



Reuters Pension Fund Task Force on Climate-Related Financial Disclosures ("TCFD") Report

For Fund year-end 31 December 2022

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INTRODUCTION

This statement sets out the approach of the Trustee of the Reuters Pension Fund (“the Fund”) with regards to identifying, assessing, monitoring, and mitigating climate-related risks and opportunities¹ in the context of the Trustee’s broader regulatory and fiduciary responsibilities to their members. This is the first such report produced and covers the period from 1 January 2022 to 31 December 2022.

The Trustee supports the recommendations set out by the Task Force on Climate-Related Financial Disclosures (“TCFD”) on the basis that it will allow the Trustee to assess, monitor and mitigate climate-related risks on behalf of members more effectively.

This statement has been prepared in accordance with the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 and accompanying statutory guidance published by the Department of Work and Pensions (June 2021), and provides a summary on how the Fund is currently aligning with each of the four elements set out in the regulation Details on these elements are below.

Element	Description
Governance	This section describes the Trustee’s governance of climate-related risks and opportunities. It describes how climate-related risks and opportunities are integrated into the Fund’s overall investment strategy.
Strategy	This section describes the estimated impact of three potential future climate scenarios on the Fund’s assets, liabilities, and sponsor covenant. It also details the implications of these scenarios for the Fund’s investment and funding strategy.
Risk Management	This section describes the Trustee’s approach to identifying, assessing, and managing climate-related risks.
Metrics and Targets	This section describes the metrics used by the Trustee to identify climate risks and monitor progress made against its selected target.

The following pages summarise the Trustee’s current position regarding the TCFD recommendations.

GOVERNANCE

In all investment matters, it is the Trustee that is ultimately responsible. This includes matters relating to ensuring the effective governance of climate-related risks and opportunities. However, day-to-day management and oversight of the Fund’s investment matters are delegated to the Investment Sub-Committee (“ISC”). A full explanation of individual responsibilities and Trustee oversight is included in Appendix A.

The Trustee has discussed and agreed climate-related beliefs and an overarching approach to managing climate change risk. The details of these are set out in the Statement of Investment Principals (“SIP”) and Climate Policy document (see Appendix B for the Fund’s full Climate Policy), which are reviewed at least annually. The Trustee is supportive of the Paris agreement to avoid dangerous climate change by limiting global warming to well below 2°C above pre-industrial levels and pursuing efforts to limit it to 1.5°C.

The Trustee takes independent investment advice to help assess climate-related risks and opportunities. The role of the investment consultant is to provide investment-related strategic and practical support to the ISC and the Trustee Board, including relating to climate-related risks and

¹ For brevity, where we refer in this report to the risks and opportunities relating to climate change, we mean this to cover both the risks arising from changes in the climate itself and the risks and opportunities presented by the anticipated transition of economies and society to a lower carbon future.

opportunities. This includes provision of regular training and updates on climate-related issues, climate change scenario modelling and climate metrics. The Trustee reviews the climate competency of its advisers and those who support the Trustee in relation to climate risk management to ensure adequate processes are in place. ESG advice, including advice on climate-related considerations, forms one of the formal objectives the Trustee has set for the Fund’s investment consultant, against which the consultant is reviewed annually.

The Trustee encourages open communication between all relevant parties who work on the management of climate-related factors for the Fund. The majority of the Fund’s advisers and service providers – the Fund’s lawyers, actuary, investment consultant, covenant adviser, and investment managers have contributed to the preparation of this report. This process has encouraged the sharing of data and analysis and regular communication between all these parties.

The Trustee expects its advisers to bring important and relevant climate-related issues and developments to the Trustee in a timely manner. Over the year to 31 December 2022, the Trustee received training on the recommendations of the TCFD framework and the Department for Work and Pensions (“DWP”) regulations, technical training on climate scenario analysis, selecting climate-related metrics, and setting a net zero strategic objective. The Trustee receives written updates on key climate-related developments from the Fund’s investment consultant on a quarterly basis and discussion occurs on an ad hoc basis in quarterly meetings. Additionally, the Trustee receives annual ESG analytics reports from its investment consultant, which includes all the climate-related metrics the Trustee has agreed to report as part of its TCFD report.

Climate-related scenario analysis on different parts of the funding strategy is provided by the following advisers:

Fund component	Provider of climate scenario analysis
DB assets	Redington (Investment Consultant)
DB liabilities	Aon (Actuary)
DB covenant	Cardano (Covenant Adviser)

The Trustee receives quarterly updates on relevant discussions that have taken place at the Fund’s ISC meetings. At its meetings, the Trustee has ensured that robust discussion has taken place regarding climate-related items such that there is a clear understanding of analysis undertaken and the advice it has received.

The Trustee believes its approach to dedicating time and resources on the governance of climate-related risks and opportunities is proportionate to other financial risks and opportunities identified by the Trustee.

STRATEGY

The Trustee considers climate-related risks and opportunities and their potential implications for the Fund’s investment and funding strategy over the short, medium, and long term. These considerations are incorporated into all aspects of the Trustee’s investment process, including strategic asset allocation, mandate and manager selection, and ongoing monitoring of the portfolio.

The Trustee acknowledges that the Fund’s investment portfolio is exposed to varied climate-related risks. The Trustee considers that the majority of these risks fall into two categories:

- **Transition risk:** Transition risk refers to price risk that would arise from the transition to a low-carbon economy, for example, policy changes, litigation, technology advances, and shifts in supply and demand. The magnitude of this risk is determined, in part, by whether the economic transition towards carbon neutrality is orderly or disorderly. The

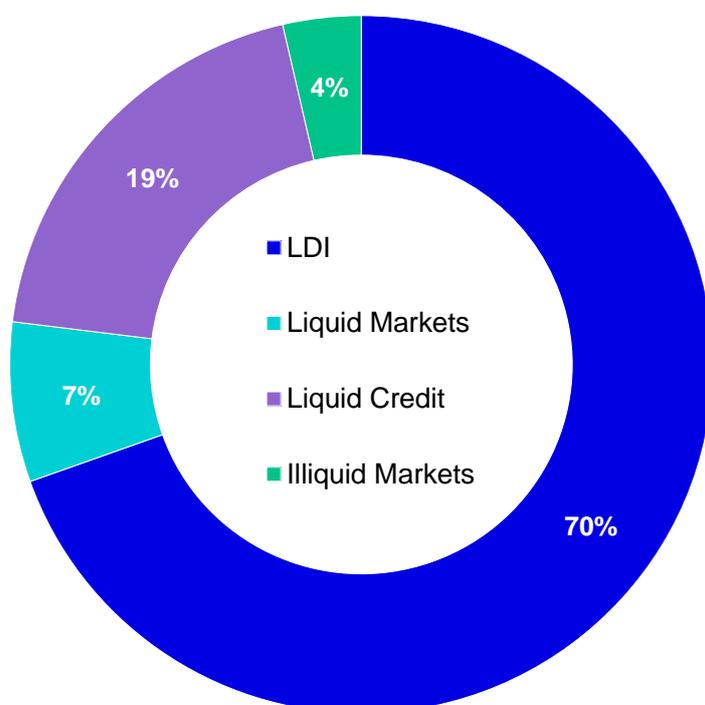
Trustee believes these risks and opportunities are more likely to begin in the short to medium-term.

- **Physical risk:** Physical risk refers to the price risk that would arise due to changes in climatic conditions and the incidence of extreme weather events, whether directly or indirectly affecting the Fund. The Trustee believes that material impacts of physical risks on the Fund would be more likely to occur in the medium to long-term.

The Trustee expects that as the extent of each of these risks becomes known, the strategic asset allocation, as well as the specific mandates it is made up of, will be altered to mitigate these risks as well as to capture emerging opportunities.

The Trustee has explored, and will continue to explore, investment opportunities that are both appropriate for the Fund from an investment perspective and aligned with the goals of the Paris Agreement. These include, for example, equity strategies that invest in companies that seek to contribute to and benefit from the transition to a low-carbon economy. The Trustee believes that investing in such opportunities can be neutral or even positive from a traditional risk/return perspective and are therefore aligned with its fiduciary responsibility.

As at 31st December 2022, the Fund's investment portfolio consisted of the below portfolio, shown at both the asset class and fund level:



The **LDI** allocation consists of cash, government bonds, and derivative instruments, as well as the Trustee's buy-in policy

The **Liquid Markets** allocation consists of global equity and multi-asset funds.

The **Liquid Credit** allocation includes UK and US buy and maintain bonds, as well as credit multi-asset funds.

The **Illiquid Markets** includes insurance linked securities, as well as several residual illiquid private equity and property funds.

The Trustee does not consider there to be a material impact of climate-related risks relating to the sponsor covenant on the Fund, given the sector that the sponsor operates in, as well as the well-funded status of the Fund.

