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Climate Change Report

Cushon Master Trust

Scheme year end 31 December 2024

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Foreword

Foreword

The Trustees of the Cushon Master Trust (the "Scheme") recognise Environmental, Social & Governance ('ESG') considerations as financially material and dynamic sources of risks and opportunities. The Trustees believe incorporating ESG factors, including climate change, into investment decision making is in the best interests of Scheme members in accordance with the Trustees' legal duties.

Climate change is a systemic risk to the global economy and financial markets, due to the significant changes required for the transition to a low-carbon economy. Physical risks from climate change will be felt across all sectors and asset classes and the Trustees recognise this is an issue that cannot be ignored. The Trustees will continue to evolve their approach to managing these factors, and further details can be found in the Scheme's Statement of Investment Principles, Responsible Investment Policy and Stewardship Policy: Climate Focused Pension | NatWest Cushon.

This marks the Scheme's fourth climate change report, prepared in accordance with The Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 (the "Regulations"), as amended, which are based on the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") reporting requirements, outlining the Trustees' governance processes and presenting key findings related to climate change reporting, for the Scheme year ended on 31 December 2024. The Trustees believe appropriate disclosure of climate-related considerations will contribute towards a better climate strategy.

The Trustees have made significant progress in how they approach and address climate change with the support of their investment adviser and the NatWest Cushon Investment Office. The Trustees' blog outlines the three key dimensions of their climate framework: Portfolio Decarbonisation, Real-World Decarbonisation, and Portfolio Climate Risk Resilience: Cushon Master Trust's Consideration of Climate Risk | NatWest Cushon.

The Trustees are seeking to incorporate these views in the foundations of their investment strategy. One way in which this will be reflected is some work that has been completed in early 2025 that considers a member's standard of living in retirement as a financial factor. This analysis suggests that the Cushon Master Trust may be a universal owner in the future (based on potential growth and membership to the Mansion House Compact). As such, there is increased onus for Trustees to try and mitigate systemic risks, such as climate change, given the potential for them to cause long-term damage to members' outcomes.

Building on this progress, the Trustees plan to conduct a renewed and more comprehensive Scenario Analysis in next year's report. To facilitate this the Trustees have been working with a spin-out company from the University of Exeter called Transition Risk Exeter ("TREX"). This company aims to deliver climate risk data quantified from narrative scenarios.

An important consideration that has led to the Trustees exploring new climate risk data is the growing concern that physical risks are underestimated, particularly in the short and medium term.

The Trustees are ultimately aiming to create an investment strategy that maintains resilience under the impacts of climate change. The aim of this work is to provide additional insights into the climate risks facing the default investment strategies, which the Trustees can use to make informed investment decisions.

Notwithstanding this work, the Trustees continue to incorporate ESG factors into investment decision making, evidenced by the approval of an allocation to Natural Capital in May 2025. The Trustees expect to invest capital into a fund to contribute toward this allocation later in 2025.

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Executive Summary

Executive Summary

When making investment decisions about members' pension arrangements, the Trustees must consider
a variety of financial risks, some of which may take decades to materialise. Given the long timescales and considerable uncertainty surrounding outcomes from climate change, the Trustees consider managing climate risks and opportunities to be a key part in their role of safeguarding Scheme members' pensions.

This report illustrates how the Scheme is taking action to manage and mitigate the impact of climate change risks on members' pension pots. The Scheme is an authorised DC UK Master Trust and is therefore required to disclose how climate change is factored into the Scheme's decisions at Trustee Board level.

The key disclosures required by law are in-line with the recommendations of the TCFD and guidance from the Department for Work and Pensions ("DWP").

The TCFD recommendations focus on four pillars of disclosure:

Governance – trustee governance relating to climate risks and opportunities.

Strategy – the actual and potential impact of climate risks and opportunities on the Scheme, and how these considerations feed into strategic thinking.

Risk Management – how trustees identify, assess, and manage climate related risks.

Metrics and Targets – to identify and manage climate risks via disclosure of selected metrics and targets.

A summary of the key conclusions from this report is listed on the next page.

The Scheme's default investment strategies prioritise addressing climate change and tackling decarbonisation across all sectors. This is achieved without sacrificing investment returns.

The Scheme is actively contributing to the fight against climate change whilst ensuring the well-being of members' futures.

Governance

As Trustees we have a duty to consider the financial risks and opportunities presented by climate change when running the Scheme.

The Trustees have reviewed their investment beliefs, taking into consideration these climate risks and opportunities, and have several policies aimed at ensuring the Scheme is governed in accordance with these principles.

The Trustees work in collaboration with the investment office of NatWest Cushon, their investment advisers (Isio) and investment managers to fulfil their climate-related responsibilities. The Trustees review their advisers' climate competency to ensure they understand the latest climate thinking.

Given how quickly the climate landscape evolves, the Trustees receive regular training on climate risks and opportunities, latest examples include tipping points and carbon markets.

Strategy

In 2022, the Trustees launched the current primary Scheme default investment strategy, the Cushon Sustainable Investment Strategy. This strategy includes investments in various exciting climate opportunities spanning several asset classes, within both public and private markets. In 2024, an allocation to Natural Capital was approved; a mandate designed to contribute towards reforestation and afforestation in both the UK and more globally. In 2025 the Trustees have now committed to invest in an opportunity that contributes towards this allocation, investing in global assets. The Trustees look forward to continuing to enhance their investment strategy over the coming years, in evolving current arrangements as well as bringing in new and exciting opportunities within climate change as well as the broader sustainability spectrum.

The Trustees undertook climate scenario analysis on the Scheme's primary default investment strategy after its launch in 2022. That assessed the potential impact of climate-related risks across short, medium, and long-term timeframes, reinforcing the Trustees' conviction that prioritising the identification and management of climate risks is in the best interest of Scheme members.

To manage these risks, the mandates employed within the default investment strategies adopt various approaches to climate risks and opportunities. This includes excluding the worst offenders, identifying climate-positive opportunities like renewable infrastructure, and supporting high-emitting companies in their decarbonisation efforts through stewardship activities. The Trustees are working to evolve this approach to better integrate physical risks and improve portfolio resilience across different climate risks.

With the launch of the Cushon Sustainable Investment Strategy the Trustees established a set of stewardship priorities to ensure alignment with their investment managers. In 2024, the Trustees formalised this in their new Stewardship Policy, available here: cmt-stewardship-policy.pdf. This policy introduces a structured annual assessment of the Scheme's investment managers, utilising a Red/Amber/Green ("RAG") rating system to evaluate their stewardship activities over the year. The Trustees acknowledge the crucial role the investment industry plays in driving decarbonisation across all sectors. The Trustees are committed to ensuring that the Scheme's investment managers actively engage with companies to promote sustainable, future-proof policies and practices.

Risk Management

The Trustees have integrated climate change risks into their routine risk management processes at both the Trustee Board and Scheme fund level.

- At the Trustee Board level, a risk register is used. Investment managers that are unable to provide the required climate reporting are assessed to be the largest risk.

At the strategy level, the Trustees agreed their first climate change risks and opportunities dashboard in 2022. This dashboard sets out the Trustees' view across each asset class, is reviewed annually, and feeds into the Trustees' strategic thinking.

Metrics & Targets

In 2022, the Trustees agreed a new, ambitious interim target for the Cushon Sustainable Investment Strategy's growth phase: to reduce its carbon footprint (scope 1 & 2 emissions) by a minimum of 80% from the 2022 baseline by 30 September 2030. As of 2024, the carbon footprint of the Cushon Sustainable Investment Strategy's growth phase stands at 19 tCO2e/$m invested, marking an impressive 84% reduction versus the 2022 baseline.

The Trustees have opted to maintain this interim target for now, as the carbon footprint may still fluctuate until 2030. The Trustees are also considering different perspectives in target setting as they work to enhance the resilience of the default investment strategies' portfolios under multiple climate scenarios.

New climate targets will be considered in a broader refresh of the Trustees' climate change strategy across 2025, alongside the refreshed scenario analysis and climate data referenced in the 'Foreword' section of this report.

The Trustees calculated the four designated metrics for the Cushon Sustainable Investment Strategy (growth phase) as of 30 September 2024. For figures covering the total Cushon Sustainable Investment Strategy and Cushon Core Investment Strategy (alternative default investment strategy) portfolios (encompassing both growth and derisking phases), see the Technical Section at the end of this document.

1. Total GHG emissions (tCO2e): 12,032 (scope 1 & 2), 58,942 (scope 3)
2. Carbon footprint (tCO2e/ $m invested): 19 (scope 1 & 2). 93 (scope 3)
3. Implied temperature rise: 2.3oC
4. Data quality (scope 1 & 2): 0% verified, 75% reported, 15% estimated, 10% unavailable) (definitions used for verified, reported, estimated and unavailable can be found on page 41 of this report)

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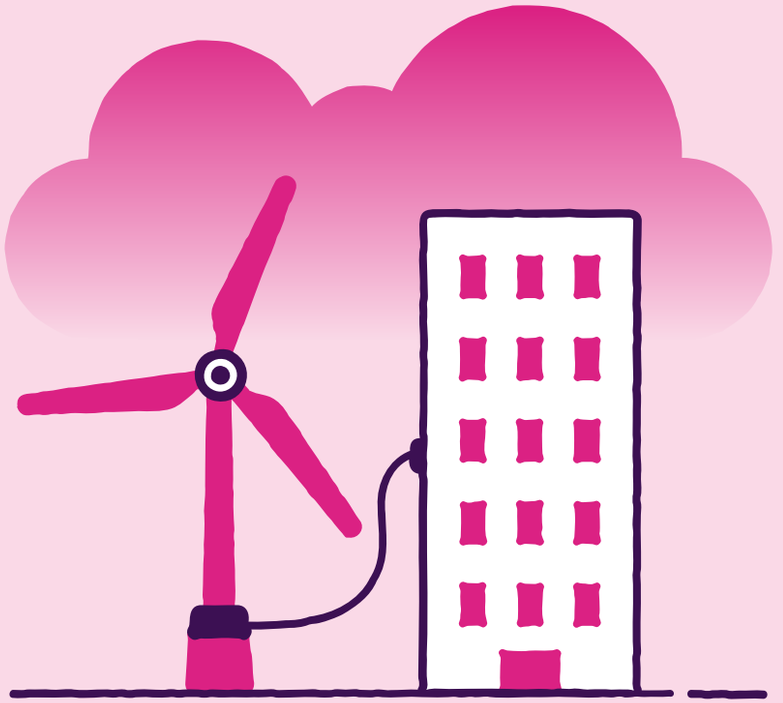

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Governance

Governance

Describe the Trustee Board's oversight of climate-related risks and opportunities

The Trustees are responsible for governing the Scheme, with a fiduciary duty to prioritise the best interests of Scheme members. Acknowledging the financial significance of ESG factors, The Trustees diligently incorporate them into their decision-making processes as an integral part of their fiduciary duty. The Trustees believe that this approach to investment is in the best interests of members in accordance with the Trustees' legal duties.

A key part of managing ESG factors is establishing oversight of climate-related risks and opportunities. The Trustees have put in place a Responsible Investment ('RI') Policy and a Stewardship Policy, which summarises their investment beliefs with respect to RI and how ESG factors are integrated into decision making. The Trustees act in accordance with this set of beliefs when considering material changes in the Scheme's investment arrangements.

The Trustees' immediate ESG priority is to address climate change, which poses a financially material risk, and potential opportunity, for Scheme members. The Trustees acknowledge the intersection between climate and other ESG risks (such as biodiversity) and consider these in their approach. To this end, in 2022, the Trustees launched the Scheme's primary default investment strategy, the Cushon Sustainable Investment Strategy, which has a clear climate focus. While the Cushon Sustainable Investment Strategy boasts a low carbon footprint, it is equally committed to proactive measures and innovative financing solutions aimed at contributing to broader decarbonisation aspirations.

The Trustees have also committed to the following climate targets for the Scheme's default investment strategies, Cushon Sustainable Investment Strategy and Cushon Core Investment Strategy:

1. For the carbon footprint (scope 1 & 2emissions) to be at least 80% lower than the 2022 baseline by 30 September 2030.
2. Achievement of net zero well in advance of 2050.

Having achieved the interim 80% carbon footprint reduction target this year, the Trustees are in the process of further reviewing their climate targets. The decarbonisation target remains in place for 2025 as the carbon footprint may still fluctuate and the Trustees want to make sure that their future targets will help in their aim to build investment strategies that are resilient under different transition scenarios.

Describe management's role in assessing and managing climate-related risks and opportunities

The Trustees, with support from the Scheme Funder, NatWest Cushon, their advisers, and investment managers, retain overall legal and fiduciary responsibility for how the Scheme's assets are invested, as well as ESG considerations (including climate change).

The table below summarises each party's role in managing climate-related risks and opportunities, with full details in the Trustees' RI Policy and Stewardship Policy. The Trustees have regular meetings with their advisers to receive formal advice and updates on the below.

