93 (91)	93 (91)	45 (41)

Conclusions

From the analysis of climate metrics data for the DC Section's 'popular arrangements', the Trustee has concluded that:

- As with the previous Plan Year, the largest contributor to Scope 1 and 2 carbon emissions is the allocation to a DGF, the L&G Diversified Fund. The change in the balance of emissions between equities and DGFs in recent years is a result of two factors: i) the switch from standard passive regional equity funds to low carbon alternatives in October 2023 and ii) the consolidation in October 2023 of the DGF allocation into the L&G Diversified Fund whose holdings consists mainly of direct investments in contrast to one of the previously held DGFs which invested via a significant number of derivatives, for which data was unavailable. Carbon emissions in the Core Fund are driven primarily by the Fund's equity holdings, though these have reduced markedly following the introduction of passive low carbon equity funds in place of the standard passive regional equity allocations that were previously in place before October 2023.

¹⁰ Figures in this column represent the percentage of the total portfolio for which data is available

- The Trustee has secured data for the direct government bond (L&G Over 5 Year Index-Linked Gilts Index Fund) and private markets (Partners Group Generations Fund) allocations in the Drawdown Lifestyle Strategy. Scope 1 & 2 emissions for the government bond have decreased versus last year. Scope 1 & 2 emissions for the private markets' allocation have reduced, while data coverage has remained largely unchanged versus the previous year. Over the medium-term, data coverage is expected to improve across assets classes in general and in private markets allocations in particular, given this is a relatively new asset class for DC schemes.
- Data coverage varies quite significantly from fund to fund. The emissions data coverage for the equity funds is high and has improved compared with last year. The investment changes implemented in the Drawdown Lifestyle strategy (October 2023) which markedly improved the data coverage for the Plan's DGF allocation (for the reasons stated in the second bullet point above). Data coverage in the corporate bond decreased slightly over the year.
- The proportion of each portfolio invested in companies with science-based targets remains low, though did improve across most asset classes over the course of the Plan Year, with the exception of corporate bonds where this fell slightly. This suggests that manager engagement with investee companies in this area is having a positive impact on the number of companies that are targeting alignment with the goals of the Paris Agreement, but further engagement to drive improvement is necessary.

2. Targets

The Trustee is required to set at least one non-binding target for the Plan in relation to at least one of the chosen metrics and to measure performance against these targets on an annual basis.

Targets are set by reference to a baseline date against which progress is assessed, a timeline for achieving the target, and the methodology by which performance against the target is assessed.

In 2022, the Trustee selected the following metrics to set targets against (further details of which are set out below) across the DB Section and the DC Section and these have remained unchanged during the Plan Year:

1. Data coverage
2. Portfolio alignment based on SBT

DB Section				DC Section			
Details of the targets set for the DB Section are as follows:				Details of the targets set for the DC Section are as follows:			
Metrics	Baseline date	Target level (%)	Timeframe to reach target	Metric	Baseline date	Target level (%)	Timeframe to reach target
Additional Climate change				Data Coverage ¹¹			
Data Coverage (%) ¹¹	31 December 2021	95%	31 December 2026	Equities	31 December 2021	100	31 December 2026
Portfolio Alignment				Corporate bonds	31 December 2021	95	31 December 2026
SBT (%)	31 December 2021	80%	31 December 2031	DGFs	31 December 2021	95	31 December 2026
				SBT			
				Equities	31 December 2021	80	31 December 2031
				Corporate bonds	31 December 2021	80	31 December 2031
				DGFs	31 December 2021	80	31 December 2031

¹¹ The data coverage metric relates to the percentage of the portfolio (excluding cash holdings) for which there is Scope 1 and 2 emissions intensity and EVIC data

Rationale for selection of targets

These targets were selected during the Plan year to 31 December 2022. The Trustee selected these targets because:

- without complete data, the usefulness of the climate metrics in assessing climate-related risks and opportunities is limited, so achieving consistently high data coverage across all asset classes should be the first step to try to achieve in the short-term.
- SBT shows the proportion of companies that have committed to reduce their GHG emissions in line with the Paris Agreement, with the goal of limiting the overall warming of the planet to well below 2 degrees Celsius above pre-industrial levels. Setting a target to increase the % of the portfolio with SBTs will help the Plan to manage climate-related risks by providing a focus for its stewardship activities, both direct and indirect (i.e. via its investment managers). The Trustee felt this was a useful way of assessing progress towards a Net Zero economy.
- these were aligned with the Trustee's fiduciary duty of acting in the best financial interests of members. The Trustee felt that setting a carbon emissions target would focus too much on portfolio optimisation to meet these targets (through disinvesting and investing) and would not help it to fulfil its role as a fiduciary.
- the Trustee had considered Citi's most recent climate report, noting that Citi has set its own target to be carbon neutral by 2050. The Trustee has sought further input from Citi in respect of its own analysis of its exposure to climate change risks and upon receipt of this, the Trustee can evaluate whether it wishes to set its own carbon neutral target in the future.