The Trustee acknowledges that climate-related risks and opportunities are likely to vary depending on the time horizon over which they are being considered, and therefore considers climate-related risks and opportunities across the following time horizons:

Time Horizon	Years	Rationale
Short Term	0-5 years	In line with the Fund's next triennial actuarial valuation.
Medium Term	5-10 years	This is broadly in line with the time horizon over which the Fund's investment objective is targeted.
Long Term	10-15 years	This is in line with the time period over which the Fund expects to reach a substantially de-risked position, including a possible insurance solution (subject to market conditions).

Scenario Analysis

To aid with the consideration of climate-related risks and opportunities, the Trustee has undertaken scenario analysis, which is intended to show the impact of various climate scenarios on the Fund's assets, liabilities, and sponsor covenant. This analysis has been based on the Bank of England's Prudential Regulation Authority's ("PRA") Life Insurance Stress Tests, as recommended by the Pensions Climate Risk Industry Group ("PCRIG"). Using the PRA's methodology, Redington and Aon have constructed similar tests, which show the impact on the Fund's assets and liabilities under three scenarios. Details on each scenario are below:

Climate Scenario	Description
Fast Transition	<ul style="list-style-type: none"> A sudden transition, ensuing from rapid global actions and policies, that materialises over the medium term and achieves a temperature increase that remains below 2°C (relative to pre-industrial levels) but only following a disorderly transition. Shock parameters illustrative of potential impact 3 years from performance of the test. In this scenario, transition risk is maximised.
Slow Transition	<ul style="list-style-type: none"> A long-term orderly transition that is broadly in line with the Paris Agreement. This involves a maximum temperature increase being kept well below 2°C (relative to pre-industrial levels), with the economy transitioning in the next three decades to achieve carbon neutrality by 2050 and greenhouse-gas neutrality in the decades thereafter. Shock parameters illustrative of potential impact in 2050. In this scenario, both physical and transition risks are realised.
No Transition	<ul style="list-style-type: none"> A scenario with failed future improvements in climate policy, reaching a temperature increase in excess of 4°C (relative to pre-industrial levels) by 2100 assuming no transition and a continuation of current policy trends. Physical climate change is high under this scenario, with climate impacts for those emissions reflecting the higher end of current estimates. Shock parameters illustrative of potential impact in 2100. In this scenario physical risk is maximised and transition risk is not realised due to no transition taking place.

The tables of results below depict the Fund's expected funding level impact of asset- and liability-side stresses under each of the three climate scenarios, expressed as the percentage point difference between the Fund's base-case funding level and the stressed funding level. The combined impact on the funding level is then computed by combining the climate stress from each PRA scenario on both assets and liabilities, with the liability stress due to longevity, based on the actuary's analysis of ultimate mortality impacts.

Asset Scenario Analysis

Asset scenario analysis helps to determine the impact that various hypothetical scenarios would have on the Fund's investments. Using this analysis, the Trustee considers how changes to the investment strategy would positively or negatively impact the Fund's climate risk profile, as well as what the largest contributors to the Fund's climate risk are. This analysis can therefore be used to determine where climate risk should be actively managed, including through implementing the following types of action:

1. Changing the strategic asset allocation
2. Considering climate risk in the mandate and manager selection process
3. Engaging with managers

The results of the asset scenario analysis are as follows:

(Time horizon assumed for funding shock)	Fast Transition (2025)	Slow Transition (2050)	No Transition (2100)
Change in the Fund's funding level <i>As at 31/03/2022</i>	-1.8%	-1.9%	-2.0%

Source: Redington.

The analysis indicates that the Fund's assets are expected to be negatively impacted in all three scenarios, with the greatest anticipated loss occurring under the 'No Transition' scenario. This is due to the adverse effect of realised physical climate risks over the time horizons considered. The Trustee believes the current level of climate risk is acceptable given the Fund's wider risk tolerance as outlined in the Trustee's Pension Risk Management Framework (funding level fall in a "Slow Transition" scenario < 3.5%, which represents 50% of the Fund's maximum 'budget' for Funding Ratio at Risk).

Liability Scenario Analysis

The Trustee has engaged with the Fund Actuary, Aon, to understand how the various climate scenarios described above will impact the Fund's liabilities. The three main risks to the Fund's funding level are inflation, interest rates, and longevity. Both inflation and interest rates are expected to have a minimal impact on the funding level, due to the hedging of these risks implemented through the Fund's LDI portfolio. Longevity risk is only partially hedged, however, and so variations in life expectancy of members may have material effects on the Fund's funding level. The liability scenario analysis herein therefore focuses on the impact on mortality of the climate scenarios to assess how these scenarios would be expected to affect the Fund's funding level.

Each scenario is compared to a base case scenario which represents Aon's typical best estimate of how mortality is projected to improve over time. This embeds the assumption of future longevity changes in line with the most recently available Continuous Mortality Investigation ("CMI") tables with a long-term rate of mortality improvement of 1.5% p.a. The three scenarios considered by Aon are in line with the PRA scenarios used by Redington and are: Disorderly (Fast) Transition, Orderly (Slow) Transition, and No Transition.

The results of the liability scenario analysis are as follows:

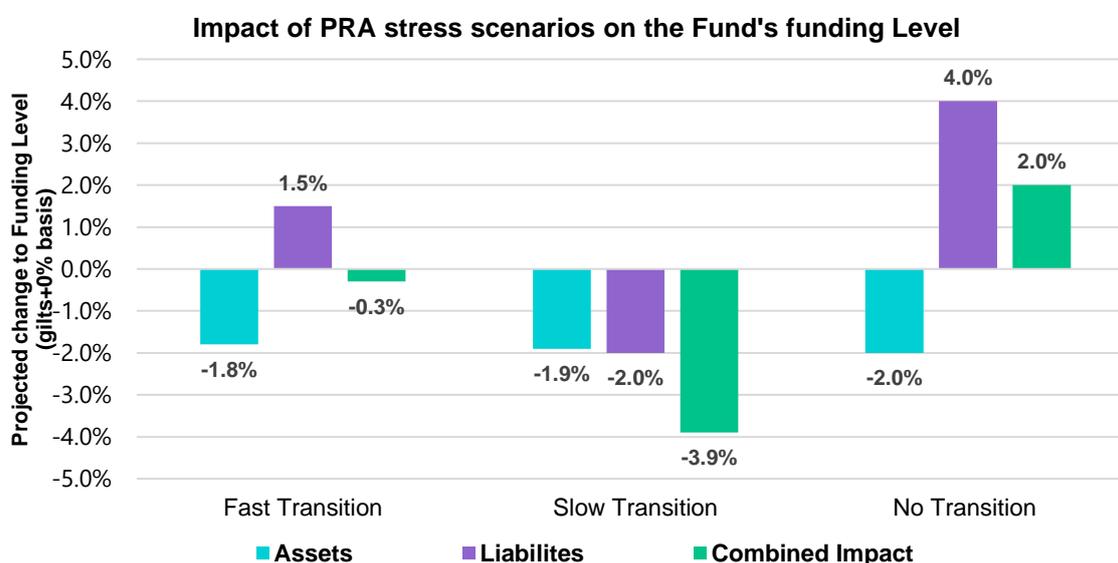
(Time horizon assumed for funding shock)	Fast Transition (2025)	Slow Transition (2050)	No Transition (2100)
Change in the Fund's liabilities (mortality impact only) <i>As at June 2022</i>	-1.5%	+2.0%	-4.0%
Reason for change in liabilities	<i>"Disruption to health and social care services, and damage to related infrastructure, due to extreme weather (potentially coinciding with increased demand) may increase mortality."</i>	<i>"Global growth and market returns remain strong relative to the base case in the long-term, supported by a brighter sustainable outlook and the positive spill-over effects from green policy adoption...longer-term, better air quality and improved health conditions may lead to higher longevity"</i>	<i>"Higher incidence of damaging storms, water shortages, higher pollution levels and reduced agricultural yields (leading to higher food prices)"</i>

Source: Aon.

The analysis indicates that the Fund's liabilities are expected to fall under the 'Fast Transition' and 'No Transition' scenarios, due to an assumed fall in life expectancy which reduces the value of the Fund's liabilities. In the 'Slow Transition' scenario, it is assumed that there will be an improvement in life expectancy, which would increase the value of the Fund's liabilities in turn.

The degree of expected funding level impact due to mortality, particularly in the context of climate, is highly sensitive to the assumptions built into each of the scenarios. While the Trustee has determined that its current strategy remains appropriate and robust against the relevant climate scenarios, the Trustee will continue to monitor mortality-related risks relative to the Fund's asset allocation.