Click to read the Scheme's Responsible Investment Policy

Click to read the Stewardship Policy

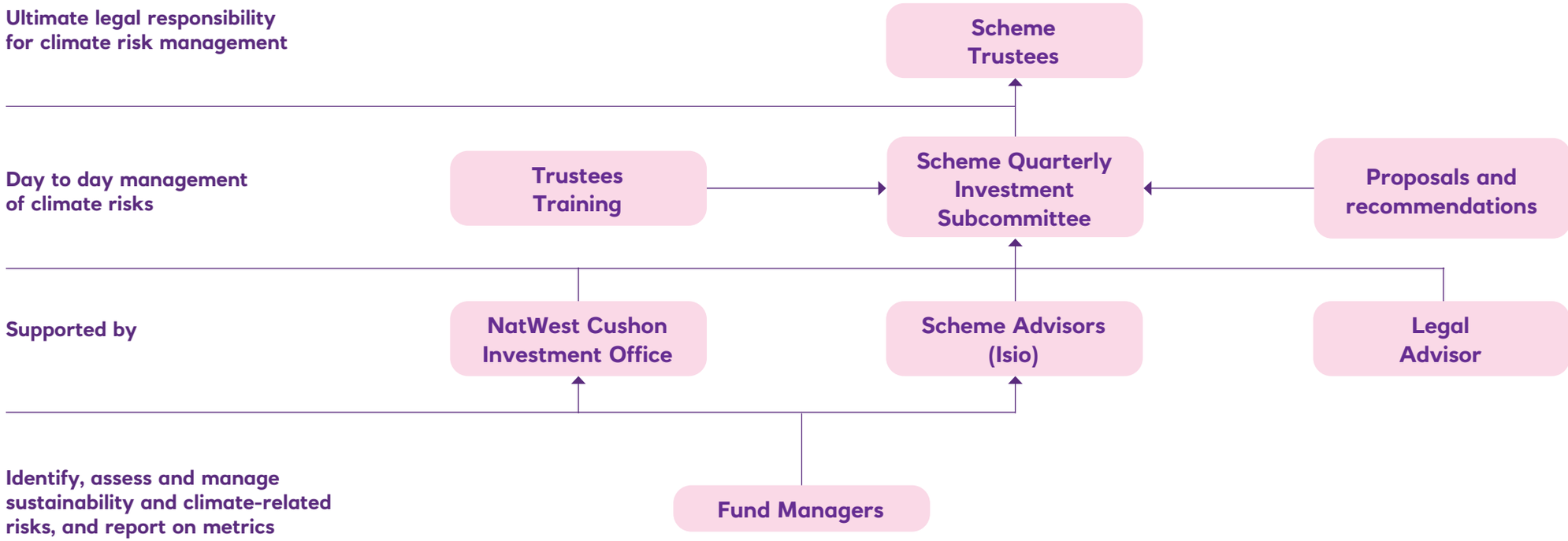
The Trustees' Sustainable Investment Strategy

Mitigating the impacts of climate change is a primary focus for the Trustees – who have a long-term view and seek to identify opportunities that will aid in global action.

Party	Roles and responsibilities
The Trustees	• Agree and review investment beliefs, investment strategy and investment objective, including the setting of RI ambitions or areas to prioritise. • Maintain the RI Policy and Stewardship Policy and use them as a basis for driving and monitoring ESG integration. • Review investment managers' approaches to and effectiveness in RI. • Consider the investment managers' track record on voting and engagement and report via the annual Implementation Statement and regular assessments. • Consider members' views on ESG issues (e.g. via surveys). • Receive regular climate-related updates from their advisers. • Assess how external advisers and providers have performed against their climate responsibilities. • Decide which ESG-related bodies to support and/or join. • Respond to regulatory queries. • Fulfil regulatory requirements with respect to ESG, including preparing the annual Implementation Statement and oversee delivery of climate change reporting. • Continue to develop the Trustees' understanding of RI through regular training on prevailing risks and sustainable investment opportunities.
Scheme Funder, NatWest Cushon	• Work with the Trustees to review and determine the strategic direction regarding RI and agree the RI Policy and Stewardship Policy. • Propose investment strategies and managers which are aligned to the Scheme's Statement of Investment Principles ('SIP') and the RI Policy and Stewardship Policy. • Communicate with members in regard to the positive impact of the investments and provide engagement tools to collate members' views, in accordance with the Service Agreement in place between the Trustees, MUFG Retirement Solutions Pension Administration (HS) Limited and NatWest Cushon. • Provide updates to the Trustees on the Scheme's investments with respect to RI and climate change. • NatWest Cushon Investment Office provides regular updates to the Trustees on NatWest Cushon's latest thinking and potential innovative solutions in particular with regards to ESG.
Investment Adviser, Isio Group Limited	• Advise on RI, ESG and climate considerations that may arise as risks or opportunities. • Assess proposed mandates from an RI, ESG and climate perspective as part of the investment manager selection process. • Review the Scheme's investments from an RI, ESG and climate perspective. • Assist with the preparation of the annual Climate Change Report (this report). • Collate information on the voting and engagement activity of underlying investment managers for inclusion in the annual Implementation Statement. • Provide training and relevant updates to the Trustees on relevant RI, ESG and climate-related matters.

Party	Roles and responsibilities
Legal Advisers	• Provide training to the Trustees on RI, ESG and climate-related legal matters, and ensuring the Trustees are aware of their RI, ESG and climate-related legal and fiduciary obligations. • Assist in the documentation of the arrangements with the Scheme's third parties with respect to RI, ESG and climate-related matters.
Investment Managers	• Identify, assess and manage RI, ESG and climate-related risks and opportunities in relation to the Scheme's investments. • Exercise voting rights and engaging with portfolio companies in relation to RI, ESG and climate-related risks and opportunities, with consideration of the Trustees' views where applicable. • Report back to the Trustees on their stewardship record. • Provide climate-related metrics for climate change reporting requirements and focus on increasing the quality and availability of these metrics.

The management of climate-related risks is summarised in the below organisation chart:



Trustees' Knowledge and Understanding

The landscape regarding climate-related risks and opportunities is evolving rapidly. The Trustees know that in order to identify, assess and manage potential climate-related risks, they must have the right level of knowledge and understanding of these matters.

The Trustees have undertaken training in the following areas (which were also attended by relevant members of the NatWest Cushon Investment Office):

- Stewardship (March 2023)
- Sustainability as a strategic risk (April 2023)
- Renewable energy (July 2023)
- Carbon and biodiversity markets (April 2024)
- Natural Capital and Carbon Removal Credits (July 2024)

The Trustees receive a range of climate-related materials/information in order to continue to build their level of climate knowledge, with key items including the climate scenario analysis, climate metrics reporting and their climate risks and opportunities dashboard, as outlined in this report.

The Trustees have also embarked on a project across 2024 and into 2025 to develop climate data based on narrative scenarios. This is an evolution of climate data which the Trustees have not had access to before and demonstrates the importance placed on developing in this area.

Assessing Advisers

The Trustees regularly assess the climate competency of their advisers to ensure they align with best practice and the latest thinking. The Trustees monitor their investment adviser against these high level ESG-related objectives:

- Provision of advice on ESG (including climate change) risks and opportunities consistent with the Trustees' ESG objectives
- Proactively identify new investment opportunities and risks
- Provision of advice on responsible ownership of assets including stewardship and execution
- Assisting the Trustees in meeting regulatory requirements, including TCFD

Assessing Investment Managers

The Trustees ensure their investment managers embed a high level of ESG integration into their strategy design, and through regular interaction with investment managers, the Trustees ensure ESG risks are appropriately managed. During the 2024 Scheme year the Trustees formalised an assessment of their investment managers, where their activities are reviewed and compared against the Trustees' stewardship beliefs.

The Trustees also assess how their investment managers have voted in respect of their investee companies and whether their voting record aligns with the Trustees' investment principles. This is assessed annually in the Implementation Statement. The Trustees are confident that the NatWest Cushon Investment Office has the appropriate capabilities and expertise to appropriately support the management of climate risks and opportunities. From the start of the 2025 Scheme year NatWest Cushon has hired a Responsible Investment Manager to further develop the risk capabilities of the NatWest Cushon Investment Office for the Scheme.
Through the Scheme's market leading decarbonisation target, the Trustees monitor their investment managers to ensure best-in-class carbon footprint management. The investment managers are benchmarked against the wider market through this exercise.

The Trustees also regularly engage with stakeholders at industry events, to ensure they have the latest insights into emerging best practices and ESG concerns, informing ongoing evaluation criteria refinement.

Resources

The Trustees' Investment Subcommittee meets on a quarterly basis with the Trustees' advisers and the NatWest Cushon Investment Office, where the latest ESG and climate related risks and opportunities are discussed. The Scheme's investment strategy and any proposed mandates go through a rigorous climate integration framework developed by the NatWest Cushon Investment Office.
The Trustees also meet for additional training meetings in which experts from the industry can attend to provide expert insights. Often these have a focus on climate and ESG related risks.

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Strategy

Strategy

Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term

The Trustees, in conjunction with their advisers, have agreed time horizons of relevance to the Scheme when considering climate-related risks and opportunities. The Trustees have considered the potential impacts of both transition and physical risks on investments.

Transition risks

incurred during the transition to a lower-carbon economy due to policy, legal, technology and market changes to address mitigation and adaptation requirements related to climate change.

Physical risks

arise from event driven (acute) or longer-term shifts (chronic) in climate patterns. These can result in direct damage to assets or indirect disruption to operations and supply chains.

Term	Timeframe	Considerations feeding into timeframe setting			Climate risks on assets
Very short term	5 years	Market for climate solutions reaching more mature state	Significant transition finance expected in hard to abate sectors	Improvement in data quality of climate metrics	Transitional risks such as carbon pricing and regulation and physical risks starting to become a reality (as 1.5oC degree boundary crossed)
Short term	10 years	Interim 2030 targets to try and limit global warming to 1.5^{0}C	Adaptation investment may become necessary if transition delayed	Older members approaching retirement	Transitional risks such as carbon pricing and regulation and potential physical risks such as extreme weather events and sea level rises
Medium term	30 years	Investors and organisations setting 2050 net zero targets	Transitioning to low carbon becomes increasingly difficult, as the quick wins dry up, leaving the harder to decarbonise sectors or assets	Significant proportion of current membership approaching retirement in 10-30 years	Transitional risks such as carbon pricing and regulation and potential unprecedented shifts in physical risks, with extreme weather events increasing in magnitude and frequency, such as flooding and cyclones
Long term	50 years	Physical risks may become dominant	Younger members or members yet to join the scheme approaching retirement		Possible ecosystem collapse if transition fails

As outlined above, the Trustees anticipate that shorter time frames will be predominantly dominated by the impacts of transition risks, as the world shifts towards a lower-carbon economy if a net-zero ambition is achieved. Over the longer term, the physical impacts stemming from altering climate patterns will become increasingly significant if these ambitions and targets are not achieved. Although the Trustees acknowledge that physical risks are present and worsening today.

Across all identified time frames, the Trustees believe there will be investment opportunities in sustainable growth, development, and various industries whether a net-zero ambition is achieved, or if the global transition is more delayed and disorderly. Companies that adapt best to climate risks or provide solutions enabling corporations or society to adapt to or mitigate the impact, present attractive investment opportunities. For example, companies that are providing solutions to renewable energy or hydrogen-based transport exemplify these opportunities. The Trustees' beliefs around climate opportunities have factored into the construction of the Cushon Sustainable Investment Strategy with its allocation to private market assets. Further detail on the assessment of climate risks and opportunities across these different time horizons can be found in the Risk Management section.

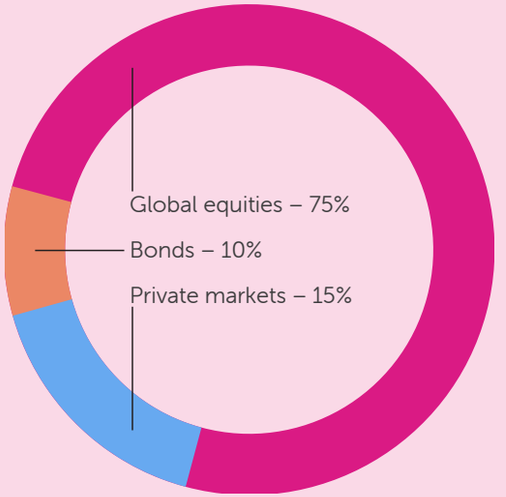
Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning

The Trustees provide default investment strategies, the Cushon Sustainable Investment Strategy and the Cushon Core Investment Strategy, to members who do not make a specific investment choice. The default investment strategies are selected in the best interest of the majority of members and beneficiaries, and the Trustees undertake periodic reviews on the suitability. Given the importance of managing these risks and opportunities, the Trustees have spent considerable time during the reporting period reviewing the climate-related risks and opportunities within the default investment strategies.

The Cushon Sustainable Investment Strategy aims to reduce exposure to climate risk across all asset classes. As part of a diversified portfolio, the strategy invests in a range of climate mitigation and climate adaptation strategies in developed and emerging markets targeting both impact on people and on the planet.

Selected climate-driven investments include wind and solar farms, forestry, battery technology, climate insurance and social housing. Beyond environmental projects, the Cushon Sustainable Investment Strategy seeks to ensure greater social impact for its members' investments, connecting savers with the UN's Sustainable Development Goals ('SDGs') and incorporating broader ESG principles.

Cushon Sustainable Investment Strategy



Fully ESG Integrated

The asset allocation for the Cushon Sustainable Investment Strategy is shown above for the growth phase. A more detailed breakdown of the asset allocation throughout the whole lifestyle is shown on page 22 of this report.