Review of existing targets

During the Plan Year the Trustee (through the DBC / DCC and with input from its advisers) considered whether to retain its existing targets or whether these should be extended, replaced or added to.

Following these discussions, the Trustee decided to retain its existing targets on the basis that the rationale for originally selecting these targets continues to be applicable and retaining the existing targets would allow the Trustee to better chart progress over time. The Trustee does however note the limitations associated with the underlying metrics for both targets as referenced previously in this Climate Report. Therefore, the Trustee will continue to assess the appropriateness of the targets outlined in this Climate Report before the next iteration and will recalibrate these targets in the short-term if needed.

Performance against targets

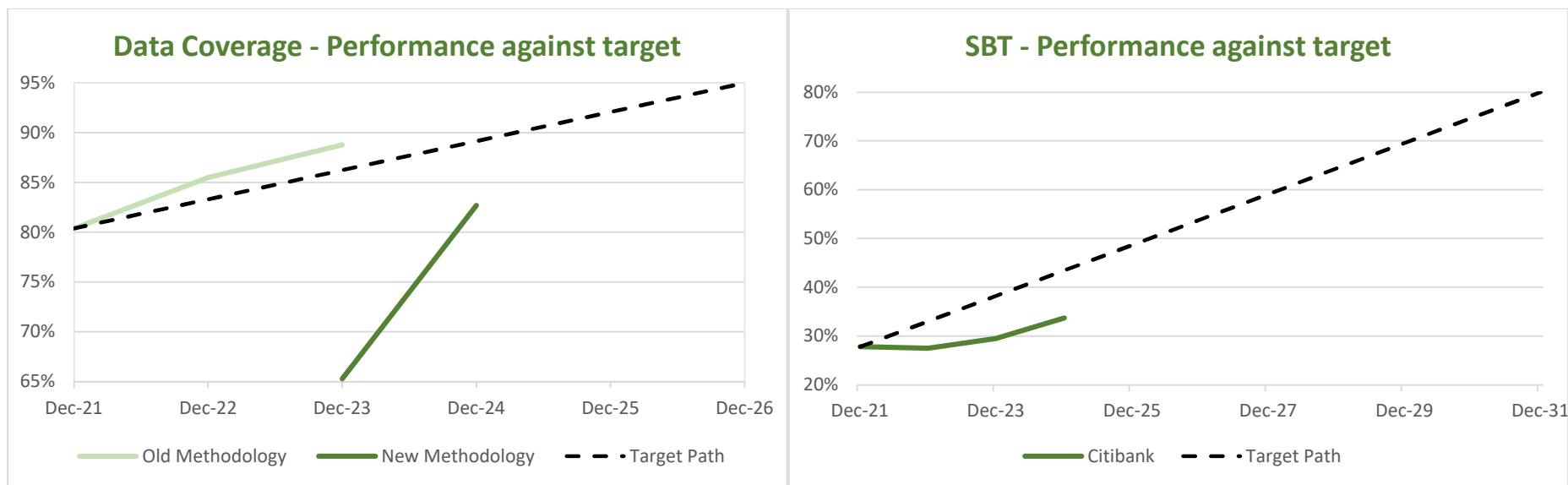
The tables and graphs below show the performance of the two metrics against their targets. An update on performance against these targets will be provided annually to chart progress over time.

DB section

Details of the performance against these targets set for the DB Section are as follows:

Metrics	As at 31 December 2021	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	Target level (%)	Timeframe to reach target
Additional Climate change						
Data Coverage (%) ¹²	80.4%	85.5%	65.3%	82.7%	95%	Dec 2026
Portfolio Alignment						
SBT (%)	27.8%	27.5%	29.5%	33.7%	80%	Dec 2031

¹² The data coverage metric from the previous year has been restated and relates to the percentage of the portfolio (excluding cash holdings) for which there is Scope 1 & 2 emissions intensity and EVIC data



The Plan has made progress towards the target of 95% for the data coverage metric, with the metric increasing by 17% during the Plan Year relative to the previous Plan year figures which have been restated under the new methodology explained in further detail on page [43] of this Climate Report.