The combined impact of asset and liability scenario analysis



Under the PRA “Fast Transition” scenario, Aon forecasts a decrease in life expectancy and subsequent mortality expectations through a combination of heightened physical and transition risk relative to a base case. This reduces the Fund’s liabilities and offsets the negative impact from a fall in asset prices. The overall funding level impact is c-0.3%. Given the estimated upside in the liabilities arises from reduced mortality amongst Fund members, the Trustee is clear that it would be neither prudent nor appropriate to allow for this impact from a risk management perspective. Under the PRA “Slow Transition” scenario, Aon forecast that life expectancy is higher than the base case due to improved health conditions and positive spill over effects from green-policy adoption, including improved air quality. This increases the Fund’s liabilities relative to the base case scenario, which compounds the negative funding level impact from the asset-side stress. This scenario sees the highest fall in total funding level of c. 3.9%.

Under the PRA “No Transition” scenario, Aon forecast a decrease in life expectancy and subsequent mortality expectations through heightened physical risk relative to the base case. This decreases the Fund’s liabilities relative to base case which more than offsets the negative funding level impact from the asset-side stress. The overall funding level impact is c.+2.0%. As above, given the estimated upside in the liabilities arises from heightened mortality amongst Fund members, the Trustee is clear that this scenario cannot be assumed to accrue to the Fund’s benefit.

Covenant Scenario Analysis

As the Fund progresses towards its long-term investment objective, the Fund’s dependency on the Sponsor is expected to decrease. However, a degree of Sponsor dependency nonetheless remains. The Trustee has therefore engaged with the Covenant Adviser, Cardano, to understand how various climate scenarios would impact the strength of the covenant. The adviser has completed a qualitative assessment of the climate-related risks faced by the Sponsor, including the implications of these risks for the Fund, informed in part by the Sponsor’s own Sustainability Report.²

Over the short (0-1 years), medium (1-3 years), and long (3-20 years) term, the covenant adviser determined that climate risk to the Sponsor’s business is low.³ The sole exception to this is the Sponsor’s exposure to physical risk over the long term, which is considered to be of medium severity in a high-warming scenario.⁴ The Trustee will look to incorporate these risks into its covenant monitoring processes going forward, and will use the risks identified to inform their thinking around investment risk.

The full covenant scenario analysis report is available in appendix F of this document.

RISK MANAGEMENT

Climate Risk monitoring

Climate-related risks and opportunities are considered in terms of the physical risks to assets that are expected to result from climate change, and in terms of the transition risks associated with the global shift to a low-carbon economy.

The Trustee has also integrated climate change into the Fund’s wider risk management and receives additional climate-related reporting from its investment consultant on a quarterly basis (portfolio level reporting) and annually (detailed fund-by-fund reporting). This reporting contains relevant climate metrics as set out under the DWP’s adoption of the recommendations of the TCFD, and includes total absolute carbon emissions, carbon footprint, the Trustee’s selected

² Cardano has based their assessment on the 2020 Refinitiv Sustainability Report, being the most recent report including a materiality assessment of the potential financial impact of identified risks on the Sponsor.

³ Low risk defined by Cardano as “Low financial materiality; financial risks managed as part of existing processes.”

⁴ Medium risk defined by Cardano as “Moderate financial materiality; may require additional mitigation responses.”

non-emissions-based metric; specifically, climate risk using the “Slow Transition” test based on the PRA stress tests, and the Trustee’s portfolio alignment metric, SBTi Alignment. The Trustee will review the appropriateness of selected scenarios, metrics and targets on an ongoing basis as industry-consensus on relevant methodologies evolves.

Given the Fund’s relatively short time horizon to its investment objective, the Trustee is currently prioritising management of climate transition risks over physical risks, as it is judged that these pose the biggest potential for financial loss to the Fund in the short/medium term. However, it is recognised the Fund’s time horizon could change, and/or the physical effects of climate change could be felt sooner than expected. Thus, the Trustee keeps both transition and physical climate-related risks under regular review. Currently, this is achieved through the PRA climate stress tests: “Fast Transition” (transition-related risks maximised), “Slow Transition” (combination of transition and physical risk), and “No Transition” (physical risks maximised). The Trustee will consider replacing these stress tests in future as data quality and industry best practice improves.

The Trustee requires the appointed investment managers to be cognisant of climate-related risks and opportunities within their investment processes as applied to the assets of the Fund. The Fund’s investment managers’ climate-related policies and actions are reviewed on an ongoing basis by the investment consultant. The Trustee has engaged with its managers to account for climate risk to the Fund. The Trustee is currently developing its stewardship policy, and therefore expects to increase targeted climate-related engagement with managers in future reporting periods. In addition, the Trustee has worked with the Fund’s Buy and Maintain manager to set limits on the carbon intensity of the mandate.

The Fund’s investment consultant is expected to advise on, and provide objective assessment of, differing approaches to responsible investment to help the Trustee decide on a suitable strategy and adopt appropriate responsible investment, including climate-related, objectives for the Fund. The responsibilities of the investment consultant are set out in more detail in the Governance section of this report. In its annual reviews of the investment consultant, the Trustee explicitly assesses integration of ESG (including climate) risks in the investment advice it receives.

The Trustee also aims to take advantage of climate-related opportunities where this is expected to improve the risk/return profile of the Fund. This also entails considering which asset classes are expected to perform well under different climate-related scenarios. The Trustee expects the appointed manager of each individual holding to engage with portfolio companies to manage climate-related risks and take advantage of climate-related opportunities.

Engagement and voting to manage climate-related risk

The Trustee believes that stewardship, including engagement and voting, are core components of sound risk management. Engagement is aimed at ensuring companies manage the physical and transitional risks that climate change poses. Direct engagement with underlying companies in which the Trustee owns shares and/or debt is carried out by the Fund’s investment managers. The Trustee’s ability to influence investment managers’ stewardship activities will depend on the nature of the investments held. With “pooled” mandates, where the Trustee holds units in a fund rather than having any direct ownership rights, the Trustee has more limited scope to directly influence managers’ stewardship activities. For “segregated” mandates, where the Fund is the sole investor, the Trustee has more scope to influence manager stewardship if appropriate to the specific asset class in question. As at 31/12/22, the majority of the Fund’s assets under management were in segregated mandates.

The Trustee’s policy is to delegate responsibility for engagement to its investment managers, which includes the exercising of rights (including voting rights) attached to investments by the investment managers. Each investment manager is expected to exercise voting rights in accordance with their guidelines. The Trustee will – either directly or via its investment consultant – engage with managers who do not meet expectations with regards to carbon emissions and corporate governance by making managers aware of where they are considered to be falling short of the Trustee’s expectations and communicating what action is required to align manager

practice to the Fund's climate policy. If engagement with managers is unsuccessful, the Trustee will implement escalation measures and plan to ultimately disinvest from investment managers that are not adequately managing climate-related risks.

When selecting a new investment manager, ESG integration (including climate change), stewardship, and engagement are factored into the Trustee's decision-making process in a manner and degree appropriate to the specific asset class in question. There were no new manager appointments during the period covered by this report; however, for future manager appointments, the Trustee will rely on the investment consultant's manager recommendations, which are themselves procured through a process which rigorously assesses manager ESG (including climate) & stewardship integration. The investment consultant also takes the Trustee's specific objectives and beliefs into account when making manager recommendations.

METRICS AND TARGETS

Metrics

As noted in the governance section, the Trustee utilises climate metrics to quantitatively assess how the Fund is exposed to climate-related risks and opportunities. These metrics are integrated within the Fund's overall strategic decision making and risk management frameworks.

On an annual basis, the Trustee monitors and reports the following metrics:

Metric Type	Metric	Explanation
Metric 1 – Absolute Emissions	Total Emissions – (tCO ₂ e)	Measures the total absolute financed emissions associated with a portfolio. The emissions attributable to the Fund are based on its equity and/or fixed income ownership share across the total capital structure of an underlying issuer, enterprise value including cash (EVIC).
Metric 2 – Emissions Intensity	Carbon Footprint – (tCO ₂ e / £m invested)	Measures the total financed emissions of the Fund's investments, normalised by the total value of the portfolio. This metric measures the emissions intensity of a million GBP invested.
Metric 3 – Non-Emissions-Based Metric	PRA Slow Transition Scenario Stress	Measures how the current portfolio is exposed to climate risk over a longer period by determining the expected impact on the Fund of a slow transition climate scenario. This is compared against the Fund's other risks (as monitored by Funding Ratio-at-Risk). This metric has been selected by the Trustee because it is decision-useful and may be used to assess climate-risk as part of the Fund's wider risk management processes.
Metric 4 – Portfolio Alignment Metric	Science-Based Targets Initiative ("SBTi") Score – % Issuers classified as SBTi ⁵ approved	Identifies companies which have an SBTi approved pathway to reduce their GHG emissions consistent with a 1.5°C, well-below 2°C, or 2°C global warming scenario.