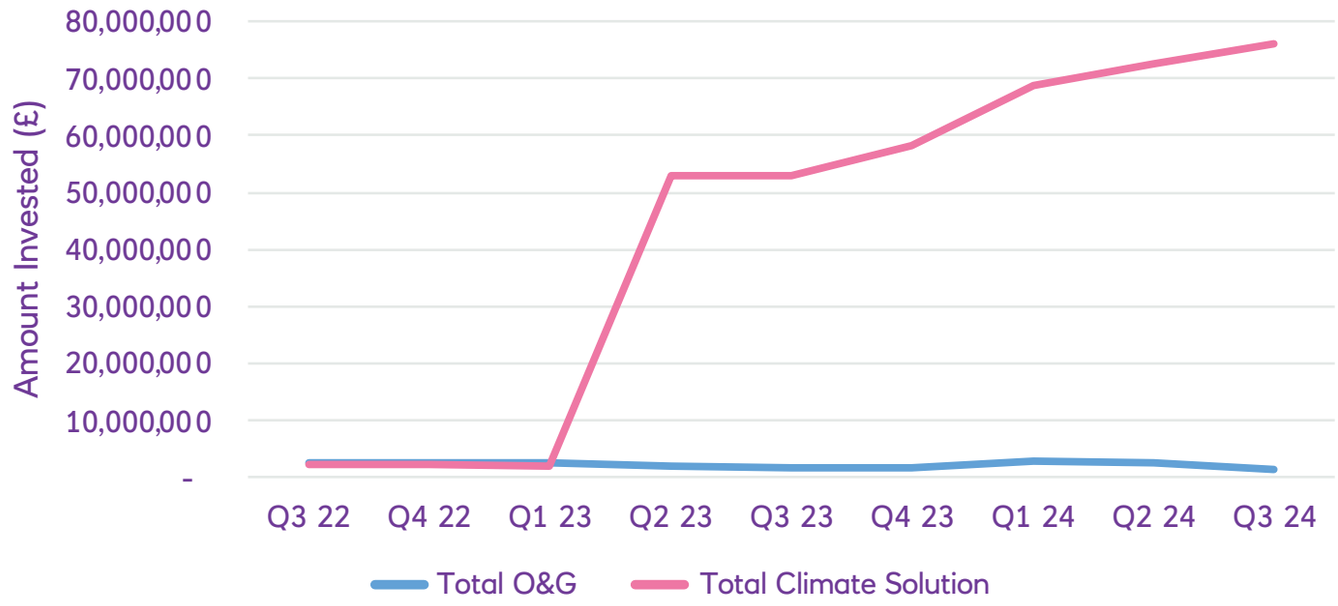
Mandate	Manager	Integration of climate-related risks and opportunities
Global equities	**Macquarie** (investment in a climate-oriented equity index designed by Solactive)	• First, the full universe of ~2,500 securities in screened based on UN Sustainable Development Goals ('SDGs') alignment (including SDG 13 on Climate Action), reducing the universe to ~1,600 securities. This ensures companies that have a negative impact on UN SDGs are excluded. • Achieved an immediate 60% (in 2022) and ongoing reduction 7% p.a. in scope 1 & 2 greenhouse gas emissions. • Increasing exposure to companies with green carbon revenues, e.g. from low carbon products and services. • Reducing exposure to companies that carry significant carbon risk, by tilting away from carbon intensive companies. • Further screening of companies involved in controversial weapons and serious breaches of the UN Global Compact.
Bonds (Corporate bonds)	**Lombard Odier**	• Invests in issuers which contribute to a reduction in global CO2 emissions and the eventual achievement of net zero by 2050. • May invest in sectors that have a high carbon footprint today, but where the company is expected to adapt to the climate transition successfully – this can present opportunities as these companies may be excluded by other investors who look only at today's emissions. • Screening out companies that derive more than 10% of revenue from sources which the manager believes are detrimental to ESG factors. • Targets a 50% reduction in greenhouse gas emissions by 2030, and net zero by 2050. Aim to achieve this through investing 10%+ to "green" investments, and reducing the investments in "red star" assets to below 30% compared to its benchmark, as defined in the investment manger's own, bespoke "LOIM Classification Framework".
	LGIM	• Rules-based approach to scoring companies based on their ESG factors. These scores are utilised to apply a weighting to companies within the index, favouring those with stronger ESG integration. • LGIM consider Transparency as a factor alongside Environmental, Social, and Governance factors, deciding that the quality of a firm's disclosures are as material as the disclosures. • Through their signatory to the Net Zero Asset Owner Alliance, LGIM has publicly committed to helping clients transition their assets in line with global pathways towards net zero by 2050.
	Wellington	• Focuses on high impact issuers across 3 core impact areas (Life Essentials, Human Empowerment, and the Environment), with key performance indicators measuring each investment's level of impact. • Targets a 50% reduction in greenhouse gas emissions by 2030, and net zero by 2050.
Bonds (Multi Asset Credit)	**NinetyOne**	• The NinetyOne framework involves investments being assessed against 9 core sustainability themes (climate change, pollution and waste, natural capital, human capital, social capital, product liability, corporate behaviour, regulatory risk, governance). • At least 50% of the portfolio to be achieving net zero, aligned to a net zero pathway, or aligning to a net zero pathway according to the Transition Alignment Framework by 2030.
Private markets	**Schroders**	• 70%+ of investments to meet positive climate impact criteria, with the manager having discretion to invest the remaining investments in other SDG investments. • Includes investments in areas such as renewable energy and infrastructure, sustainable transport, climate-related technology, and forestry which all play a key role in reducing emissions.

Where the Scheme is invested in pooled funds, the Trustees have considered how the investment managers take climate change into account, including in relation to stewardship and engagement. Detail can be found in the Risk Management section.

In 2023 the Scheme launched a second default alternative default investment strategy, the Cushon Core Investment Strategy, for participating employers seeking a default investment strategy with lower investment management costs that has no allocation to private markets. The Cushon Core Investment Strategy is the same as the Cushon Sustainable Investment Strategy, except for the removal of the private markets allocation (with the 15% being allocated to the Macquarie equity index). It therefore receives a comparable level of climate integration as Cushon Sustainable Investment Strategy, given the underlying building blocks are the same with the exception of the private markets allocation.

As a result of the Schroders Climate+ private markets mandate, the Cushon Sustainable Investment Strategy invests significantly in climate solutions relative to Oil and Gas. The Trustees believe that climate solution investments and the technologies of tomorrow will deliver better risk adjusted returns than legacy oil and gas, and this is reflected in how the Trustees have invested members' funds. See the below chart that illustrates the Scheme's progress in ramping up investments into climate solutions, while minimising investments into Oil and Gas ("O&G").

O&G vs Climate Solutions Investment – Cushon Sustainable Investment Strategy



As previously mentioned in this report, an allocation to a Natural Capital mandate for the Cushon Sustainable Investment Strategy was approved in principle in 2024, and an commitment has been made to an investment in 2025. This marks another step in the Trustees' ongoing expansion of investments in climate solutions.

The Trustees also make available a range of self-select options for members to choose from based on their own attitude to risk, term to retirement, and investment objective. ESG factors, including climate change, are integrated as a core element of as many self-select funds as possible, subject to availability of funds within different asset classes.

Self-select fund range

Sustainable options

Global Equity	**Sustainable Global Equity**	**Sustainable UK Equity**	**Sustainable Europe (ex UK) Equity**
Sustainable Japanese Equity	**Global Impact**	**Sustainable North American Equity**	**Sustainable Pacific (ex Japan) Equity**
Sustainable Emerging Market Equity	**Global Bonds**	**Shariah**	**Sustainable UK Corporate Bonds**

Note that the Trustees decided to close the Cushon Global Impact fund in Q2 2025 having agreed it was in the members' best interest to reallocate them to the default strategy. The Trustees believe this should create a greater impact given the strategies and targets of the underlying funds. Following this decision, the Trustees will also be reviewing the self-select offering more broadly in 2025.

The self-select range is regularly reviewed considering market and product developments in the ESG fund sector.

Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

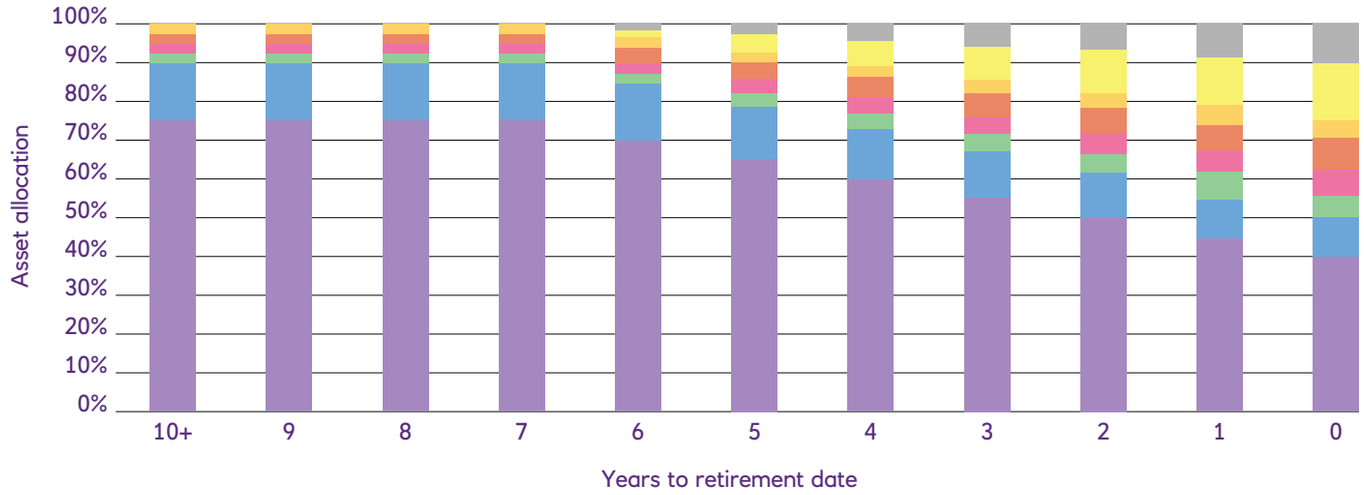
The Trustees are required to perform scenario analysis for their default strategies that represent at least 10% of assets or £100m. From this perspective, the Trustees are required to include scenario analysis for two strategies, the Cushon Sustainable Investment Strategy, and the Workers Pension Arrangement. The latter is the default strategy for ex-Workers Pension Trust (WPT) Master Trust, which was merged into the Cushon Master Trust in 2024, and switched into the Cushon Sustainable Investment Strategy in Q2 2025. As such the details of the scenario analysis for this section has been included as an appendix.

The Trustees of the Cushon Master Trust undertook their first climate scenario analysis in 2021 and updated this in 2022 to reflect the introduction of the Cushon Sustainable Investment Strategy.

Strategy modelled

The analysis was undertaken on the Scheme's default investment strategy, the Cushon Sustainable Investment Strategy, which now accounts for over £1.5bn of the Scheme's assets at 30 April 2025. . The modelling was carried out in a prior Scheme year and is reproduced here. The Trustees are comfortable that this scenario analysis remains relevant, given the investment strategy modelled was unchanged at the end of the 2024 Scheme year. Whilst the Network for Greening the Financial System ("NGFS") scenarios have evolved, the Trustees are comfortable the strategy remains the same and the scenarios have not changed sufficiently to reassess the analysis. Where climate modelling is evolving is physical risks, and the work the Trustees are undertaking to better understand the Scheme's portfolios' exposure to physical risks with TREX. The Trustees expect to re-run the scenario analysis capabilities for the 2025 Scheme year, and are exploring more in depth and qualitative scenario analysis with TREX. Therefore, the Trustees expect to improve the quality of scenario analysis in the next annual Climate Change Report.

The below chart depicts the Cushon Sustainable Investment Strategy, a member's de-risking journey is reflected in the modelling.



- Macquarie True Index
- Schroders Capital Climate+
- Wellington Global Impact
- Lombard Odier Target Net Zero
- NinetyOne Multi Asset Credit
- LGIM Corporate Bonds
- L&G Over 5 Year Index-Linked Gilts
- L&G Cash

A detailed overview of the modelling approach can be found in the Technical Section.

Scenarios

The three climate scenarios assessed are defined by the NGFS and interpreted by Moody's Analytics. The NGFS is a group driving consistency in the climate scenarios updated by the financial industry.
A description of each scenario is on the right, with the results of the analysis provided after. These scenarios were chosen as they provide a range of different temperature outcomes and risk pathways to assess the investment strategy's resiliency.

Net Zero 2050 - 1.5°C

- A Paris aligned scenario with global average temperature rise kept to 1.5oC above pre-industrial levels and net zero by 2050 achieved.
- An optimistic scenario with the transition to net zero implemented in a measured, uniform and orderly manner; with sufficient investment in green/offsetting technology.
- Transition costs are incurred but are kept low due to the efficient manner of implementation.
- Physical damages are minimised.

Divergent Net Zero - 1.5oC

- A Paris aligned scenario with global temperature rise kept to 1.5oC above pre-industrial levels and net zero by 2050 achieved.
- A more pessimistic scenario with the transition to net zero being divergent in decarbonisation policies across sectors e.g. the transport and building sectors instil more stringent climate policies than the energy and industrial sectors.
- Transition costs are higher than the Net Zero 2050 scenario due to the inefficient implementation of decarbonisation policies/plans and offsetting technology being less widely available and more expensive.
- Physical damages are minimised.

Current Policies - 3.8°C

- A pessimistic scenario where the world largely fails to meet the ambition set out in the Paris Agreement, resulting in 3.8°C of warming this century.
- Current global climate policies are implemented, but no further ramping up of climate policy ambition over time, resulting in lower transition costs. Higher physical risks arise as a result of rising global temperatures, with shifts in weather patterns and an increased incidence of natural disasters.