The Plan’s SBT metric has increased over the Plan Year by 4.2% to 33.7%. The Plan is behind the path to reach its 80% target level, albeit with several years remaining before the target date of 2031.

DC Section

Details of the performance against the targets set for the DC Section are as follows:

Metric	Baseline date	As at 31 December 2021 (%)	As at 31 December 2022 (%)	As at 31 December 2023 (%)	As at 31 December 2024 (%)	Target level (%)	Timeframe to reach target
	Data Coverage¹³						
Equities	31 December 2021	97	95	96	99	100	31 December 2026
Corporate bonds	31 December 2021	70	62	71	72	95	31 December 2026
DGFs	31 December 2021	42	38	64	65	95	31 December 2026
	Portfolio Alignment (measured by % of the portfolio with Science-Based Targets)						
Equities	31 December 2021	29	36	42	48	80	31 December 2031
Corporate bonds	31 December 2021	24	27	31	30	80	31 December 2031
DGFs	31 December 2021	11	12	23	30	80	31 December 2031

¹³ Data coverage is reported for Scope 1 and 2 emissions. Scope 3 emissions data coverage is not reported in the aggregated data presented in the table but is presented at an individual fund level in Schedule 5

The Plan made progress towards its targets across both selected metrics (i.e. data coverage and portfolio alignment) and in most asset classes over the course of the Plan Year with the one exception being the slight fall in portfolio alignment within corporate bonds. This progress was underpinned by the investment strategy changes implemented in October 2023, specifically in relation to the equity and DGF allocations.

Data coverage for Scope 1, 2 emissions is highest amongst the equity allocation of the portfolio and close to achieving its target level.

Whilst SBT alignment has continued to increase for equity and DGFs, it is worth noting that alignment across all asset classes remains far behind the target adopted by the Trustee.

Steps being taken to achieve targets

Investment managers for the DB Section and DC Section have been informed of the Trustee's targets as well as the Trustee's stewardship priorities, one of which is climate change.

In relation to the DB Section, the Trustee's DB investment adviser continues to engage with managers on this topic and will encourage them to use their influence with portfolio companies to improve data coverage. The Trustee has met with BlackRock and L&G during the Plan Year, and meets with each of its managers biennially, where it discussed and challenged the managers on the steps being taken by them towards improving both of these metrics.

In relation to the DC Section, the Trustee's DC investment adviser encourages managers to support the goal of 'Net Zero' emissions by 2050 or earlier and has published its expectations for investment managers in relation to 'Net Zero'. This includes the use of effective voting (where applicable) and engagement with portfolio companies to encourage achievement of 'Net Zero'. The investment adviser continues to engage with managers on this topic and will encourage them to use their influence with portfolio companies to improve data coverage and increase the use of SBTs.

Most of the DC Section assets are managed by L&G. L&G has set an interim target of 70% of eligible assets under management to be managed in alignment with Net Zero by 2030 (this interim target excludes sovereign bonds and derivative securities, due to lack of clear industry methodologies to account for these asset classes). L&G continues to integrate its net zero-alignment criteria into the creation of new products. In 2024, 40% of strategies launched had sustainability characteristics within the product methodology, with 13% of these aligned to net zero.

The Trustee believes that achieving its data coverage target within the specified time horizon continues to be feasible but notes the limitations with the metric and associated target previously referenced. The Trustee is also aware that for the Plan to continue to progress against its SBT target it requires greater support from global policy which does not appear to be forthcoming. As such, the Trustee will continue to assess the appropriateness of this target over the next Plan year as the global context evolves and will adjust it if required.

Schedule 1 – Glossary of terms

DB means defined benefit.

DBC means the defined benefit committee.

DB Section means the section of the Plan known as the ‘Old Plan’ which provides DB benefits to members.

DC means defined contribution.

DCC means the defined contribution committee.

DC Section means the section of the Plan known as the ‘New Plan’ which provides DC benefits to members (subject to a GMP underpin).

DGF means a diversified growth fund.

DWP means Department of Work and Pensions.

Citi means the collective or “generic” name of Citibank NA, Citigroup Global Markets Ltd and other Citi entities.

Climate Regulations means the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021.

Climate Report means this report, in respect of the Plan Year, prepared to satisfy the requirements of the Climate Regulations.