The Trustee receives these metrics on at least an annual basis from its investment consultant. A full breakdown of the metric output can be found in the appendix of this report. As industry best practice

⁵ More details are available at [How it works - Science Based Targets](https://sciencebasedtargets.org/how-it-works)<https://sciencebasedtargets.org/how-it-works>

evolves, the Trustee will review the suitability of the selected metrics to ensure that they remain appropriate, and will consider replacing its metrics with ones that are more appropriate, for example if there are changes in methodologies or in the regulatory requirements, following changes in data quality/availability, or the emergence of more robust metrics/methodologies.

The Trustee will use the results of its selected metrics to identify the climate-related risks and opportunities that are relevant to the Fund. These might include, for example, engaging with fund managers who have material carbon intensity levels or with other industry participants, exploring low-carbon alternative investment options, and updating investment guidelines for managers where the Trustee has discretion to make such changes).

The Fund's own operational emissions, which are scope 1 and scope 2 emissions directly relating to its business operations, are expected to be immaterial. The analysis for the emissions-based metrics therefore encompasses the Fund's most material scope 3 emissions: financed emissions. In line with the statutory guidance, the figures below disclose the Fund's financed scope 1 and scope 2 emissions. Scope 3 emissions are under consideration by the Trustee and in line with the regulatory guidance, will be disclosed in next year's TCFD report.

The emissions are defined as:

- **Scope 1** – emissions directly created by a company's operating activities.
- **Scope 2** – emissions indirectly caused by a company's purchase of electricity.
- **Scope 3** – emissions that are not the result of activities from assets directly controlled by a company. These are emissions that a company is indirectly responsible for, up and down its value chain.

The table below outlines the Fund's performance against its selected climate-related metrics:

	Proportion of Fund assets	Absolute Carbon Emissions (tCO ₂ e) (Scopes 1+2)	Carbon Footprint (tCO ₂ e / £m invested) (Scopes 1+2)	PRA Slow Climate Stress Impact on Funding Level	Science Based Targets Initiative Rating
Total Fund excluding LDI	30%	25,575	50.8	-1.1% ⁶	17.2%
LDI only	70%	167,000	160		N/A ⁷

Note: Analysis as at 31 December 2022. Total Fund excluding LDI analysis is provided by the Fund's Investment Consultant, Redington Ltd ("Redington"). LDI only analysis is provided by the Fund's LDI manager, BlackRock ("BlackRock").

Please note that absolute and relative intensity emissions metrics for non-LDI and LDI assets have been disclosed separately due to their different calculation methodologies. The Fund's buy-in arrangement with Canada Life has been excluded from metrics due to lack of data. The Trustee will engage with Canada Life to seek to obtain data to include in future reports.

The emissions-based metrics have been calculated using line-by-line portfolio holding information from the Fund's investment managers and climate data from the Fund's ESG data provider MSCI. Where it was not possible to reflect a fund using line-by-line emissions data analysis from the MSCI data feed, the metrics have been modelled at an asset class level by Redington and reviewed by the Trustee. This approach was applied wherever line-by-line data coverage for a

⁶ Please note that this figure differs from that disclosed in the Strategy section due to the analyses being based on the Fund's portfolio on different dates.

⁷ Information has not been provided by Blackrock.

particular fund was below 50%. MSCI climate metrics coverage was 100% for the Fund’s Impax Global Equity mandate, 76.9% of the LGIM Buy and Maintain mandate, and 73.3% of the TwentyFour Dynamic Bond Fund. Asset class proxying has been used for the remaining assets, which consists of the AQR and Bridgewater Diversified Risk Premia mandates, the CQS Credit Multi Asset Fund, and the Nephila ILS Fund due to the unavailability of line-by-line data. Further information can be found in Appendix G. The Trustee expects data availability to improve following wider adoption of climate metrics and greater industry consensus on appropriate methodologies. As this develops, the Trustee will review its approach to calculating climate metrics to ensure that the Fund is aligned with industry best-practice.

Going forward, the Trustee will use the results to identify the climate-related risks and opportunities that are relevant to the Fund. These might include, for example, engaging with fund managers who have material carbon intensity levels or with other industry participants, exploring low-carbon alternative investment options, and updating investment guidelines for managers where the Trustee has discretion to make such changes.

Further detail of each metric and the Fund’s progress to date is provided in the following sections:

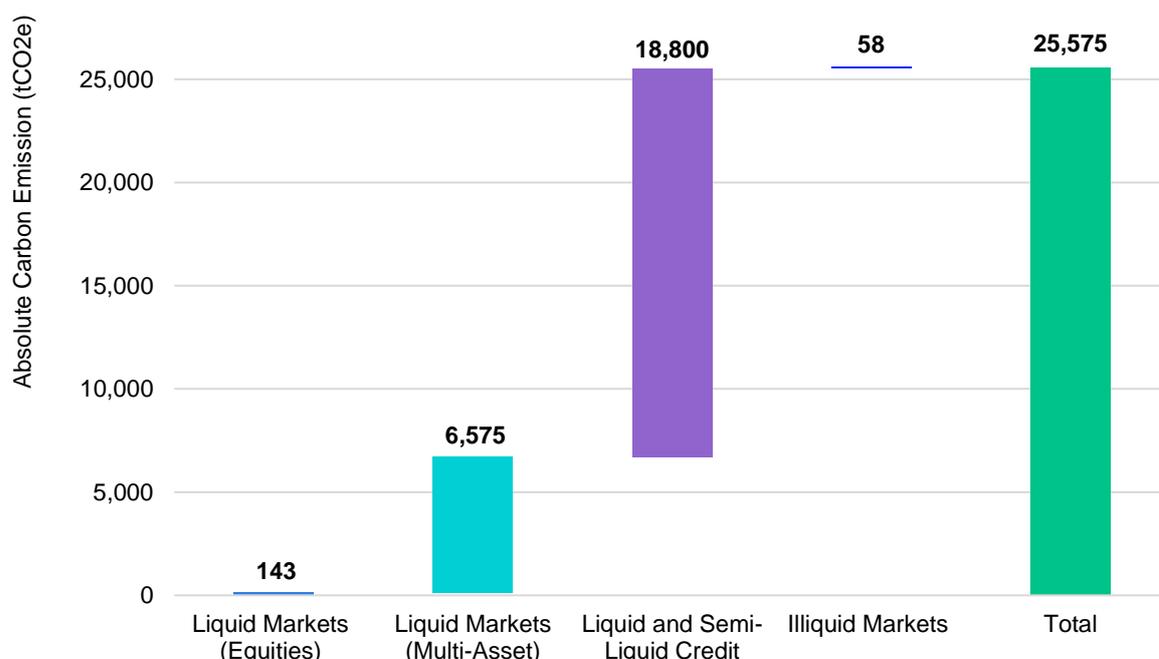
(i) Total emissions

This metric shows the share of greenhouse gas emissions stemming from the Fund’s assets. Given the abundance and prominence of carbon dioxide as a greenhouse gas, all the other gases are considered carbon equivalent.

Total 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 –EVIC is a measure of a company’s total value. “Total emissions” is therefore sensitive to the Fund’s investment holding size (£m).

The chart below shows the breakdown of the Fund’s non-LDI total emissions, showing the contributions to overall emissions from the different parts of the portfolio:

Absolute carbon emissions (scope 1 & 2) by asset class (as at 31/12/22)



Please note that this chart excludes emissions from LDI assets. Please refer to the detailed descriptions of what each asset class includes in the Strategy section of this report.