Climate scenarios

Technical assumptions

	Orderly Transition	Disorderly Transition	Hot House
Climate policy	Climate policies introduced early and uniformly across sectors, and become gradually more stringent.	Divergent climate action, with more ambitious climate policies in some sectors than others.	Current policies implemented, but Nationally Determined Contributions (under the Paris Agreement) not met.
Scenario outcome	Global net zero carbon emissions achieved by 2050, resulting in a 50% chance of achieving a below 1.5°C scenario.	Emissions reductions are costlier (vs the orderly scenario), in order to meet the same target of 1.5°C scenario.	Emissions continue to grow from today until 2080, leading to a 3.8°C scenario outcome this century.
Carbon price	Gradual increase in the carbon price from 2020 onwards, reaching $540 per ton of greenhouse gas (GHG) emissions by the end of the century.	Whilst carbon price remains extremely low to 2030, it accelerates to over $1,350 per ton of GHG emission by the end of this century.	Carbon price remains extremely low until the end of the century, with minimal impact on markets.
Transition risks	Relatively low transition risk (vs disorderly). Emissions reductions occur immediately and are relatively ambitious, across sectors. Gradual increase in renewable energy and biomass to >70% of global energy mix by 2050, with the near complete phase out of coal. Carbon dioxide removal (CDR) is deployed, including nature-based solutions and carbon capture, usage and storage. This is kept to the minimum level possible to still achieve the temperature target.	Relatively higher transition risks (vs orderly), as decarbonisation actions are more disorderly and costly. Emissions reductions are divergent across sectors (being more ambitious in transport and buildings, vs less ambitious in energy and industry sectors) The renewable energy mix outcome is relatively similar to the orderly scenario, with nuclear energy also being important across the low carbon scenarios. There is slightly more limited CDR deployment, as compared with the orderly scenario.	Current climate policies are implemented, but with no further decarbonisation action is taken. Emissions eventually stabilise across sectors, at higher levels than the other scenarios considered. Renewable energy and biomass share only increases marginally from 2020 levels, reaching ~25% by 2050, as investment in fossil fuels continue. No investment in CDR approaches and technologies.

Climate scenarios

Technical assumptions – continued

	Orderly Transition	Disorderly Transition	Hot House
Physical risks	Physical impacts remain relatively low (vs hot house). There will be gradual impacts from the climate system, including a ~0.4m rise in sea levels, globally, and an estimated decline in the yields of major agricultural crops, e.g. wheat, maize and soybean crops, of up to a quarter to the end of the century. Shifts in natural disasters will vary across geographies. For example, in the UK, the extent of river flooding could increase by over 20% by the end of the century (from 2020 levels).	Physical impacts are similar to the orderly scenario, given similar temperature outcomes. Sea level rise and crop yield expectations are similar to the orderly scenario. Whilst in the UK, precipitation is expected to decrease threefold by the end of the century (across both of the low carbon scenarios). Whilst the daily average temperature will increase only marginally in the UK, the incidence of heatwaves will increase at a more significant rate, alongside a higher extent of flooding.	Severe physical impacts result. Under this high warming scenario, there may be irreversible changes in the climate system. Sea levels rise is expected to reach ~0.7m by the end of the century, accompanied by significant declines in agricultural yields, in particular for maize crops, which experience a halving of yields (on average, globally). Unprecedented natural disasters could be experienced. For example, in the UK, annual damages incurred from cyclones could increase by circa 60% (from near zero in 2020), whilst the land exposed to wildfires could double.

Climate scenarios

Technical assumptions – continued

The Trustees have also assessed a baseline scenario which assumes no transition or physical impacts of climate change i.e. a climate neutral scenario for comparison purposes.

The Trustees have opted to assess these scenarios given their focus on net zero and the importance of understanding the pathway to achieve this (i.e. orderly vs disorderly), with the speed of action being central to how costly the transition will be for the global economy and investments. The hot house scenario provides a view on possible physical risks should society not decarbonise to a well below 2°C scenario, which is expected to lead to significant changes in weather patterns and severity of natural disasters.

Whilst scenario analysis is an approximate exercise, analysing these extremes helps the Trustees assess how severe transition risks and physical risks could be for the Scheme. The Trustees have ensured to feed in the high-level results of the scenario analysis into their strategic thinking, rather than focusing on the detailed numbers given the uncertainty and assumptions underlying the modelling.

Modelling limitations

Ahead of analysing the results of the scenario analysis, the Trustees discussed key limitations of the modelling to ensure they have a full picture of the potential impacts of climate change. The key limitations discussed included:

- The potential underrepresentation of physical risks within modelling with such impacts as tipping points not captured in standard climate scenario analysis. The Trustees therefore recognise that the impacts of higher warming scenarios may be more extreme than currently reported. The Trustees are working with TREX to try and better understand the transition and physical risk exposure, as well as best in class approaches for mitigating these risks in the Scheme's global equity index design.
- It is difficult to model "unknown unknowns" for example climate risks or technological progress not yet discovered.

This modelling involves very long-time horizons and any uncertainties will compound over time. Accounting for the above, the impacts on the Scheme's portfolios could be more than three times more severe than under the Current Policies scenario. The Trustees therefore applied a qualitative overlay to the scenario analysis results to ensure they cover all aspects of climate risks and opportunities in their discussions.

Further details on this scenario modelling, including key assumptions and any limitations are included in the Technical Section.

Results

The results of the scenario analysis for the Cushon Sustainable Investment Strategy are shown below.

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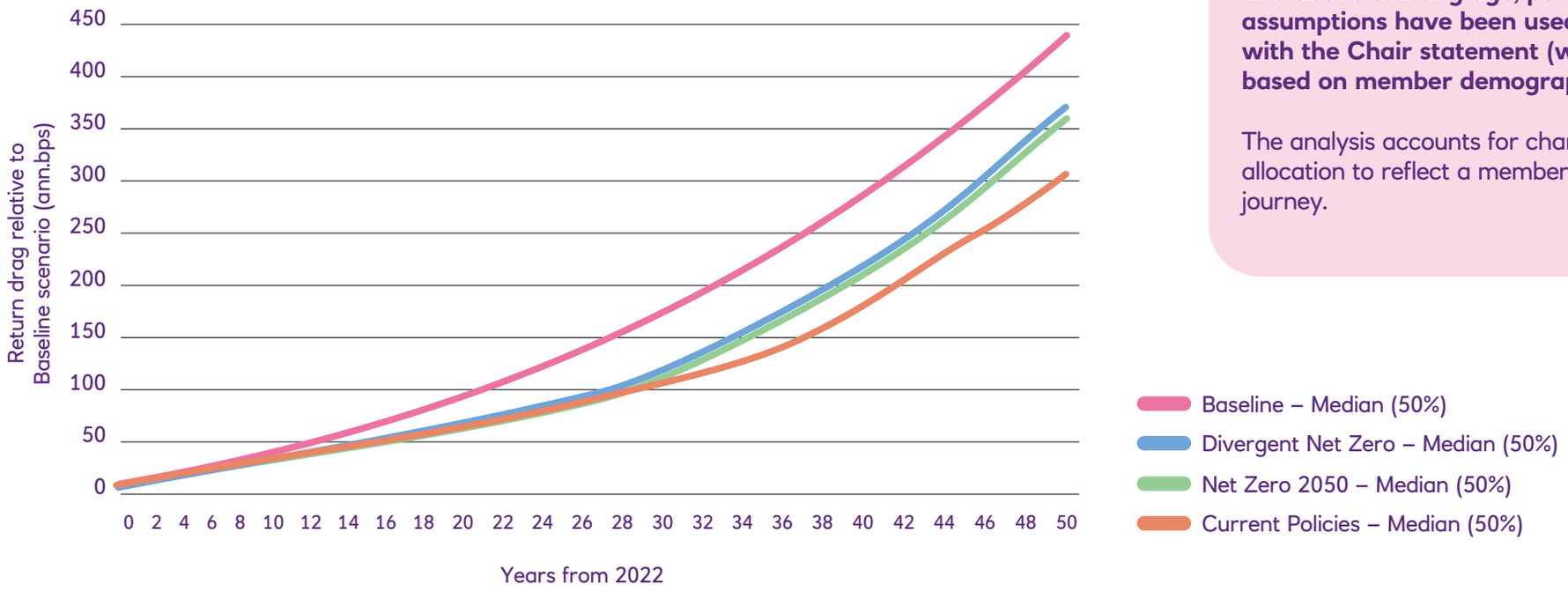
Scenario analysis

Results

Scenario analysis – results

Asset value projections

The chart below shows the projected asset values for a younger member invested in the Cushon Sustainable Investment Strategy, under the three described scenarios as well as baseline scenario which assumes no climate costs.



Member assumptions
Starting age: 18
Retirement age: 68
Starting pot: £5,000
Starting salary: £25,000 (increasing annually in line with inflation)
Contributions: 8% p.a.

The above starting age, pot and salary assumptions have been used to align with the Chair statement (which are based on member demographics).

The analysis accounts for changing asset allocation to reflect a member's de-risking journey.

Scenario	10 years (bps)	30 years (bps)	50 years (bps)
Net Zero 2050	-39	-135	-97
Divergent Net Zero	-135	-159	-104
Current Policies	-76	-162	-138

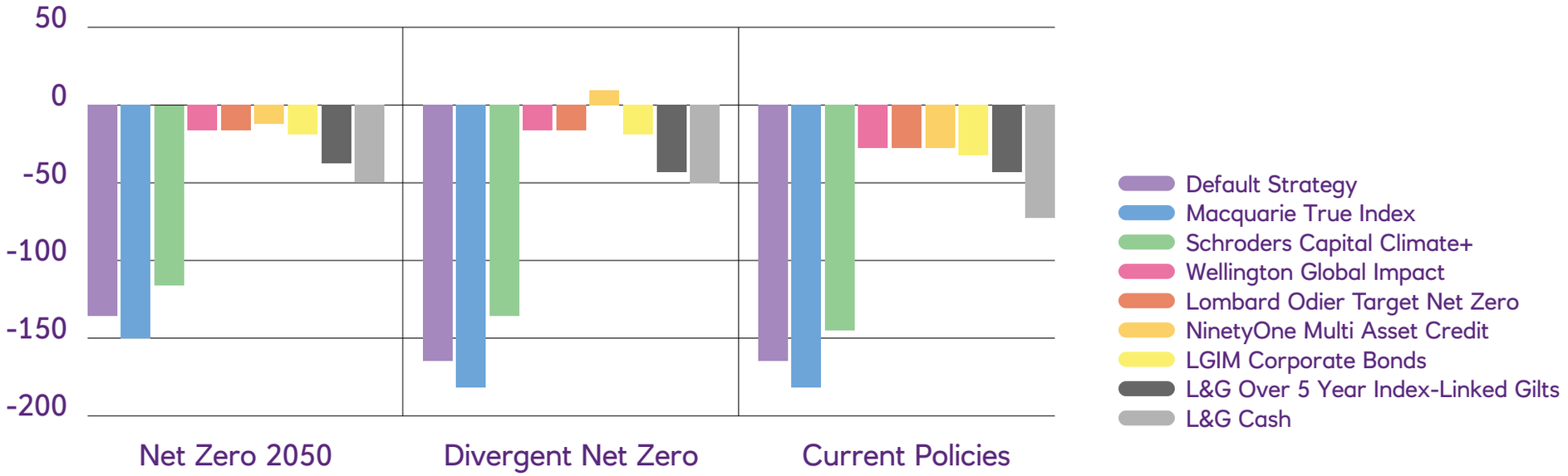
This table shows the annualised return drag relative to the baseline scenario in 0.01% basis point per annum ("bps") increments.

What's clear from this analysis is that

- Should the world transition towards net zero by 2050, the pathway followed (i.e. orderly or divergent) has an impact on member experience. This is especially true over the shorter term, with the transition costs incurred under Divergent Net Zero being much higher over the 10 year period (135bps p.a. return drag vs 39bps return drag under Net Zero 2050). This reinforces the focus on investing in transition ready companies and investments.
- Over the longer term, the Current Policies scenario shows the significant potential physical impacts of rising global temperatures; over a 50-year period this could lead to a circa £120k or -31% impact, compared to baseline. This is important given the long timeframes for most members within the Scheme.
- Under the impacts of a transition there are expected to be drags on return, though overall asset values are still forecast to increase and maintain growth. This demonstrates a level of existing resilience within the portfolio under these scenarios.

Asset class impacts

The Trustees also considered asset class specific results where they looked to isolate the impact against each individual asset class within the Cushon Sustainable Investment Strategy, across the three time horizons. This helps the Trustees assess key contributors within the investment strategy to climate risk and drive the Trustees' strategy discussions. This analysis has also fed into the Trustees' climate risks and opportunities dashboard set out within the Risk Management section of this report.



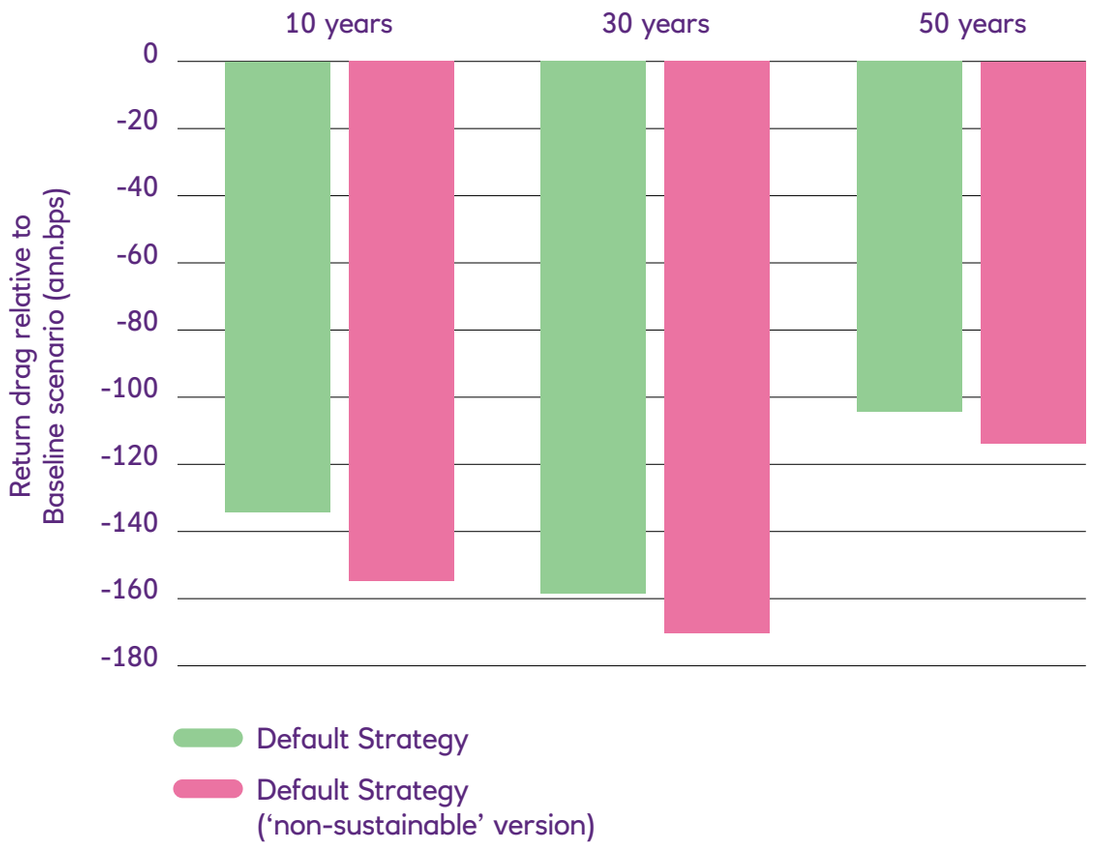
The key conclusions from this analysis includes:

- The above chart shows the climate costs approximately to 2050 and seems to be the time period in which the Current Policies scenario becomes more damaging than the net zero scenarios.
- At a total strategy level, over a 30-year time period, the initial impacts of the physical costs of rising global temperatures are seen (with temperature rise reaching circa 2.4oC above pre-industrial levels under Current Policies).
- As expected, climate risks are more dominant within the equity allocations, both public (Macquarie) and private (Schroders). The Trustees have implemented climate tilts and objectives within both of these mandates in order to manage climate risks and seek climate opportunities.
- The Trustees have also considered the potential impacts across different cohorts of members. Members within the growth phase are deemed to be more exposed to climate risk given the higher risk strategy with a higher allocation to equities, this however does also mean increased exposure to climate opportunities. Whilst members at retirement are still exposed to climate risk, this is deemed smaller given the lower risk asset classes within the strategy.