CTB means the Combined Trustee Board.

ESG means environmental, social and governance.

EVIC means Enterprise Value Including Cash.

First Report means the Trustee’s first climate report in respect of the year to 31 December 2022.

GFANZ means the Glasgow Financial Alliance for Net Zero.

GHG means Greenhouse Gas emissions.

High Warming has the meaning set out in Schedule 2.

ICSWG means the Investment consultants’ sustainability working group.

IIGCC means Institutional investors Group on Climate Change.

IPCC means the UN Intergovernmental Panel on Climate Change.

Main Plan means the segregated section of the Plan which provides benefits to all members of the Plan other than members in the Overseas Plan.

NGFS means the Network for Greening the Financial System.

Net Zero means achieving a balance between the amount of GHG emissions produced and the amount of GHG removed from the atmosphere.

Net Zero Financial Crisis has the meaning set out in Schedule 2.

NZICI means the Net-Zero Investment Consultants Initiative.

Overseas Plan means the segregated section of the Plan which provides benefits to members based overseas and which is subject to the requirements of section 615 of the Income and Taxes Act 1988.

Paris Agreement means the legally binding international treaty agreed on 12 December 2015 and effective from 4 November 2016 which sets out long-term goals to guide all nations to substantially reduce global GHG emissions to limit the global temperature increase

in this century to 2 degrees Celsius while pursuing efforts to limit the increase even further to 1.5 degrees.

Plan means the Citibank (UK) Pension Plan.

Plan Year means the year to 31 December 2025.

PRA means the Prudential Regulation Authority.

RCP means Representative Concentration Pathways.

RI means responsible investment.

SBT means science-based targets.

SBTi means the SBT initiative.

SSP means Shared Socioeconomic Pathways.

Statutory Guidance means the DWP's statutory guidance for trustees of occupational schemes on the governance and reporting of climate change risk.

TCFD means the Task Force on Climate-related Financial Disclosures.

TPR means The Pensions Regulator.

Trustee means the CTB.

Schedule 2 – DC climate scenarios – key assumptions, modelling approach and limitations

This appendix sets out further details of the key features of each of the climate scenarios considered in relation to the DC Section of the Plan. This appendix also sets out the modelling approach used (and associated limitations) as well as the member demographics considered, when carrying out the scenario analysis for the DC Section of the Plan.

Key features of climate scenarios considered

The key features of each of the climate scenarios considered in relation to the DC Section of the Plan are summarised below:

<i>Scenarios:</i>	<i>NET ZERO FINANCIAL CRISIS</i>	<i>LIMITED ACTION</i>	<i>HIGH WARMING</i>
Citi ‘white-labelled’ nomenclature	<i>Scenario 1</i>	<i>Scenario 2</i>	<i>Scenario 3</i>
Low carbon policies	Ambitious low carbon policies, high investment in low carbon technologies and substitution away from fossil fuels to cleaner energy sources and biofuel. Carbon Capture and Storage also used to achieve global net zero by 2050.	Moderate steps taken by policymakers to increase climate action including working towards the 2030 targets and net zero commitments. Carbon Capture and Storage also used.	There are no new low-carbon policies enacted in this scenario and some existing ones are scaled back. Current technological trends continue (eg significant falls in renewable energy prices).
Paris agreement outcome	Global net zero CO ₂ achieved by 2050; Paris Agreement goals met.	Paris Agreement goals not met.	Paris Agreement goals not met.
Global warming	Average global warming stabilises at around 1.5°C above pre-industrial levels.	Average global warming is about 1.8°C by 2050 and 2.6°C by 2100, compared to pre-industrial levels.	Average global warming is about 2°C by 2050 and 3.7°C by 2100, compared to pre-industrial levels.

Physical impacts	Moderate physical impacts.	High physical impacts.	Severe physical impacts. Multiple climate tipping points are reached and modelled and many countries suffer from extreme weather events.
Impact on GDP	Global GDP is slightly behind the Ortec Finance / Cambridge Econometrics base case by 2100.	Global GDP in 2100 predicted to be about 50% lower than in the Ortec Finance / Cambridge Econometrics base case.	Global GDP in 2100 predicted to be almost 80% lower than in the Ortec Finance / Cambridge Econometrics base case.
Financial market impacts	Abrupt repricing of assets and a sentiment shock to the financial system in 2025.	Physical risks priced in over the period 2026-2030. A second pricing occurs in the period 2036-2040 as investors factor in the high physical risks.	Physical risks priced in over the period 2026-2030. A second repricing occurs in the period 2036-2040 as investors factor in the severe physical risks.