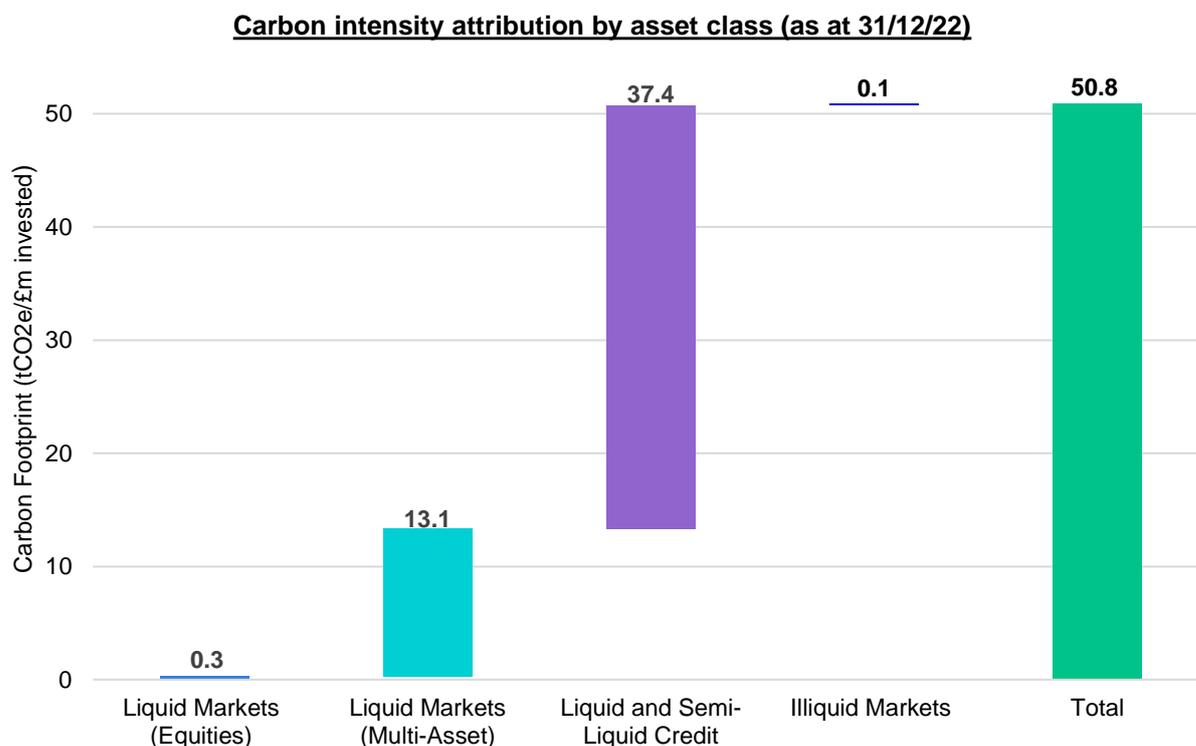
(ii) Emissions intensity

The Trustee's selected emissions intensity metrics is carbon footprint, which measures the carbon efficiency of a portfolio in terms of emissions per million pounds invested. Carbon footprint can therefore be used to compare carbon efficiency across portfolios of different sizes, where absolute emissions metrics cannot.

At a portfolio level, emissions intensity measures are calculated as the average of the emissions intensity of the underlying holdings, weighted by the value of each holding. A portfolio with a high emissions intensity will have a steeper route towards decarbonisation than a less carbon-intensive portfolio would. Measuring emissions intensity across the Fund is therefore useful to gauge how difficult (or easy) it will be to progressively decarbonise the Fund's portfolio.

Differences in portfolio emissions intensities are largely 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.

The chart below shows the breakdown of the Fund's non-LDI carbon intensity, showing the contributions to overall carbon intensity from the different parts of the portfolio:



Please note that this chart excludes emissions from LDI assets.

Please refer to the detailed descriptions of what each asset class includes in the Strategy section of this report.

The Fund derives relatively little of its emissions from its liquid market equity and multi-asset funds. For instance, the Trustee opted to invest in a climate-aware global equity fund, and has a relatively low allocation to its higher-emitting multi-asset fund. The majority of absolute emissions are attributable to credit assets, which tend to be more carbon intensive and represent a higher proportion of the Fund's investment portfolio.

(iii) Non-emissions-based metric

The Trustee has selected the PRA Slow Transition Test as its non-emissions-based metric because it is a decision-useful metric which shows climate risk at a strategic level, in the context of the Fund's wider risk management framework. This metric has been disclosed in the Strategy section of this report, and additional detail on the scenario analysis can be found in Appendix C.

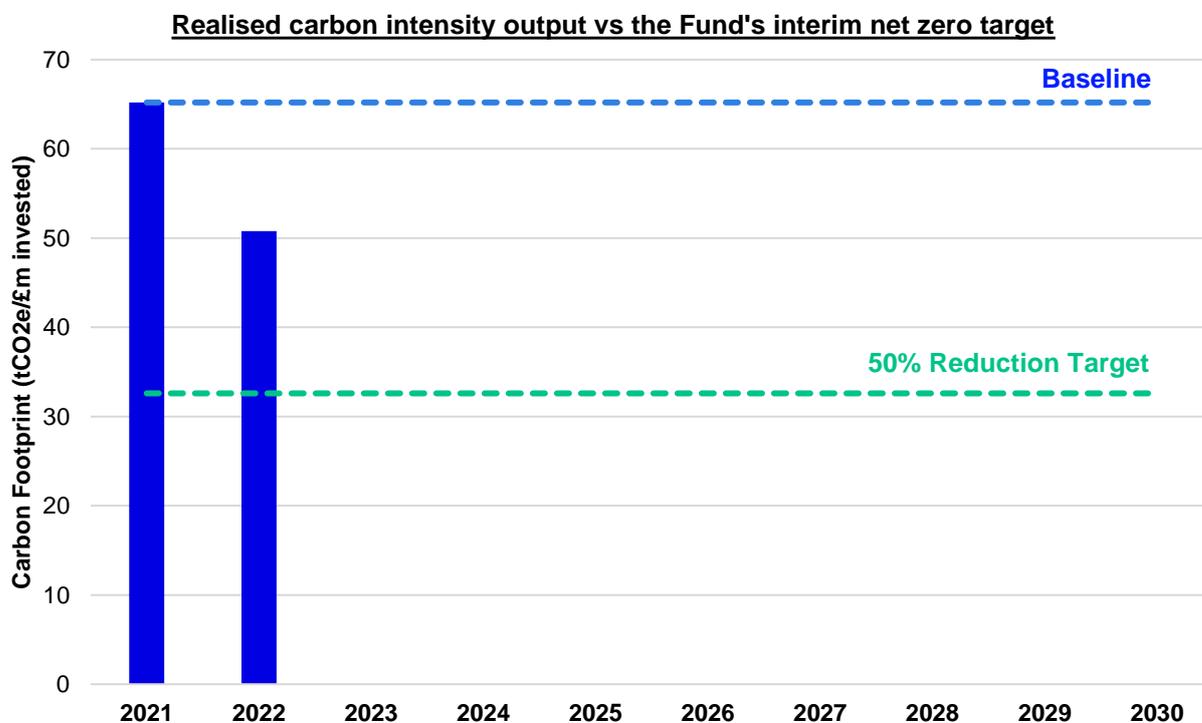
(iv) Portfolio alignment metric

The Trustee has selected the Science Based Targets initiative ("SBTi") as the Fund's portfolio alignment metric, which captures a company's progress against a self-developed 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, with each company being scored with a binary yes or no assessment on the following target categorisations: "SBTi Approved 1.5°C", "SBTi Approved Well Below 2°C", or "SBTi Approved 2°C". Each of the categorisations all denote the implied global temperature increases that coincide with the decarbonisation target. The SBTi Score disclosed in the table above shows the proportion of assets invested in entities that are classified as being Paris-aligned.

Targets

The Trustee has also set an explicit emissions-related target that is aligned with the Trustee's climate-related beliefs and is complementary to the Fund's wider objectives. Specifically, this target is to align the Fund's investment strategy to the goals of the Paris Agreement, i.e., to aim to reduce the carbon intensity of greenhouse gas emissions of the Fund's assets to net zero by 2050. Given this is a long-term target, the Trustee has also set an appropriate interim target of a 50% reduction of carbon footprint by 2030 compared to levels as at 31/12/21. This target applies to Scope 1 and 2 emissions of the Fund's non-LDI assets, and excludes the Fund's buy-in arrangement. This is an appropriate objective given the Fund's investment time horizon.

The chart below shows the progress that the Fund has made against this target over 2022:



Information regarding the methodology used to measure performance against the Fund's net zero target is provided in Appendix H.

The carbon footprint of the Fund's investments has fallen by 22% from the baseline to 31 December 2022 towards the target reduction of 50% by 2030.

The Trustee has, with input from its external advisers, assessed the feasibility of such a target by considering the anticipated changes in the Fund's asset allocation over time, and has considered ways to further reduce the Fund's carbon footprint to meet this goal. For instance, the Trustee has worked with its buy and maintain credit manager to apply limits on the carbon intensity of the portfolio and invested assets into an impact global equity fund. Climate credentials will also be strongly considered in any ongoing and future manager appointment exercises.

This target is embedded within the governance, strategy, and risk management processes through its inclusion in the ESG reporting that is provided annually to the Trustee. On an annual basis, the Trustee measures performance against this target and furthermore determines whether this target remains the most appropriate for managing the Fund's exposure to climate-related risk.