Quantifying the climate benefit

Over 2022 the Trustees launched the Cushon Sustainable Investment Strategy, with climate considerations lying at the heart of this strategy. In order to assess the effectiveness of the climate risk management within the strategy, the Trustees considered the 'climate benefit' i.e. the potential downside protection against climate risk. In order to do so, the Trustees modelled a 'non-sustainable' version of the strategy which has the same asset allocation but implemented without climate-aware funds.

The results are shown below for the Divergent Net Zero scenario. This shows clearly the downside protection against climate risk, for example over 10 years, the Cushon Sustainable Investment Strategy is estimated to perform over circa 20 bps better per annum than the 'non-sustainable' version under a Divergent Net Zero scenario. Following the conclusion of the Scheme's global equity index redesign through 2025, the Trustees expect the improvement relative to a Non-Sustainable / Non-Climate aware portfolio to increase substantially. This is because this project will focus on how best to mitigate transition and physical risks in the global equity index (the biggest allocation in the Cushon Sustainable Investment Strategy).



Looking forward

Although the expected impact of different climate scenarios is minimal in the short term, the Cushon Sustainable Investment Strategy is projected to be more significantly impacted over the longer term. These longer timeframes are important given the membership and Scheme profile and will be considered in any future investment strategy work. An example of how the Trustees have considered these risks is in the way they approved an allocation to Natural Capital in 2025. A significant portion of the Cushon Sustainable Investment Strategy portfolio is invested in equity markets, which may be adversely impacted by future carbon prices and carbon markets. Carbon pricing is a policy mechanism that assigns a cost to greenhouse gas emissions created by a company. This assigns the costs of climate change to the companies contributing towards it. From an investment perspective, an increase in costs for a company may impact profitability and therefore valuations. The higher the carbon price, the greater the impact. In many transition scenarios, the carbon price is naturally expected to rise to encourage the world to decrease emissions, which can impact company profits, and is therefore a material financial risk. Natural Capital valuation however is typically positively correlated with the carbon price, given that they are often carbon credit producing assets. This in theory partially mitigates the impact of an increase in the carbon price on Cushon Sustainable Investment Strategy portfolio.

The Trustees will continue to further their strategic climate thinking. One way in which the Trustees are doing this is via a project to renew their scenario analysis based in narrative scenarios. As mentioned earlier in this report the Trustees have been working with TREX to provide transition risk data based on narrative scenarios, and physical risk data (including consideration of some climate tipping points).
The Trustees are motivated to change the way in which they think about these climate risks because they are concerned about the potential market repricing risk that is not currently reflected by existing climate scenario analysis. In particular, the potential for climate tipping points that could cause a material repricing in global markets.
As well as this the Trustees are further developing their thinking when it comes to nature-related risks and opportunities, utilising nature data providers. NatWest Cushon has assessed and published the Scheme's exposure to deforestation on the Cushon website: **Cushon Master Trust vs deforestation.**

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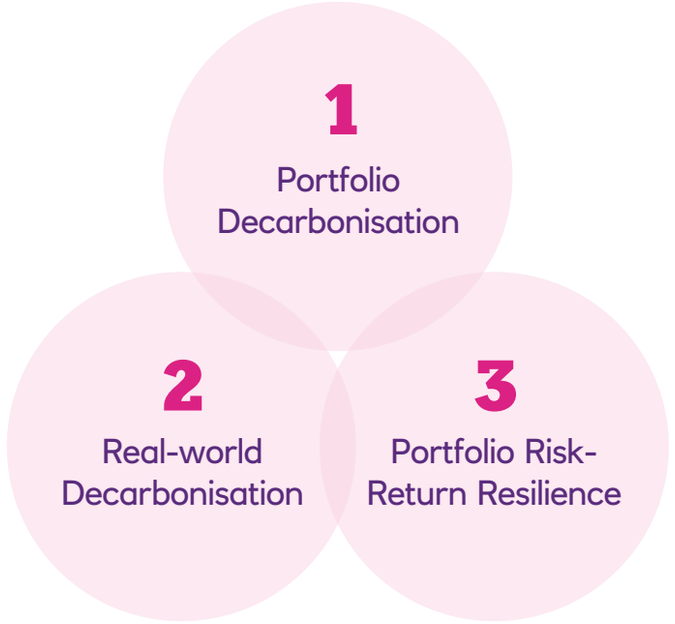
Risk Management

Risk Management

Describe the organisation's processes for identifying and assessing climate-related risks

The Trustees seek advice from their advisers and receive presentations from investment managers on climate-related risks. The NatWest Cushon Investment Office also has deep knowledge of climate-related risks and opportunities and plays a key role in ensuring these are incorporated when developing the Scheme's investment strategy. As previously stated in this report, the Scheme has three dimensions to its climate risk framework, displayed in the Venn diagram below. More information can be found here: **Cushon Master Trust's Consideration of Climate Risk | NatWest Cushon.**



The Trustees have reviewed all policies and frameworks in place to ensure climate risks and opportunities are central to their investment decisions and risk frameworks.

Risk register

The Trustees review the climate-related considerations in the Scheme's risk register at least annually, and details of this section of the risk register are noted on page 37. The Trustees consider the likelihood, impact, ownership and any mitigation actions that have been and/or are being taken, with each risk scored according to its likelihood and potential impact pre and post mitigation. For risks with a combined likelihood / impact score of greater than 15, these are designated as "Key Risks" and there are additional controls in place to ensure these risks are managed to the appropriate level. A "key risk" would lead to a review to assess whether the risk can be further mitigated and how much of the risk can be accepted. The Trustees have recently considered an allocation to carbon sequestration natural capital as a way to mitigate carbon price risk.

Climate risk and opportunities dashboard

Over the reporting period, the Trustees have developed a Scheme specific climate risks and opportunities dashboard, as can be seen below. The asset class specific scenario analysis results fed into this dashboard as well as a qualitative overlay of what the Trustees have done to manage these risks and identify opportunities. This overlay was to take into account: a) some of the challenges posed by long-term climate modelling, and b) specifically in relation to physical risks and the potential under estimation of these in high temperature scenarios.

Risk	Time frame	Government Bonds	Corporate Bonds	Multi Asset Credit	Private Markets	Risk
Transitional (net zero scenario*)	Short term (10 years)					
	Medium term (30 years)					
	Long term (50 years)					
Physical (current policies scenario)	Short term (10 years)					
	Medium term (30 years)					
	Long term (50 years)					

*The directional impacts under the 2050 Net Zero and Divergent Net Zero scenarios are likely to be similar, albeit the magnitude and timing is expected to differ.

The Trustees will review and update this dashboard at least annually, using it to inform their strategic decision-making. For instance, the dashboard highlights the significant transition and physical risks associated with the global equity allocation within the default investment strategues. These insights played a key role in the decision to collaborate with TREX. The Trustees anticipate that the project with TREX will enhance the depth and accuracy of the RAG dashboard in the future.

Low
Average
High

Describe the organisation's processes for managing climate-related risks

Investment managers

The Trustees delegate day-to-day management of the investments to investment managers, so the Trustees rely on the investment managers to identify, assess and manage climate-related risks on an ongoing basis. The Trustees are responsible for selecting and monitoring investment managers with support from their investment adviser, and the NatWest Cushon Investment Office. The Trustees have assessed the climate capabilities of each of the investment managers appointed when designing the Cushon Sustainable Investment Strategy (and by extension the Cushon Core Investment Strategy). The evaluation criteria used to assess each investment manager is explained below. The investment managers' ESG (including climate change) capabilities will be assessed on at least an annual basis.

Assessment Category	Example evaluation criteria
Investment Approach	• Are the fund's climate objectives quantifiable with interim targets set? • Are climate factors/considerations clearly integrated into the fund's due diligence process and ongoing investment analysis?
Risk Management	• Is there a firm-wide policy or commitment on climate change? • Does the manager have a dedicated individual within the ESG team with responsibility for oversight of the climate change policy?
Voting & Engagement	• Is climate change incorporated in the fund's stewardship priorities? • Can the manager provide a case study example demonstrating effective engagement on climate-related issues?
Reporting	• Does the manager undertake forward looking climate scenario modelling and is this published in quarterly reports? • Is climate-related data independently verified?
Collaboration	• Can the manager provide evidence of engagement with the wider community on climate change? • Is the manager a member of the UN Net-Zero Asset Owner Alliance? If not, is there a valid reason why?

Stewardship activity

The Trustees recognise the role of stewardship in driving change and aiding the transition to a lower carbon economy. As noted above, the voting and engagement activity of each investment manager within the Cushon Sustainable Investment Strategy (and by extension the Cushon Core Investment Strategy) has been assessed as part of the Trustees' investment manager selection process.

The Scheme's assets are held on the Mobius Life Limited ("Mobius Life") platform via a Trustee Investment Plan. Mobius Life has an Engagement & Stewardship Policy that can be found at: Governance - Mobius Life. The Trustees share their investment beliefs with Mobius Life and keep this under regular review.

The Trustees have set the stewardship priorities below, which are communicated to the investment managers on at least an annual basis:

- Climate alignment – decarbonising and minimising emissions
- Climate adaptation
- Biodiversity risk and management
- Labour rights incl. modern slavery
- Diversity and inclusion (on boards in particular)

On an annual basis, the Trustees will prepare an Implementation Statement that is published on the NatWest Cushon website and included within the Scheme's annual report and accounts. This includes an overview of each investment manager's approach to stewardship and voting and engagement information (including most significant votes) relating to the Trustees' stewardship priorities.

It is the Trustees' intention that the investment managers appointed to manage the Scheme's assets will share similar responsible investment beliefs, and therefore any voting and engagement by them with underlying companies are expected to be in line with the Trustees' investment beliefs and stewardship priorities. The Trustees deem votes directly associated with their stewardship priorities to be 'significant'. The Trustees expect their investment managers to have effective voting and engagement policies and processes in place, including a set of actions that can be undertaken should companies not meet various ESG expectations (i.e. escalation policies).

NatWest Cushon will use the above information on the investment managers to perform an annual assessment of their stewardship activities on the Trustees' behalf. This is shared with the Trustees to help identify any areas of concern and allow for easier escalation. For example, where investment managers have acted against the Trustees' stewardship priorities, the Trustees may wish to engage with the investment manager directly and discuss concerns.

Details of the above approach can be found in the Trustees' **Stewardship Policy.**

Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management

The table below sets out the climate-related risks that the Trustees monitor, in addition to the controls put in place to manage these risks at the Scheme level. These have been included in the Scheme's risk register and considered over the time horizons set out on page 16.