Modelling Approach and Limitations

The climate scenario analysis carried out for the DC Section of the Plan is based on a model developed by OrtecFinance and Cambridge Econometrics. The outputs were then applied to the Plan's assets by LCP.

- The three climate scenarios are projected year by year, over a 40-year period. The results are intended to help the Trustee to consider how resilient the 'popular arrangements' are to climate-related risks.
- The three climate scenarios chosen are intended to be plausible, not 'worst case'. They are only three scenarios out of countless others that could be considered by the Trustee.
- Other scenarios could give better or worse outcomes for Plan members.

The climate scenarios used by the Trustee are subject to limitations. As the model uses a ‘top-down’ approach, investment market impacts were modelled as the average projected impacts for each asset class. This contrasts with a ‘bottom up’ approach that would model the impact on each individual investment held by the popular arrangements. As such, the modelling does not require extensive scheme-specific data and so the Trustee was able to consider the potential impacts of the three climate scenarios for all the Plan’s assets in the popular arrangements.

However, in practice, the Plan’s investments may not experience climate impacts in line with the market average. Like most modelling of this type, the model does not allow for all potential climate-related impacts and, therefore, is quite likely to underestimate some climate-related risks. For example, tipping points (which could cause runaway physical climate impacts) are not modelled and no allowance is made for knock-on effects, such as climate-related migration and conflicts.

In addition, the model presumes that the UK government and bank counterparties will remain solvent, thereby making no allowance for credit risk on government bonds and derivative exposures. However, in a scenario where global warming exceeds 4 degrees Celsius, this assumption may no longer be valid.

The scenario modelling also makes no allowance for:

- Tail risks;
- Variations from median outcomes;
- Impacts of migration and increased likelihood of armed conflict;
- Impacts of food and other resource shortages; or
- Other systemic risks (e.g. new pandemics, financial market volatility, energy security).

Tipping points are allowed for to some extent in the High Warming scenario, but not in the other scenarios. Some aspects, such as market pricing-in shocks and the level of adaptation to climate risks are modelled, but the impact and timing is highly uncertain and could mean actual outcomes are very different to what has been modelled.

Member Demographics Considered

For the ‘popular arrangements’ considered, the Trustee chose to carry out scenario analysis for a representative sample of the Plan’s membership invested in these arrangements. This meant that the analysis assessed the potential outcomes under different scenarios for members aged 25, 35, 45, and 55 at the time of the analysis for the Drawdown Lifestyle, and 50 and 55 for the Core Fund. A target retirement age of 60 was assumed, in line with the default target retirement age for the Plan.

It also meant that scenarios were considered for active and deferred members of the Drawdown Lifestyle, and for deferred members only of the Core Fund. Given the majority of members in the Plan are deferred (c. 96%) scenario analysis in respect of deferred members is likely to be more meaningful.

For the Core Fund, the Trustee agreed to this approach because c.95% of members invested in the Fund were deferred at the point at which the scenario analysis was carried out. Should this change in future, the Trustee will consider revisiting this analysis to consider active members.

The scenarios only extend to the Plan's target retirement age (60) and therefore, do not account for the fact that members may remain invested beyond this date (either in the Plan or in an income drawdown arrangement outside of the Plan). The Trustee believes the assumption that members will not remain invested post-retirement is not realistic, particularly given their current expectation that a large proportion of Plan members will choose to gradually withdraw their pension savings during retirement (i.e. via income drawdown). However, at the time it was carried out, the modelling capability did not allow the Trustee to consider members in retirement.

Schedule 3 – DB climate scenarios –key assumptions, modelling approach and limitations

This appendix sets out further details of the key features of each of the climate scenarios considered in relation to the DB Section of the Plan as well as the modelling approach used by Gallagher and Mercer (and associated limitations).