APPENDIX A: Individual Responsibilities and Trustee Oversight

	Roles and Responsibilities
Trustee Board	<ul style="list-style-type: none"> The Trustee has ultimate responsibility for overseeing the Fund's climate-related risks and opportunities and actions taken to manage them. This includes determining both the strategic climate-related objectives and the detailed climate-related targets, as well as overseeing progress made against them.
Investment Sub-Committee ("ISC")	<ul style="list-style-type: none"> As a sub-committee of the Trustee Board, the ISC is responsible for ensuring the Fund's Climate Policy and strategic climate objectives are implemented into the investment strategy. To achieve this, the ISC regularly reviews the climate-related metrics and targets as agreed by the Trustee. In cases where the ISC believes there are grounds to carry out investment strategy or investment manager changes based on climate change, the ISC may recommend that the Trustee approves investment strategy changes where these are consistent with the Fund's wider strategic objectives. The ISC reports to the Trustee Board on a quarterly basis, with the investment consultant providing a summary report on the matters discussed and decided.
The Trustee's advisers	<ul style="list-style-type: none"> The Fund's investment consultant advises the Trustee on, and provide objective assessments of, differing approaches to identifying, assessing, and managing climate-related risks and opportunities to help the Trustee meet its climate-related objectives for the Fund. This includes informing the Trustee of climate-related risks and opportunities as relevant for the Fund. The advisers also support in providing manager and portfolio-specific climate risk analysis and engagement. This includes the completion of climate change scenario analysis on the investment strategy, as well as the provision of climate-related metrics selected by the Trustee. These metrics feed into a Fund-level dashboard and manager scorecards that the Trustee use to monitor performance against the Fund's climate objectives on an annual basis.

	Trustee Oversight
Oversight of advisers	<ul style="list-style-type: none"> Climate-related objectives are included in the investment consultant's annual objectives to ensure they are taking adequate steps to identify and assess climate-related risks and opportunities. The Trustee annually assesses the delivery of this advice using the Competition Market Authority's Investment Consultant Objective framework (CMA Objectives). Following its annual assessment, the ISC produce a report for the Trustee that provides its view on whether the advisers have met the requirements set out in their annual objectives. If the ISC deems the objectives have not been adequately met, it will provide suggested escalation steps for the Trustee to consider.

Trustee Oversight	
Oversight of investment managers	<ul style="list-style-type: none"> The Trustee expects investment managers to be aware of climate change risks and opportunities within their investment processes. The Trustee expects the investment managers to be aware of the Fund's climate-related objectives when making decisions in relation to the funds in which the Fund is invested.

APPENDIX B: Climate policy – Reuters Pension Fund (as at 31/12/2022)

We, as the Trustee of the Reuters Pension Fund (“the Fund”), recognise climate change as a systematic, long-term material financial risk to the value of the Fund’s investments. Therefore, the Trustee has a fiduciary duty to consider climate change risk when making investment decisions, and every strategic investment decision should include an assessment of the impact of climate change risks and opportunities.

Within the context of its fiduciary responsibility, the Trustee is supportive of the Paris Agreement to avoid dangerous climate change by limiting global warming to well below 2°C above pre-industrial levels and pursuing efforts to limit it to 1.5°C.

The Trustee recognises that there are some limitations to the extent that the portfolio can be further aligned with a sub-2°C world. These are as follows:

- The Fund is targeting a proxy buy-out objective by 2030. This reduces the ability to invest in long-dated illiquid assets with a favourable climate profile (e.g., renewable infrastructure).
- The Fund’s current strong funding position has facilitated significant de-risking activity, and therefore the Fund only has a small remaining equity allocation (sustainability focused).
- The Trustee delegates all voting and stewardship activity to asset managers.

In this context, The Trustee have adopted the following policy.

- We will appropriately factor in climate change risks and opportunities when making strategic asset allocation and manager selection decisions;
- We support our asset managers investing in companies that can demonstrate they have identified how both physical and transition climate change risks will affect them, and can deliver against clear objectives while remaining well-placed in an economy that is expected to transition in line with the objectives of the Paris Agreement;
- We expect our appointed asset managers to recognise climate change risks and opportunities within their investment processes as applied to the assets of the Fund. We monitor environmental, social and governance (“ESG”) and carbon reporting of individual manager mandates on an annual basis, and expect our asset managers to be able to provide a robust investment rationale where high carbon emission companies are held as part of their strategy. We will engage with managers who do not adequately meet these expectations;
- If engagement with managers does not work, we will implement escalation measures and plan to ultimately disinvest from asset managers that are not adequately managing climate related risks;
- In line with our preference for engagement rather than exclusion, where relevant, we expect our asset managers to actively engage with companies to better manage climate change associated risks. We also expect managers to independently consider whether exclusion or engagement is more appropriate within their investment process, based on their own risk assessment;
- We support the Task Force on Climate-related Financial Disclosures (TCFD) and intend to incorporate its recommendations into the Fund’s reporting, subject to availability of data;
- We have articulated an explicit net zero climate objective to “reduce baseline carbon emissions by 50% by 2030 compared to 2021 levels” as well as a climate risk budget

which forms part of our Pension Risk Management Framework. These climate-related targets help the Fund align with TCFD;

- We support the further development of effective climate change risk metrics to enhance the ability to assess and minimise climate risks. We are willing to consider whether new practices will improve this for the Fund;
- We recognise that climate change will be subject to much further analysis and subsequent policy changes in the coming years. We are supportive of adopting an evolving policy to ensure relevant developments are captured and will review this policy regularly in light of market developments.

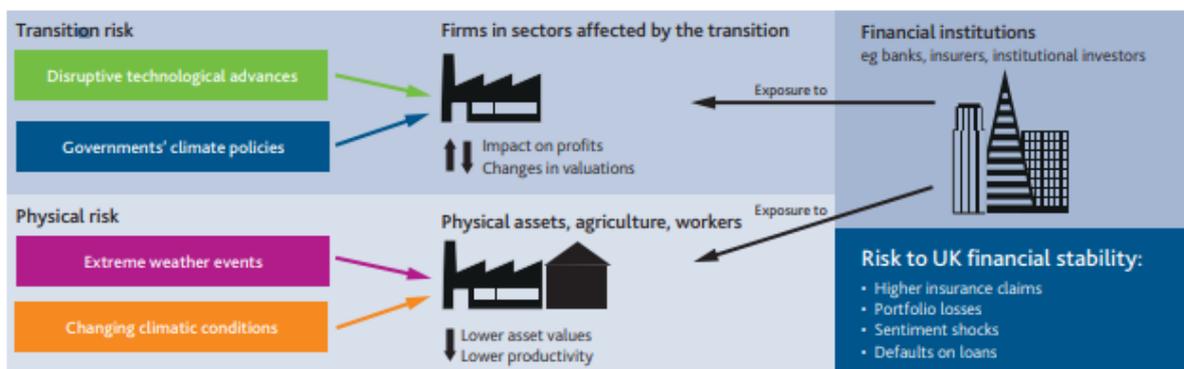
APPENDIX C: Scenario Analysis

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

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

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

Primary channels for climate related financial risks



Interpreting the results

As a background to interpreting the three hypothetical scenarios, we refer to the 2015 Paris Agreement. The first two scenarios assume that the Paris Agreement targets are broadly achieved, although through different means. In the third scenario, it is assumed that the targets are not met, resulting in a significant change to the global climate.

To understand how each scenario could impact financial risks we consider two primary channels: physical and transition.

Physical risks for this exercise are defined as risks that arise from weather-related events such as storms, floods, droughts, and sea-level rises. They comprise impacts directly resulting from such events, such as damage to property, and also those that may arise indirectly through subsequent events, such as the disruption of global supply chains.

Transition risks are those that arise from the adjustment towards a carbon-neutral economy – the severity of the impact will depend on whether the transition is orderly or disorderly. Changes in

climate policy, technology or market sentiment could prompt a reassessment of the value of a large range of assets as changing costs and opportunities become apparent.

Assumptions

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

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

Under each scenario, equity and fixed income assets are assumed to suffer a loss in value proportionate to their current value, with the shock parameters discounted to their value today i.e., the scenarios are all instantaneous shifts to the asset price today. The shock to fixed income assets are assumed to be less severe, with a multiplier of 0.15 applied to each shock (so that the impact equals 0.15 times the impact on equities). The magnitude of each of the physical and transition shocks varies across industries under each scenario, meaning some assets may fare better or worse under one scenario as compared to another.

APPENDIX D: Carbon Footprint Analysis

Where possible and where there is reasonable data coverage, the Trustee monitors 'line-by-line' emissions reporting for funds. These tend to be more generic, long-only asset classes such as listed equity and corporate credit. However, for funds with less than 50% coverage and illiquid assets, the Trustee monitors 'asset class level' carbon estimates in the absence of reliable, reported line-by-line emissions data from MSCI. The Trustee notes using asset class modelling of emissions for assets where this data is not available enables a more holistic view of the Fund's total portfolio emissions, albeit recognising that the modelled data is not perfect.