Risk	Description	Control	Owner	Likelihood	Impact	Likelihood /impact
Investment approach	Repositioning of Net Zero not being completed effectively	Advice on investments received from the Trustees' investment adviser who carries out due diligence on their recommended funds on an ongoing basis. Trustees consider this aspect as part of investment strategy decisions. NatWest Cushon has received advice from a Climate Consultant, with the communication exercise being led by the NatWest Cushon Marketing team.	Trustees/ Investment Adviser	2	4	**8**
Responsible investing	Risk of ESG (Environmental, social and corporate Governance) not being factored into investment decisions	Advice on investment fund selection and retention received from the Trustees' investment adviser who carries out Operational Due Diligence on their recommended funds at outset and on an ongoing basis. This factor is considered within the investment adviser risk management framework, as they identify and manage risks which impact investment outcomes. This factor is integrated into fund selection and monitoring. Responsible Investment Policy has been put in place. ESG is covered within the Statement of Investment Principles and both documents are monitored on an ongoing basis. The Trustees are members of the Occupational Pension Stewardship Council (OSPC).	Trustees/ Investment Adviser/ NatWest Cushon	2	3	**6**
Regulatory Compliance	The Trustees do not comply with the requirements of The Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021	Project plan and governance framework in place and being monitored. Trustee training has taken place (latest 20 Jan 2023). Advice from authorised Investment Adviser, Isio, is being received. Regular Trustee meeting agenda item.	Trustees/ Investment Adviser	2	3	**6**
	Climate change impacting investment returns	Advice being received from authorised Investment Adviser. Scenario testing has been agreed and monitored on an ongoing basis with tracking towards net zero. MI tracking to be received regularly.	Trustees/ Investment Adviser	2	3	**6**

Risk	Description	Control	Owner	Likelihood	Impact	Likelihood /impact
Regulatory Compliance	Carbon price risk impacting equity values	This is monitored by the NatWest Cushon Investment Office by measuring the earnings impact on investee companies of rising carbon prices. This is communicated to the Trustees and investment adviser.	Trustees/ NatWest Cushon/ Investment Adviser	3	4	**12**
	Procurement & investment Risk – investment managers unable to provide the required climate change reporting	New Scheme default investment strategies investment managers selected based on ability to report and are signed up to protocols to ensure compliance. Best endeavours are being made to ensure compliance from legacy investment managers. Advice from Trustees' authorised investment adviser is being received.	Trustees/ Investment Adviser	3	3	**9**
Financial sustainability	Environmental Lobbyist activity - Poorly informed activities causing targeted and consequential real world disruption and actual physical damage	Responsible Investment Policy has been put in place and is monitored on an ongoing basis. The Trustees make clear their Responsible Investing policies and ensure these meet the rational expectations of members and society.	Trustees	2	3	**6**
	The risk that the movement in stranded carbon will impact the economy and as a result - Scheme investment valuations	Responsible Investment Policy has been put in place and is monitored on an ongoing basis. Climate-related risk and management has been incorporated into the Trustees' investment beliefs, Statement of Investment Principles and Responsible Investment policy. All policies are monitored on an ongoing basis.	Trustees/ Investment Adviser	3	3	**9**

Looking forward

The Trustees are reviewing their climate strategy across 2025, and a key part of this is the project to develop new physical and transition risk data. The Trustees expect this will have a significant influence on how they approach risk management as the aim is to have a better idea of the climate risks facing the Scheme. Also, with the consideration of tipping points, the Trustees hope to better quantify potential repricing risks that might occur.

More broadly, the Trustees are hoping to consider a wider range of sustainability issues that may be facing Scheme members including nature risks and social factors. In turn this will impact the Trustees' approach to risk management and stewardship activities which will evolve further as the Trustees' Stewardship Policy is reviewed and updated.

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Metrics & Targets

Metrics & Targets

Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process

In this report, the Trustees have reported on four metrics, based on the Partnership for Carbon Accounting Financials ("PCAF") framework, which are also in line with the recommended DWP guidelines. The metrics reported will evolve as data coverage and quality improves.

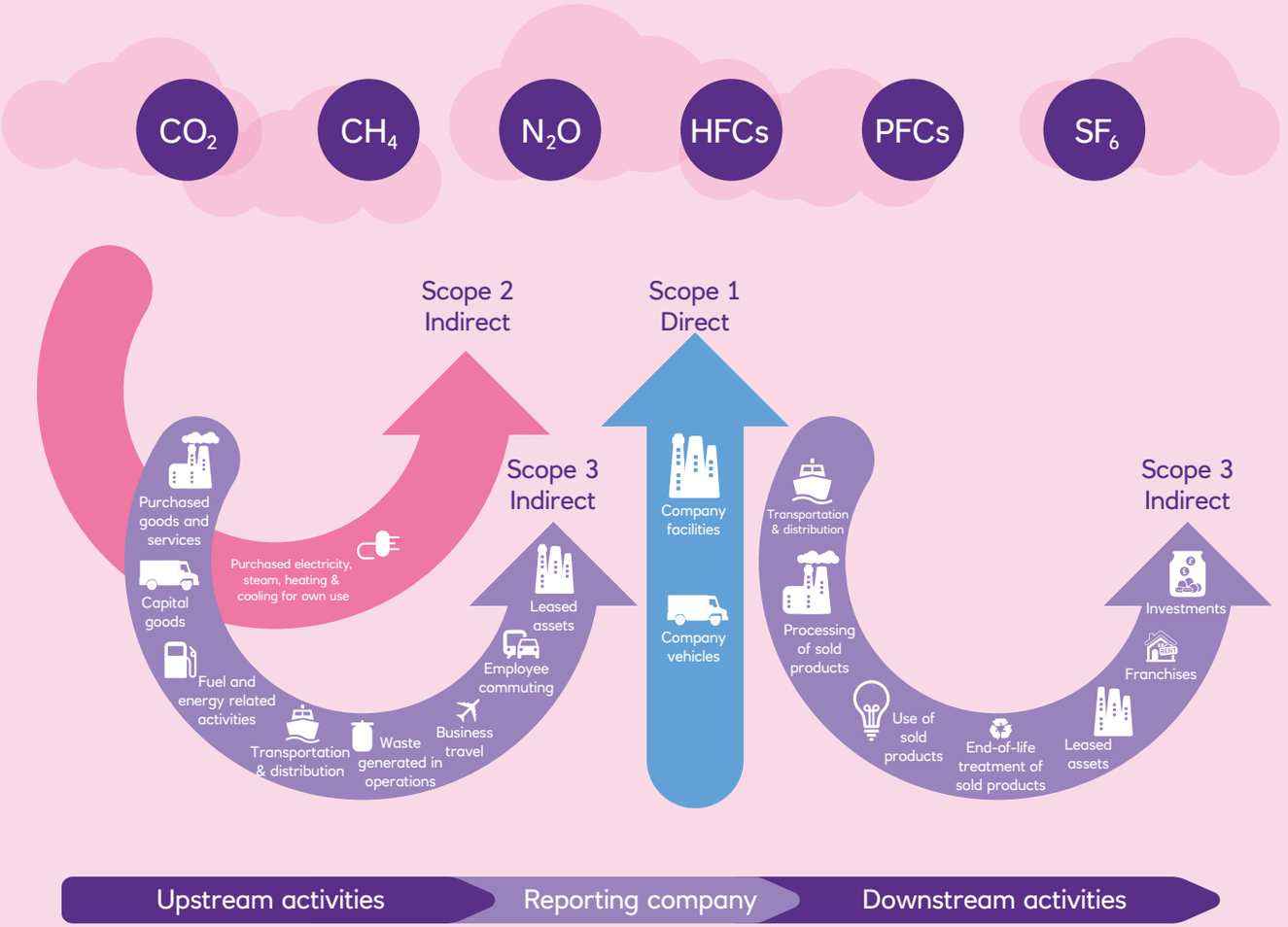
The transition to the Cushon Sustainable Investment Strategy in 2022 greatly improved the access to emissions metrics, with the availability of emissions data being part of the investment managers selection process.

From a portfolio resilience perspective, using emissions intensity as a measure of transition risk is a highly simplified approach. Numerous external factor such as region-specific regulations, shifting consumer behaviour, and technological advancements significantly influence the portfolio's transition risk exposure but are not easily quantified. The ongoing project with TREX will provide a more comprehensive and nuanced assessment by integrating these external factors, offering a more holistic view of the portfolio's resilience.

	Metric	Definition	Unit of measurement
Absolute emissions metric	Total greenhouse gas emissions (Scope 1, 2 & 3)	Total amount of greenhouse gas ('GHG') emissions emitted by the fund's underlying portfolio companies, attributed to the investor based on the total investment in each company	CO2 (Tonnes of CO2 equivalent emissions)
Emissions intensity-based metric	Carbon footprint (Scope 1, 2 & 3)	An intensity measure of emissions that assesses the level of greenhouse gas emissions arising from a £1 million investment in a company	CO2 /£m invested
Portfolio alignment metric	Implied temperature rise	The temperature pathway the mandate aligns to, expressed as a projected increase in global average temperatures by the end of the century	oC
Additional climate change metric	Data quality	The availability and veracity of reported emissions data, classified in the following categories: • Verified - % of the emissions data that is verified (audited or independently verified) • Reported - % of the emissions data that is sourced from actual company reported data • Estimated - % of the emissions data that is estimated, either by the manager or a third party data provider • Unavailable - % of the emissions data that cannot be provided or estimated credibly	% coverage

In this report, the Trustees report on all three scopes of GHG emissions. The Trustees note below the definitions of each scope.

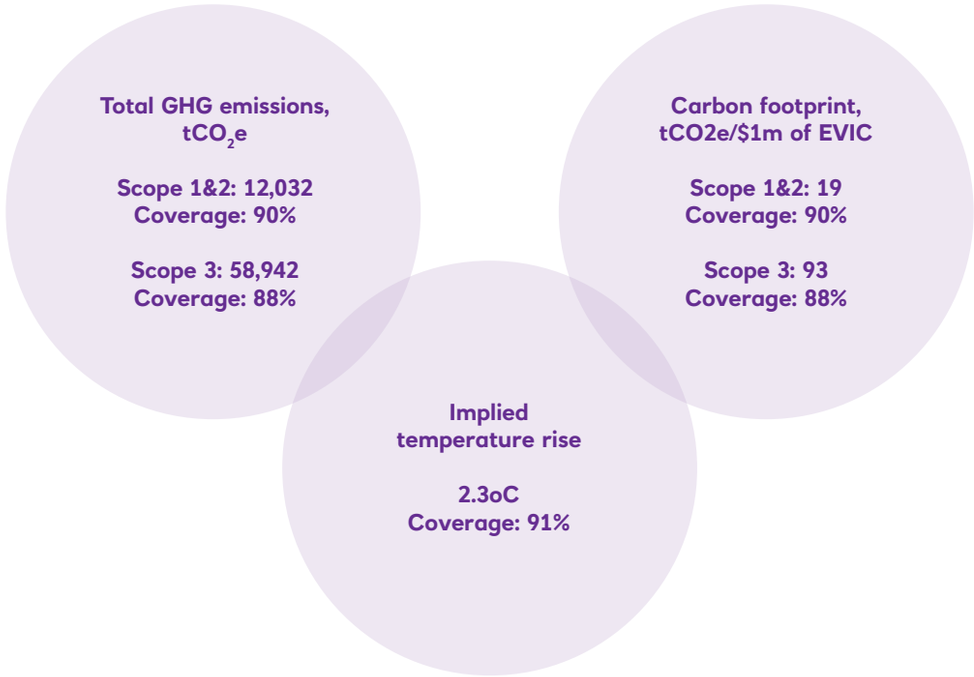
- Scope 1 are direct emissions from company owned or controlled sources – this includes heating/cooling of offices/factories and fleet vehicles.
- Scope 2 are indirect emissions from purchased energy – emissions are created during the production of the energy which is eventually used by the company.
- Scope 3 are all indirect emissions that occur in the value chain – this includes emissions from the production of purchased goods and services and the use of sold products. There are currently industry-wide issues with reporting scope 3 emissions.



Source: GHG Protocol

Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks

The Trustees have calculated the four designated metrics for the Cushon Sustainable Investment Strategy (growth phase) as of 30 September 2024. The Trustees have also calculated the carbon footprint for the total Cushon Sustainable Investment Strategy portfolio, encompassing both the growth and derisking phases. These results can be found in the Technical Section.



Key takeaways from our metrics analysis

- Cushon Sustainable Investment Strategy's growth phase has continued to decarbonise, demonstrating an approximate 27% reduction in carbon intensity - from 26 tCO2e/$1m of EVIC in 2023, to 19 tCO2e/$1m of EVIC in 2024.
- The carbon intensity of the entire Cushon Sustainable Investment Strategy portfolio has also been calculated, including all assets across the growth and derisking phases. The 2024 figure sits at 21 tCO2e/$1m of EVIC, an approximate reduction of 30% from 30 tCO2e/$1m of EVIC in 2023. This includes sovereign and cash funds where possible, noting the above discrepancy in precise metric (tCO2e / $m EVIC vs tCO2e / $m GDP). This is discussed in more detail below.
- The total emissions coverage declined compared to last year, despite an increase in "Reported" emissions coverage. This change is primarily due to improved emissions reporting in the Private Markets space. Last year, 100% of Private Markets' emissions were estimated using models with limited capabilities, whereas for 2024, there is a clearer and more accurate picture — 28% of emissions are now reported, with 51% estimated using more comprehensive models.
- The carbon footprint metric is dependent on market conditions, with EVIC as the denominator, e.g. if a company's total absolute emissions stay the same, but its market value falls, then the company's emission intensity increases. The Trustees will consider this factor while assessing future evolution of this metric.
- The Trustees note that two of the Scheme's corporate bond mandates exhibit a notably higher carbon intensity compared to the rest of the portfolio, and to some extent the investable universe. This is because the investment managers may invest in high emitters which have credible decarbonisation plans. This reflects the Trustees' focus on supporting the transition across all sectors rather than constructing a pure low carbon strategy.
- The growth phase achieved an implied temperature rise of 2.3°C, matching the 2023 figure. The Trustees expect this figure to improve over time as the portfolio decarbonises further.
- The Trustees note that methodologies and best practice will evolve. Therefore short term movements in metrics may be seen as a result; the Trustees' focus will instead be on longer term trends.
- The Trustees may consider additional metrics in the future as data improves and best practice evolves.

The carbon footprint of the Cushon Sustainable Investment Strategy retirement phase has also been calculated, as detailed below. The default lifestyle strategy involves a gradual seven year de-risking period, transitioning into a drawdown ready portfolio comprising index-linked gilts and cash, with specified target allocations below.