Key features of climate scenarios considered

The key features of each of the climate scenarios considered in relation to the DB Section of the Plan are summarised below:

Scenario #	Key features - Gallagher	Key features - Mercer
Scenario 1: c. 1.5°C to c. 2°C temperature rise by 2100	Climate policies are introduced early, and the stringency of climate policies gradually increases. The scenario gives a 67% chance of limiting global warming to below 2°C by 2100.	Early transformation to a low carbon economy. Transition risks are high, particularly in the first half of this century. Physical risks are anticipated in the latter half of the century though are less impactful relative to higher warming pathway scenarios. Emissions peak in the 2020s. By the middle of the century coal is phased out, and the average global sea level is expected to rise with longer droughts experienced in regions across the globe.
Scenario 2: c. 3°C temperature rise by 2100	Annual emissions do not decrease until 2030 and strong policies are therefore required to limit warming by 2100.	Delayed climate action leads to failure to meet the Paris Agreement goal of limiting global warming to below 2°C by 2100. Transition risks are not experienced until post 2035 but are more material than under Scenario 1. Physical risks are greater in magnitude and will be experienced sooner. Global carbon emissions are flat by 2050 but high in absolute terms. Towards the middle of the century, irreversible physical damages will be experienced including a reduction in available water.
Scenario 3: Temperature rise of c. 4°C or greater by 2100	Some climate policies are implemented in some jurisdictions, but globally efforts are insufficient to halt significant global warming. The scenarios result in severe physical risks including irreversible impacts like sea-level rise.	No transformation to low carbon economy. Transition risks very low, and physical risks therefore higher, anticipated sooner and are more impactful than Scenarios 1 and 2. Emissions peak late in the century, the average global sea level continues to rise throughout the century and natural disasters become commonplace.

Modelling Approach and Limitations

Gallagher

The scenario analysis carried out during the Plan Year in respect of the DB Section of the Plan was updated to be consistent with the NGFS methodology in line with developing industry best practice. By switching methodologies to the NGFS from the PRA, the Plan will benefit from:

- More regularly updated data. The previously used PRA stress tests have not been updated since their inception in 2019;
- More granular and rigorous analysis at both the company and instrument level; and
- Analysis which captures upside potential from climate opportunities, as opposed to solely focusing on downside risks.

Mercer

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

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

Limitations

The Trustee acknowledges the growing scrutiny of current climate scenario analysis models, which has revealed that current methodologies may not accurately reflect the threat climate change poses to the planet and society, such as overlooking climate tipping points and underestimating the likely implied temperature rise and physical impacts of climate change. Consequently, the analysis currently has limited reliability and usefulness as a decision-making tool. As such, the Trustee does not rely solely on this analysis to inform its strategic decision-making. Nonetheless, the scenario analysis does help to highlight that climate change risks do exist, and the Trustee therefore believes that appropriate risk management steps should be taken to address and limit their potential impacts.

Schedule 4 – The issues with Climate Data

Climate data sourcing for pension fund footprinting and analysis is still in its infancy. As a result, it is important to understand the following when it comes to climate data and resulting metrics:

- The availability and quality of data vary across assets classes, and even within asset classes. This means that some assets and asset classes will rely on estimated data.
- With all climate data, as both carbon data disclosure and measurement techniques improve, reported numbers are likely to change. This means that the metrics and other data published are not certain and that they may change in the future. As a result, if necessary, calculations may need to be rebased as carbon data and measurement processes change.
- Scopes 1 and 2 data are generally available for public asset classes. But disclosure of Scope 3 data is inconsistent. Scope 3 is particularly important for some sectors, for example, in oil and gas it makes up approximately 85% of emissions. In this Climate Report, the Trustee has disclosed Scope 1, 2, and 3 emissions to ensure that the most representative emissions are disclosed.
- The processes for assessing carbon footprints for certain asset classes are still in development, particularly, for example, for sovereign debt. This means the results can be anomalous. In the case of sovereign debt, the footprint is apparently an order of magnitude higher than that for public equities because whole-of-economy data are used. This is because of the very substantial effect of double-counting of data reported by companies. For this reason, the Trustee has chosen not to report sovereign debt climate metrics in this Climate Report. As mentioned previously in the report, this will be addressed in the production of the next iteration of the Climate Report now that more appropriate approaches to calculating sovereign emissions have been developed by the Trustee's investment advisors.

Schedule 5 – Drawdown Lifestyle Strategy

A more detailed analysis of the climate metrics shows data at the underlying fund level for the Drawdown Lifestyle strategy is set out in the table below. Holdings data is as at 31 December 2024. Data from last year's report is shown in brackets, with holdings data as at 31 December 2023.