The asset class modelling of emissions has been provided by Redington and is based on asset class 'building blocks'. These are either calculated directly using a given index's underlying holdings emissions (such as using MSCI ACWI as a proxy for a broad equity fund) or in some cases these indices are used and extrapolated to other asset classes based on given assumptions (such as using the emissions of infrastructure firms within an index to proxy an infrastructure fund).

Emissions metrics will be calculated in line with the GHG Protocol Methodology, the global standard for companies and organisations to measure and manage their GHG emissions. The GHG Protocol provides accounting and reporting standards, sector guidance and calculation tools. It has created a comprehensive, global, standardised framework for measuring and managing emissions from private and public sector operations, value chains, products, cities, and policies to enable greenhouse gas reductions across the board.

APPENDIX E: Aon output of Impact of Mortality on Climate Change (June 2022)

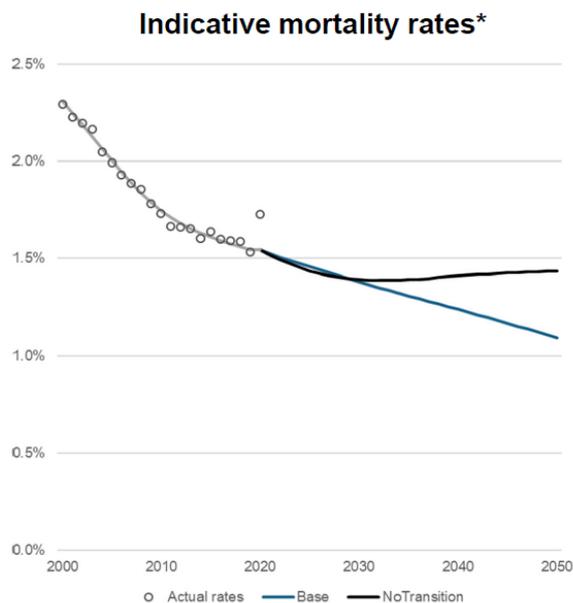
No transition

S01. No Transition

Limited consideration is given to environmental challenges. Governments and businesses rely on the (false) hope that market forces will provide engineering solutions to mitigate and adapt to climate change naturally, without worldwide government intervention. In the short-term more money may be spent on health services, perhaps reducing mortality slightly.

There is growing awareness of a changing environment and the damaging effects a lack of action is having, over the intermediate term. There is a higher incidence of damaging storms, water shortages, higher pollution levels and reduced agricultural yields (leading to higher food prices). Markets become more volatile and climate change begins to have a growing drag on economic growth and asset returns. In such an environment, there may be no long-term future improvements in mortality (consistent with what we saw between 2014 and 2018).

In terms of the direct climate impacts, fewer deaths from warmer winters may more than offset any impact of heatwaves but the impact is likely to be marginal.



*Pension scheme (SAPS S3PMA) mortality
Standardised using European Standard Population 2013
Males aged 50-90

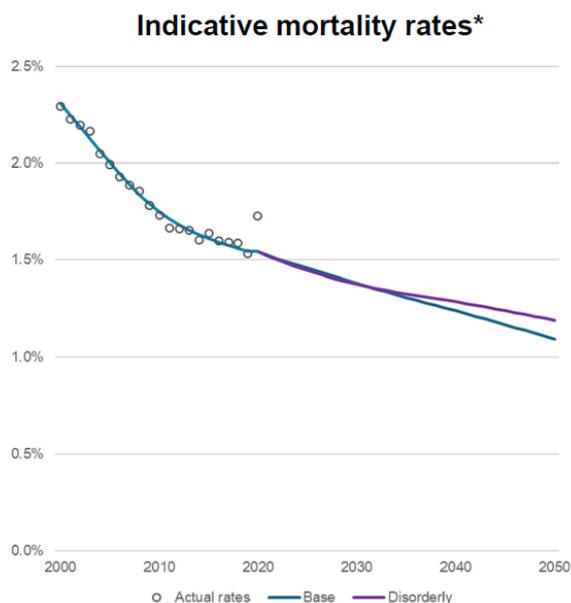
Fast (disorderly) transition

S02. Disorderly Transition

Disruption to health and social care services, and damage to related infrastructure, due to extreme weather (potentially coinciding with increased demand) may increase mortality.

Significant falls in GDP start from around year 10.

Prolonged recession leads to issues with the provision of healthcare and ultimately to falls in life expectancy, with overall improvements at 1% p.a. over the long term.



*Pension scheme (SAPS S3PMA) mortality
Standardised using European Standard Population 2013
Males aged 50-90

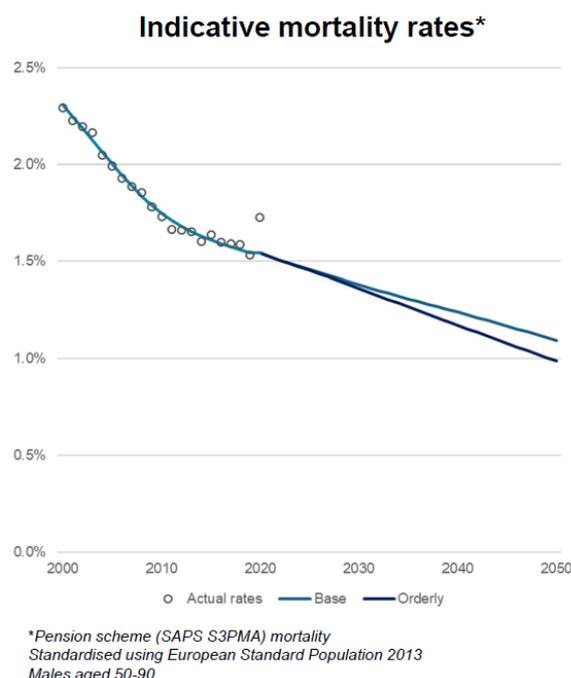
Slow (orderly) transition

S04. Orderly Transition

Over the first three years, the global economy experiences a period of turmoil and lower growth as the economy arduously divests away from fossil fuels. Global growth and market returns remain strong relative to the base case in the long-term, supported by a brighter sustainable outlook and the positive spill-over effects from green policy adoption.

Disruption to health and social care services, and damage to related infrastructure, due to extreme weather (potentially coinciding with increased demand) may increase mortality. However, the disruption is likely to be short-lived.

In longer-term, better air quality and improved health conditions may lead to higher longevity: overall around a 0.5 year improvement in life expectancy for the average 60-year-old.



Liability impact of each scenario:

Redington scenario	Aon scenario	Aon assumed long-term improvement in mortality	Ultimate liability impact (age 60) from mortality
N/A	Base case	1.5% p.a.	-
Slow Transition	Orderly	2.0% p.a.	+2%
Fast Transition	Disorderly	1.0% p.a.	-1.5%
No Transition	No Transition	0.0% p.a.	-4%

Modelling Assumptions:

- Data used: deaths and populations for years 1960-2020 as published by ONS and used by CMI in the industry standard CMI mortality projections model CMI_2020. 2021 data added to historic data points (but CMI model not updated to CMI_2021 at this stage.)
- For charts, mortality standardised using the European Standard Population 2013 for ages 50-90 as set out in this paper: Revision of the European Standard Population - Report of Eurostat's task force -2013 edition -Products Manuals and Guidelines -Eurostat (europa.eu)
- Model: industry-standard mortality projections model CMI_2020 with varying parameters to reflect short-and long-term impacts of different scenarios on mortality. The key parameters used were the Initial Addition (A) parameter which increases or decreases improvements in the near-term, and the long-term rate parameter (LTR) which increases or decreases improvements in the long term. Adjustments were applied to assumed base mortality to ensure that the rate used in 2020 was the same across all scenarios.
- In the charts in the presentation, male mortality rates are used, assuming standard (SAPS S3PMA) mortality rates. Circles for “actual rates” are based on a run of the CMI model without using the standard smoothing parameters.

- Charts illustrate mortality rates up to 2050, but rates were provided up to 2150 to enable liabilities to be calculated. Descriptions of each scenario and its possible impact on future mortality (short-term and long-term) are provided in the scenario slides.
- Liability impacts of each scenario were calculated based on the ratio of male life expectancy at age 60 and rounded to the nearest 0.5%. It is noted that the impact could be different depending on discount rate. A difference might also be expected for joint life annuities although it's not likely that they will be significantly different given that figures are rounded to 0.5%.

Limitations: these scenarios provide an indication as to what might be expected in particular scenarios, to provide an impact of mortality on liabilities to place alongside the impact from financial variables on the liabilities and the impact on assets from investment returns of the given scenario. The scenarios are not intended to provide the highest or lowest possible outcomes, and are not intended to show what will happen, rather they give a reasonable range of impacts against which to consider the possible impact of climate change on a particular pension fund. The scenarios are deliberately not given likelihoods, we have not sought in any way to estimate how likely each scenario is.