Fund	Growth phase	Drawdown phase	Carbon footprint CO_2/$1m of EVIC	Implied Temperature Rise
			Scope 1&2	°C
Macquarie True Index	75%	40%	15	2.4
Schroders Climate+	15%	10%	11	1.5
Lombard Odier Target Net Zero	2.5%	6.25%	76	1.9
Wellington Global Impact	2.5%	6.25%	22	2.8
NinetyOne Multi Asset Credit	3.2%	8%	94	2.1
LGIM Future World Corporate	1.8%	4.5%	25	2.1
LGIM Index Linked Gilts	0.0%	15.0%	122	1.9
LGIM Cash	0.0%	10.0%	122	1.9
Growth Phase	**100.0%**	**100.0%**	**Growth 2024: 19** / **Growth 2023: 26**	**Growth: 2.3**
			Drawdown 2024: 53 / **Drawdown 2023: 61**	**De-risking: 2.1**

Cash / Sovereign Emission intensity: there is no widely agreed methodology for estimating the emission intensity of cash / sovereign investments when compared to typical equities and bonds. In the above table, the metric used for cash and sovereigns is tCO2e / $m GDP (in the year in question). The metric has therefore been included in the interest of transparency, and caution should be exercised when comparing cash / sovereign emission intensity to other portfolios.

Private Markets Emission intensity: The private markets allocation (Schroders Climate+) is made via an Long Term Assets Fund ("LTAF") structure, which then itself invests into varied underlying investment structures (pooled funds, co-investment, secondaries etc.). This can make sourcing and collecting data difficult, though the methodology was much improved this for this report with 28% of emissions reported, and another 51% estimated. The residual 21% lacked coverage due to less established methodologies for Emerging Market exposures.

As a result of challenges in accurately assessing the carbon footprint of sovereign entities, the Wellington metric of 22 tCO2e / $1m of EVIC excludes sovereigns, which account for 19% of the Wellington Global Impact fund for the reporting period. Similarly, for LGIM's Index Linked Gilts and Cash funds in the above table, tCO2e / $1m GDP (of the country in question) instead of tCO2e/$m EVIC is used due to the inherent difficulty in calculating the EVIC of sovereigns. This is noted as a data discrepancy in the above table but has been included the metric regardless, in the interest of transparency. The Trustees expect this data differences to become smaller over time as more established methods of estimating emission intensity of government bond and cash funds emerge.

For the above implied temperature rise metrics, the Trustees relied on a third-party investment manager to provide the modelled outcomes for each holding in the portfolio. This was then aggregated by NatWest Cushon at fund level and portfolio level to provide the implied temperature rise. Note for the Schroders Climate+ fund 1.5°C implied temperature rise has been assumed, since the fund invests almost exclusively in climate solutions. As at the end of the 2024 Scheme year, the fund had 31% invested in Sustainable Infrastructure, 25% in global climate related Private Equity and other assets such as low cost social housing, and climate related Climate Debt.

More detailed metrics information, at fund level, can be found in the Technical Section.

Evolution from last year:
In 2024, the decarbonisation trend continued, resulting in a notable decrease of circa 27% from the 2023 growth phase figure (26 tCO2e/$1m of EVIC) to 19 tCO2e/$1m of EVIC.

This significant overall reduction was primarily attributed to a decrease in carbon intensity within Macquarie Sustainable True Index fund, which accounts for 75% of the growth phase strategic allocation.

Data quality	% of scope 1 & 2 emissions that are:					Scope 3 coverage, %
	Verified	Reported	Estimated	Unavailable	Covered	
Cushon Sustainable Investment Strategy (growth phase)	0.0	75	15	4	90	88

Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

In 2022, the Trustees agreed a new longer term climate target for the Cushon Sustainable Investment Strategy of an 80% reduction in emission intensity vs the 2022 baseline. The Trustees opted for a 2030 decarbonisation target and looked to be more ambitious than the market. This required a target emission intensity of 24 tCO2e / $1m invested. With the emission intensity for 2024 sitting at 19 tCO2e / $m invested, the Scheme has surpassed that goal six years ahead of target, displaying an 84% reduction. Despite this achievement, the Trustees recognise that emission intensity can fluctuate in both directions year on year, though the Trustees are confident that they can continue to meet this target by 2030, given they have explicitly ensured strong decarbonisation in the design of the mandates for the Cushon Sustainable Investment Strategy. The Trustees also note that since the data coverage is 90%, there is a chance that if coverage were 100% the target may not yet have been achieved. Therefore in the absence of 100% coverage, the target remains relevant.

The Trustees' decarbonisation target, set in 2022:
For the Cushon Sustainable Investment Strategy's carbon footprint (scope 1 & 2) to be at least 80% lower than the 2022 baseline by 30 September 2030.

The 2022 baseline is defined as the weighted average carbon footprint (scope 1 & 2) of broad market indices weighted by the Cushon Sustainable Investment Strategy's growth phase strategic asset allocation. As shown below, the 2022 baseline is 118 tCO2e / $m EVIC.

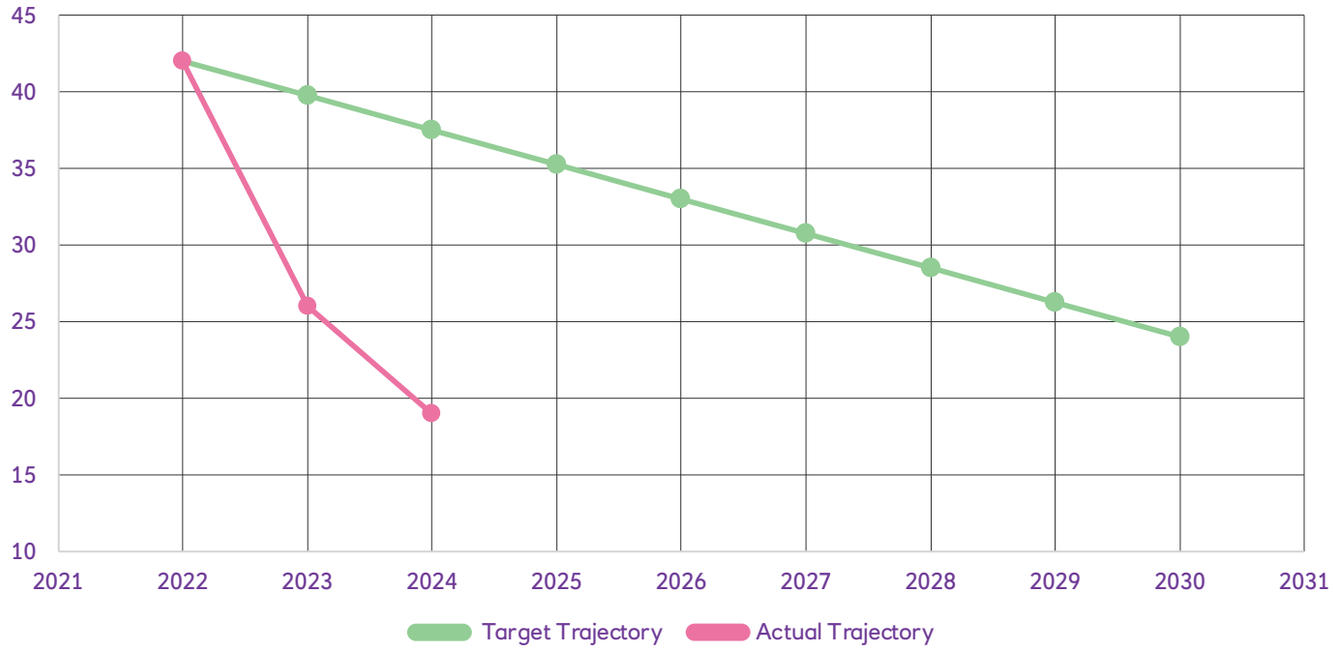
Fund	Strategic asset allocation	Carbon benchmark	Carbon footprint of broad market index
			Scope 1&2
Wellington Global Impact	2.5%	Bloomberg Global Aggregate	64
Lombard Odier Target Net Zero	2.5%	Bloomberg Global Aggregate Corporates	76
Macquarie True Index	75%	Solactive GBS Global Markets Large & Mid-Cap	122
NinetyOne MAC	3.2%	50/50 ICE BoA Global High Yield/Global Investment Grader	117
LGIM Corporate Bonds	1.8%	Bloomberg Global Aggregate Corporates	76
Schroders Climate+	15%	Solactive GBS Global Markets Large & Mid-Cap	122
Total Baseline	**100.0%**	–	**118**

2024 Scheme year progress against the 2030 target:

The target is therefore for the Cushon Sustainable Investment Strategy's carbon footprint (scope 1 & 2) to be at equal to, or lower than, 24 tCO2e / $m invested by 30 September 2030.

As displayed earlier in this report, the Cushon Sustainable Investment Strategy's growth phase carbon footprint reduced from a scope 1+2 emission intensity of 26 tCO2e/$1m of EVIC in 2023, to 19 tCO2e/$1m of EVIC in 2024. This is significant progress towards reaching 24 tCO2e/$1m of EVIC by 2030, as shown in the below graph.

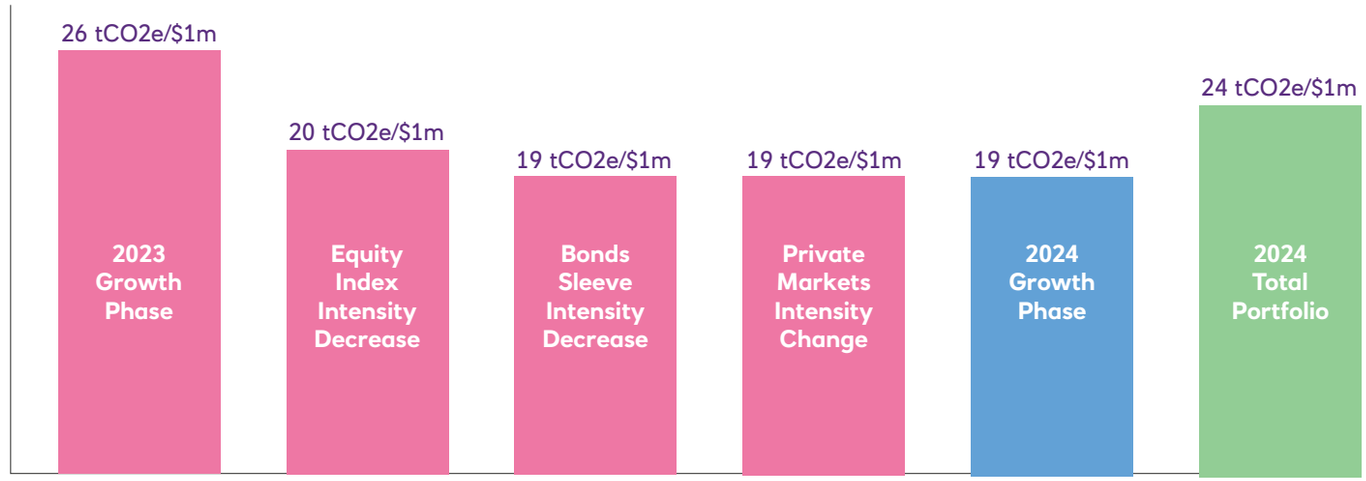
Comparison of Scope 1+2 target versus actual trajectory



This has mostly been achieved through two ways: mandate by mandate emission reductions, and the ramp-up of the Schroders Climate+ fund, which targets net-negative emissions by 2030. See below for a more detailed breakdown of each contribution to the emission intensity reduction between 2023 and 2024. Some volatility in the emission intensity of the Cushon Sustainable Investment Strategy growth phase is expected, due to company composition and valuation changes, and non-linear decreasing emissions intensity.

Contribution Analysis of 2024 vs 2023 Emission Intensity

Biggest contribution to reduction is the Macquarie Sustainable True Index



Steps the Trustees are taking to achieve the target

While significant progress has been made in meeting the decarbonisation target of 80% by 2030, there is still more to do.

The Trustees will continue to work with their investment managers to encourage them to better manage their climate risk and to decarbonise further. The Trustees are conscious that climate integration is a collaborative effort and have strong relationships with their investment managers to further this aim. Decarbonisation is embedded in the design of the Scheme investment mandates, meaning that the Trustees expect the emission intensity for the Scheme's default investment strategies to come down further and are confident of meeting the 2030 target. That being said, the Trustees will monitor the investment managers closely to ensure that they are adhering to climate integration best practices.

As mentioned previously in this report, the Trustees are also investigating new ways to measure the climate risks to which the default investment strategies portfolios are exposed. The Trustees' aim is to refresh their climate strategy, along with their climate targets, during 2025. As set out in the climate risk consideration, the Trustees are aiming to build portfolios that is resilient under multiple climate scenarios and believe the targets should also reflect this.

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Conclusion

Conclusion

Climate change stands as the paramount global challenge, and actions today will define the future for many generations to come. The next few decades will create new risks and opportunities related to climate change, and the Trustees believe it is in the best of interests of members to incorporate these factors into the running of the Scheme.

The Trustees have designed and implemented default strategies which have climate considerations at their core. The Trustees will continue to assess climate risks and consider broader sustainability issues within this space. Many of these are clearly interlinked with climate change, in particular nature impacts, social factors and the just transition.

In conjunction with NatWest Cushon and support from their investment adviser the Trustees have innovated in the way that the Scheme has incorporated climate risks into members' investments, demonstrated by the Schroders Climate+ LTAF and the commitment to a new Natural Capital mandate within the Cushon Sustainable Investment Strategy. The Trustees and NatWest Cushon will continue innovating within the Scheme's investment strategy, but the focus is getting broader as the Trustees evolve their approach to assessing climate risks. Having achieved the interim 2030 decarbonisation target, the Trustees will use a deeper understanding of climate risks to set new targets and review their climate strategy in 2025.

Fundamentally, the Trustees are aiming to create portfolios that are resilient under different climate scenarios. The Scheme's long-term membership horizons mean that the Trustees have to embed these considerations further, despite already taking great strides in this space.

The Trustees look forward to reporting on further progress in next year's report.

Thank you for reading.