Fund	Fund value (£m)	Absolute emissions metric		Emissions intensity metric		Additional climate change metric		Portfolio alignment metric
		Scope 1 and 2 emissions (t CO2e)	Scope 3 emissions (t CO2e)	Scope 1 and 2 carbon footprint	Scope 3 carbon footprint	Scope 1 and 2 data coverage (%) ¹⁴	Scope 3 data coverage (%) ¹⁴	Portfolio alignment (SBTI %)
L&G Low Carbon Transition UK Equity Index Fund	14 (15)	259 (422)	8,081 (7,716)	19 (28)	582 (511)	99 (96)	99 (96)	64 (60)
L&G Low Carbon Transition North America Equity Index Fund	19 (20)	191 (250)	6,556 (6,552)	10 (12)	358 (321)	97 (99)	97 (99)	46 (43)
L&G Low Carbon Transition Europe (ex-UK) Equity Index Fund	19 (20)	455 (560)	23,457 (12,849)	24 (27)	1,247 (630)	100 (97)	100 (97)	65 (60)
L&G Low Carbon Transition Asia Pacific (ex-Japan) Developed Equity Index Fund	12 (13)	255 (294)	6,488 (6,830)	22 (23)	558 (534)	99 (90)	99 (90)	23 (16)
L&G Low Carbon Transition Japan Equity Index Fund	6 (7)	125 (157)	12,856 (5,253)	20 (23)	2,085 (773)	100 (98)	100 (98)	55 (46)
JP Morgan Emerging Markets Fund	12 (13)	1,495 (1,072)	4,000 (5,939)	128 (81)	441 (447)	99 (97)	99 (96)	26 (19)
L&G Diversified Fund	73 (73)	5,175 (5,640)	49,446 (37,774)	92 (77)	875 (517)	65 (64)	65 (64)	27 (23)
BlackRock Short Duration Credit Fund	55 (53)	1,484 (1,139)	9,491 (8,904)	61 (22)	454 (169)	72 (71)	80 (83)	30 (31)
L&G Over 5 Year Index-Linked Gilts Index Fund	14 (13)	1,925 (2,235)	2,175 (1,789)	143 (170)	162 (136)	100 (100)	100 (100)	N/A (N/A)
Partners Group Generations Fund	10 (11)	25 (36)	48 (23)	11 (12)	38 (16)	28 (29)	15 (13)	Not reported (Not reported)

¹⁴ Figures in this column represent the percentage of the total portfolio for which data is available

Schedule 6 – Climate Metrics Explained

GHG emissions

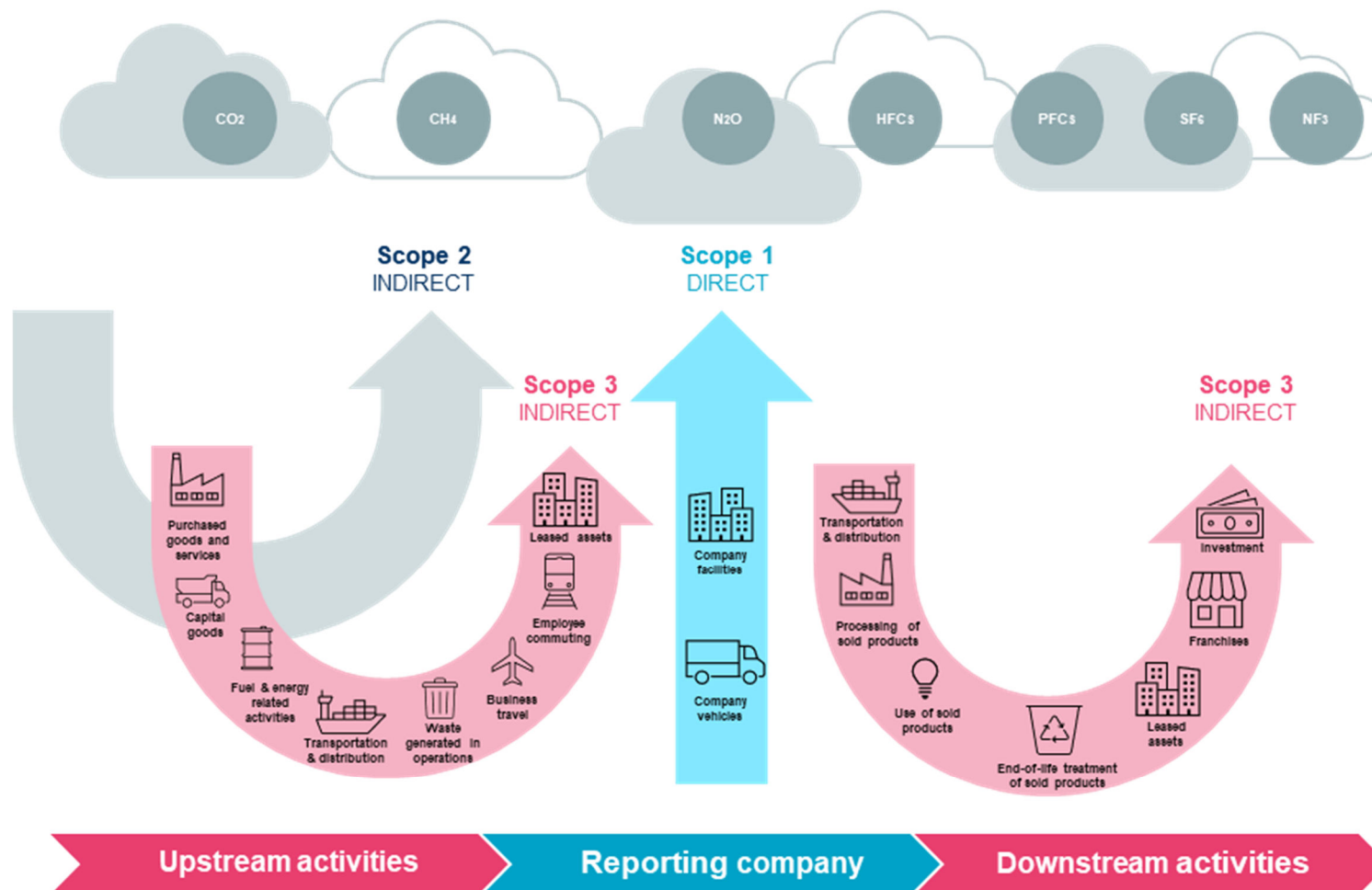
The emissions metrics relate to seven GHGs – carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). The figures are shown as “CO₂ equivalent” (CO₂e) which is the amount of carbon dioxide that would be equivalent to the excess energy being stored by, and heating, the earth due to the presence in the atmosphere of these seven GHGs.