- Scenarios are essentially expressed relative to a pension fund's current position (i.e., the central scenario). If a pension fund is already specifically reflecting a particular belief on the current path (for example, if it is believed that we are heading to a "No transition" scenario) then variations should be expressed relative to that scenario rather than the central one, otherwise the liability impact of that scenario would be incorrect for that fund. At this stage we don't believe pension funds are reflecting views on climate change in this way, but this may be (explicitly or implicitly) the case in future.

APPENDIX F: Covenant Scenario Analysis – Full Report (Cardano)

The Trustee has engaged with the Covenant Adviser, Cardano, to understand how various climate scenarios would impact the strength of the Fund's sponsor, Refinitiv Limited part of the London Stock Exchange Group.

In forming a view on the impact of different scenarios on the employer covenant, considering the funding position of the Fund and the Trustee's view that the employer covenant is not materially exposed to climate risks, the Trustee has relied on company disclosure in the "Refinitiv Sustainability Report 2020" (the "Sustainability Report").

The Trustee is of the view that using Refinitiv disclosures as a proxy to determine the potential impact of climate change on the employer covenant is a reasonable approach for the following reasons:

1. The Fund has access to the majority of Refinitiv through parent company guarantees from LSEGA Inc and Refinitiv UK Parent Limited;
2. No standalone climate disclosures have been prepared for the sole participating employer, Refinitiv Limited; and
3. Refinitiv Limited is intrinsically linked to Refinitiv and is not a separable standalone business due to shared intellectual property arrangements and support function services.

The Sustainability Report considers the possible financial impact (on a scale of low, medium, or high) of climate risks over different time frames:

- a. Short-term (0-1 year)
- b. Medium-term (1-3 years)
- c. Long-term (3-20 years)

Physical risks – risks associated with a changing climate

Over the near and medium term, all physical risks considered were assessed to be low risk⁸.

Over the long-term, the risks of changing precipitation patterns and the increased severity of extreme weather events were assessed to be medium risk⁹. In practical terms, the financial impacts included increased costs to secure water supplies and increased costs due to physical damage of operating sites.

Transition risks – risks associated with global energy transition

The Sustainability Report considers a range of transition risks over two low-warming scenarios, an orderly transition, and a disorderly transition. The risks considered covered Policy, Technology, Market and Reputation.

Each of these risks was considered to be low risk across all time horizons and across both scenarios.

Summary

The Sustainability Report generally assesses climate risks to represent only a low risk to the business across all scenarios and time horizons considered. The exception to this relates to physical risks over the longer-term which have been assessed to be medium in a high warming scenario. The Trustee will look to incorporate these risks into its covenant monitoring processes going forward and use the risks to inform their thinking around investment risk and how they weight the relevant scenarios.

⁸ Low risk defined: “Low financial materiality; financial risks managed as part of existing processes”

⁹ Medium risk defined: “Moderate financial materiality; may require additional mitigation responses”

APPENDIX G: MSCI and SBTi Climate Metrics Output

Fund	Fund Value (£m)	MSCI Climate Metrics Coverage %	Absolute Carbon Emissions (tCO2e)		Carbon Footprint (tCO2e / EVIC £m)	
			Current – Scope:	Previous – Scope:	Current – Scope:	Previous – Scope:
			1+2	1+2	1+2	1+2
Liquid Markets (Equities)						
Impax Global Opportunities Fund	8.6	100.0%	143	2,689	16.5	23.3
Liquid Markets (Multi Asset)						
AQR Diversified Risk Premia Fund	11.5	-	1,366	15,916	118.4	118.4
Bridgewater Optimal Portfolio Fund II	107.1	-	5,209	7,627	48.6	50.1
Liquid and Semi-Liquid Credit						
CQS Credit Multi Asset Fund	44.6	-	7,994	17,832	179.3	179.3
LGIM Buy & Maintain Credit Portfolio	280.7	76.9%	10,002	28,557	35.6	50.8
TwentyFour Dynamic Bond Fund I	10.2	73.3%	804	11,464	79.1	89.8
Illiquid Markets						
Nephila Juniper Catastrophe Fund	40.3	-	58	60	1.4	1.4
TOTAL PORTFOLIO	503.0		25,575	84,145	50.8	65.2

All “Current Total Portfolio” figures in this table are weighted averages with the exception of “Fund Value” and “Absolute Carbon Emissions (tCO2e)”.

“Previous” figures show climate metrics from 12 months prior to “Current” figures. Fund-level “Previous” figures may not sum to the “Previous Total Portfolio” figures because the “Total Portfolio” values may contain funds that have now been divested from and not reported in this table.

Carbon metrics are proxied where there is insufficient data for funds. In these instances, no figure is shown for MSCI Climate Metrics Coverage.

Scope 3 emissions have been de-duplicated in the “Total” columns by a factor of 0.22.

ESG and MSCI Carbon Metrics meet the current minimum UK DWP’s TCFD-aligned “Metrics and Targets” regulations. However, regulations are subject to change. Redington monitors developments closely.

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Fund	Fund Value (£m)	Science Based Targets initiative Rating		NGFS 2°C Disorderly Transition	
		Current	Previous	Current	Previous
Liquid Markets (Equities)					
Impax Global Opportunities Fund	8.6	39.4%	-	-11.0%	-
Liquid Markets (Multi-Asset)					
AQR Diversified Risk Premia Fund	11.5	19.8%	-	-23.4%	-
Bridgewater Optimal Portfolio Fund II	107.1	-	-	-14.3%	-
Liquid and Semi-Liquid Credit					
CQS Credit Multi Asset Fund	44.6	5.5%	-	-16.1%	-
LGIM Buy & Maintain Credit Portfolio	280.7	27.7%	-	-8.0%	-
TwentyFour Dynamic Bond Fund I	10.2	4.8%	-	-17.4%	-
Illiquid Markets					
Nephila Juniper Catastrophe Fund	40.3	-	-	-12.0%	-
TOTAL PORTFOLIO	503.0	17.2%	-	-11.0%	-

All “Current Total Portfolio” figures in this table are weighted averages with the exception of “Fund Value” and “ITR” where it is presented.

“Previous” figures show climate metrics from 12 months prior to “Current” figures. Fund-level “Previous” figures may not sum to the “Previous Total Portfolio” figures because the “Total Portfolio” values may contain funds that have now been divested from and not reported in this table.

Where presented, “Science Based Target initiative” or “TPI” scores are all based on lookthrough data where it is available and never proxied. “ITR” is only proxied where there is insufficient data.

ESG and MSCI Carbon Metrics meet the current minimum UK DWP's TCFD-aligned “Metrics and Targets” regulations. However, regulations are subject to change. Redington monitors developments closely.

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APPENDIX H: Methodology used to Measure Performance against the Fund's Net Zero Target

- Where funds are modelled using underlying holdings and emissions data, uncovered portions of the fund are proxied using the covered portion of the fund.
- Where fund specific holdings or emissions data is not available, we have proxied using Redington asset class proxy data. This data is refreshed and reviewed on an annual basis.
- Cash is assumed to have 0 emissions.
- LDI has been excluded from the Fund level carbon footprint estimate.
- No efforts have been made to verify data received from third parties - MSCI or managers.
- Data has been reported here without ex-post adjustment, to ensure comparability over time.

APPENDIX I: Glossary of Terms (ESG and Carbon Metrics)

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

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

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

Scope 1 & 2 Carbon Footprint (tCO₂e / EVIC £m): Measurement of the Scope 1 & 2 CO₂e emissions of a fund per million pounds of EVIC. Scope 1 emissions refer to those which are directly connected to the production of a company's product or service. For example, the burning of fossil fuels to power the electricity grid. Scope 2 emissions refer to those from the electricity used to power the facilities and machinery of a company.

Total Carbon Footprint (tCO₂e / EVIC £m): Measurement of the CO₂e emissions of a fund per million pounds of EVIC using Scope 1, Scope 2, and Scope 3 emissions. Given a company's direct Scope 1 emissions will inevitably be another company's indirect Scope 3 emissions, aggregating the individual Scope emissions results in a higher number of emissions than exists. To mitigate double-counting, we apply a scaling factor in accordance with MSCI's methodology. This metric may be used to assess a fund's contribution to global warming versus other funds. Previous Total Carbon Emissions (tCO₂e / £m invested) are estimated by looking at the funds' respective holdings and emissions 12 months ago.

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

Weighted Average Carbon Intensity (tCO₂e / sales £): A weighted average of the scope 1 & 2 emissions carbon intensity of companies, defined as a company's total emissions divided by its total sales. This metric can be interpreted as a measure of the relative carbon efficiency of a fund, can be used for sovereign assets, and is not affected by movements in companies' valuation. However, it is sensitive to movements in price.

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

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