The metrics related to GHG emissions are split into the following three categories: Scope 1, 2 and 3. These categories describe how directly the emissions are related to an entity’s operations, with Scope 1 emissions being most directly related to an entity’s everyday activities, and Scope 3 referring to indirect emissions in an entity’s value chain. Scope 3 emissions often form the largest share of an entity’s total emissions but are also the ones that the entity has least control over.

Scope	Definition
Scope 1	GHG emissions are all direct emissions from the activities of an entity or activities under its control.
Scope 2	GHG emissions are indirect emissions from electricity purchased and used by an entity which are created during the production of energy which the entity uses.
Scope 3	GHG emissions are all indirect emissions from activities of the entity, other than Scope 2 emissions, which occur from sources that the entity does not directly control.

tCO₂e indicates the real-world impact of the portfolio on the climate. However, the metric is not normalised, which makes it difficult to compare, and it may be volatile year on year, because it can be distorted by changes in portfolio size.

Financed 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 EVIC of the respective company – the EVIC is a measure of a company’s total value.



Source: GHG Protocol

Carbon footprint

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. This metric is therefore useful for portfolio decomposition and attribution analysis (because you can understand where the most concentrated carbon emissions are in a portfolio). A portfolio with a high emissions intensity will have a steeper route towards decarbonisation than a less intensive one. Hence, measuring the emissions intensity is useful in order to gauge how difficult (or easy) it will be to progressively decarbonise the portfolios.

Differences in portfolio emissions intensities are driven by differences in sector and company exposure. Portfolios with higher exposures to high-carbon sectors such as utilities, non-energy materials, energy and industrials tend to exhibit higher emissions intensities.

It can be volatile year on year, due to being distorted by changes in market cap (as opposed to portfolio size).

Science Based Target

The 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 three categories. The categories are: "SBTi Approved 1.5 C", "SBTi Approved Well Below 2 C" or "SBTi Approved 2 C".

Whilst the Trustee is aware that the "SBTi Approved 2 C" categorisation will be gradually phased out in line with the initiative's raised ambition to 1.5 degrees Celsius, the Trustee will continue to report under the "SBTi Approved 2 C" categorisation to capture companies currently on a 2 degrees Celsius path until they increase their target ambition to 1.5 degrees Celsius in the next few years. The SBTi rating of a fund shows what percentage of the companies the fund invests in have set a decarbonisation target using science-based methodology.

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