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Technical Section

Technical section

Climate scenario analysis

The scenarios are taken from the three representative scenarios defined by the NGFS. The interpretation and implementation of these scenarios are detailed below, across 3 building blocks:

1. Climate modelling is based on the MAGICC 6 climate model. The MAGICC 6 model runs 600 climate scenario projections and the model takes the median outcome for each climate scenario: baseline, orderly, disorderly and hot house.
2. Socioeconomic modelling is based on the REMIND-MAGPIE general equilibrium model. This assumes that markets are efficient and sets out traditional economic assumptions around the evolution of economic and financial markets. There is interplay between both the climate and socioeconomic models which then feed into the investment model.
3. The investment model is Isio's SOFIA model. This determines how different asset classes will react under the different climate change scenarios analysed, and across time.

Modelling principles

SOFIA is a stochastic model that simulates a large number of possible future economic outcomes, in which financial conditions develop in a number of different ways, defined by assumptions for average outcomes, range of variability, and inter-dependency between different markets.
The high-level market scenarios are generated by a third-party Economic Scenario Generator (ESG) provided by Moody's Analytics. The ESG is an industry-standard tool that is widely used by financial institutions (e.g. insurers, asset managers, and investment banks). Both the climate scenarios and the underlying economic impacts are provided by Moody's Analytics.

Based on the scenarios generated by the ESG, SOFIA simulates asset-class returns calibrated to Isio Investment Advisory's asset-class assumptions. SOFIA takes the initial starting position of the assets, and projects these values forward under the simulated scenarios, taking into account any relevant inflows and outflows SOFIA assumes that assets are rebalanced annually and that the member de-risks in line with the lifestyle strategy.

Modelling limitations

No guarantee can be offered that actual outcomes will fall within the range of simulated results. Actual outcomes may be better than the simulated 95th percentile or worse than the simulated 5th percentile.
The only risk factors considered in the modelling are those that affect the values of pension schemes' assets. The modelling results should be viewed alongside other qualitative considerations including portfolio complexity, governance burden, and liquidity risk.

The model's projections are sensitive to the starting position and the econometric assumptions. Changes to the assumptions can have a material impact upon the output. There can be no guarantee that any particular asset class or investment manager will behave in accordance with the assumptions. Newer asset classes can be harder to calibrate due to the lack of a long-term history.

Workers Pension Trust Scenario Analysis

The Trustees of the Workers Pension Trust (WPT) undertook scenario analysis in 2023 to support their understanding of the potential impact of climate-related risks and opportunities. The purpose was to understand the potential impact of climate transition pathways on the retirement outcomes of different WPT members. Younger, mid-career and older WPT members were used to understand the impacts of the short, medium and long-term respectively. The main findings are as follows:

- Older WPT members are expected to be relatively well shielded from wider market disruptions caused by emerging transition and physical climate risks since they are invested across a range of markets, helping to reduce risk; and
- Younger WPT members will be more exposed to a delayed climate transition because they are more likely to experience the full impact of physical climate risks at a time when they have accumulated sizeable levels of retirement savings.

The Trustees of WPT concluded that strategic asset allocations could impact real-world climate risks and opportunities for WPT members, and consequently

their long-term retirement outcomes. As such they were focused on managing climate-related risks and opportunities primarily through implementation decisions, which could improve financial outcomes for WPT members and drive positive real-world changes.

Similar to the Cushon Master Trust, the Trustees of WPT do acknowledge the limitations of the climate scenario modelling carried out. The main limitation is that the future is unknown, and as for any forward-looking modelling, requires assumptions to be made. These assumptions may or may not be borne out in practice, so the outputs from their climate scenario analysis should not be relied upon as an exact assessment of potential member impacts; in reality these could be better or worse than indicated. This limitation cannot be removed but managed over time by monitoring and updating the modelling periodically. The industry has acknowledged the limitations of current modelling particularly on climate scenario modelling and there is a current drive within the industry to develop more robust and accurate modelling over time. The WPT Trustees are fully supportive of the initiative to enable better and more accurate assessment of the impact of climate change on their members. Furthermore, the modelling of WPT assets will be incorporated in to the refreshed modelling that is expected to be run for the Cushon Master Trust in 2025.

Details of the scenarios explored by WPT can be seen here:

Scenario	Description
Green revolution	Concerted policy action starting now e.g. carbon pricing, green subsidies. Public and private spending on "green solutions". Improved disclosures encourage market prices to shift quickly. Transition risks in the short-term, but less physical risk in the long term. A relatively high expectation of reducting global warming to <2°C. When modelling this scenario, we have assumed a greater likelihood of market disruption in the short-term driven by mainly transitional impacts. The likelihood of material long-term physical climate impacts is lowest under this scenario.
Delayed transition	No significant action in the short-term, meaning response must be stronger when it does happen. Shorter and sharper period of transition. Greater (but delayed) transition risks but similar physical risks in the long term. A relatively high expectation of reducing global warming to <2°C. When modelling this scenario, we have assumed a greater likelihood of market disruption in the medium-term driven by mainly transitional impacts. The likelihood of material long-term physical climate impacts is slightly higher under this scenario.
Head in the sand	No or little policy action from governments for many years. Growing fears over ultimate consequences leads to market uncertainty and price adjustments. Ineffective and piecemeal action increases uncertainty. Transition impacts exceeded by physical risks. Little or no expectation of reducing global warming to <2°C. When modelling this scenario, we have assumed a greater likelihood of market disruption in the long-term driven by transitional impacts and material physical climate impacts

These scenarios were chosen as they satisfy the guidance provided by the Department for Work and Pensions and provide an intuitive way to help Trustees understand the range of potential impacts different climate scenarios may have in terms of member outcomes. By taking a broad view, across a range of stressed scenarios, WPT Trustees felt they would be well placed to take action (where appropriate) to manage the most severe potential impacts.

For Defined Contribution arrangements such as WPT, impacts should in the first instance be considered as the impact on retirement outcomes for different cohorts of WPT members. This is in line with the requirement to define short, medium and long-term in the context of assessing climate risks. These time periods are defined as follows:

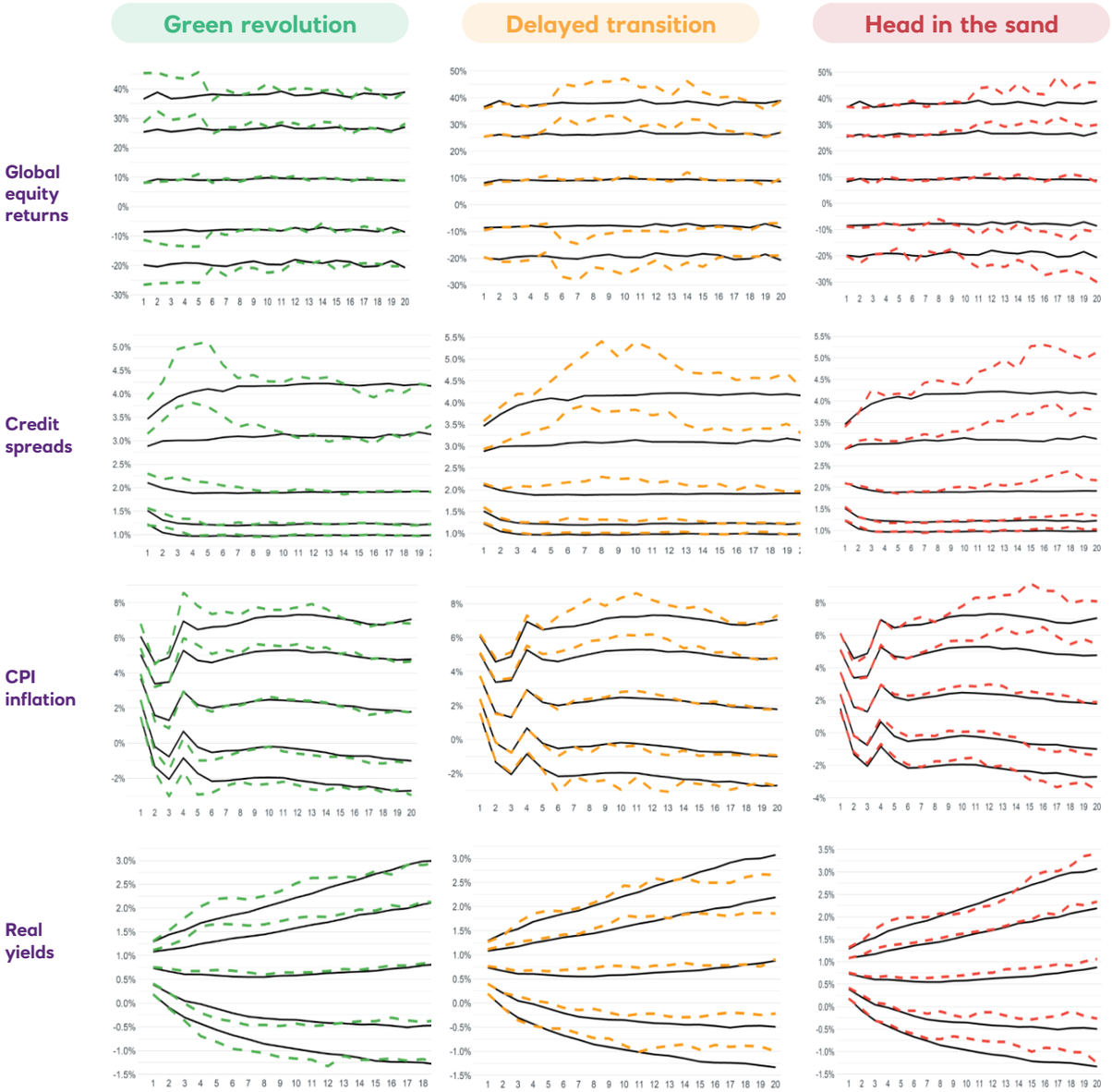
- **Short-term:** WPT members aged around 60 who can start to draw on their pension savings, but may be expected to retire fully in around 5 years;
- **Medium-term:** WPT members aged around 45 today with around 20 years until they are expected to retire;
- **Long-term:** WPT members aged around 25 today with around 40 years until they are expected to retire.

The following table sets out the results of the climate scenario analysis for these different cohorts of WPT members. The results are based on the median expected outcome for each member under each of the three scenarios compared to the base case, noting that the reality could be better or worse:

Impact on retirement outcomes for different climate stresses	Short-term WPT members retiring in around 5 years	Medium-term WPT members retiring in around 20 years	Long-term WPT members retiring in around 40 years
Green revolution	-1%	-1%	+1%
Delayed transition	-1%	+2%	-4%
Head in the sand	0%	-1%	-3%

In general, older WPT members are expected to be relatively well shielded from wider market disruptions caused by emerging transition and physical climate risks. This is because they are invested across a range of markets, providing diversification. Conversely, younger WPT members will be more exposed to a delayed climate transitions because the timing of transition and physical climate risks will be borne when they have accumulated sizeable levels of retirement savings. This analysis was conducted by the investment advisor of the WPT, underpinned by their research and development. This included a number of assumptions which may or may not be borne out in practice, so the outputs above should not be relied on as an exact assessment of potential member impacts which could be better or worse than indicated. Further details on these assumptions are included below.

In short, the approach draws on stochastic analysis of future potential outcomes, with emphasis on pathways demonstrating greater levels of market volatility/disruption during periods aligned with the climate scenarios described above. The following table illustrates the impact of each scenario on global equity returns, credit spreads, CPI inflation and real yields. In all instances the horizontal axis represents time (years) and the vertical represents the annual percentage return / yield:



Percentiles: 5%, 16%, 50%, 84%, 95%

Details of the member personas used in the climate scenario modelling are also included below:

Long-term member:
- Age 25
- Salary: £17,000
- Current pot size: £1,200
- Contribution rate: 8%

Medium-term member:
- Age: 45
- Salary: £21,000
- Current pot size: £2,000
- Contribution rate: 8%

Short-term member:
- Age: 60
- Salary: £24,000
- Current pot size: £24,000
- Contribution rate: 9%

All are assumed to be invested in the WPT default strategy, see their salaries will grow in line with CPI + 1% p.a., and retire at age 65

Metrics – Cushon Sustainable Investment Strategy (growth phase) - as at 30 September 2024

Fund	Current Asset Valuation	Total GHG emissions tCO2e		Carbon footprint tCO2e/ $1m of EVIC			Data quality						Implied temperature rise	
							% of scope 1 & 2 emissions that are:					Scope 3 coverage %		
	£m	Scope 1 & 2	Scope 3	Scope 1 & 2	*Scope 1 & 2 2023*	Scope 3	Verified	Reported	Estimated	Unavailable	Covered		°C	Coverage %
Macquarie True Index	368	7,232	30,089	15	23	63	0.0	87%	5%	8%	92%	89%	2.4	99%
Schroders Climate+	74	1,049	3,461	11	9	36	0.0	28%	51%	21%	79%	78%	1.5	100%
Wellington Global Impact	12	351	2,607	22	25	164	0.0	66%	15%	19%	81%	81%	2.84	65%
Lombard Odier Target Net Zero	12	1,208	7,042	76	105	443	0.0	29%	67%	4%	96%	96%	1.9	96%
LGIM Future World	9	287	4,571	25	28	399	0.0	81%	0%	19%	81%	81%	2.1	81%
NinetyOne MAC	16	1,905	11,173	94	102	549	0.0	48%	46%	6%	94%	94%	2.1	50%
Total Growth Phase	**491**	**12,032**	**58,942**	**19**	**26**	**93**	**0.0**	**75%**	**15%**	**10%**	**90%**	**88%**	**2.3**	**91%**

Sources: TruCost, ISS, Investment managers.
The total GHG emissions numbers have been adjusted to account for coverage. tCO2e: Tonnes of carbon dioxide equivalent, where CO2e expresses the impact of each different greenhouse gas in terms of the amount of CO2e that would create the same amount of warming. EVIC: Enterprise value including cash. Percentages may not add to 100% due to rounding. Data as at 30 September 2024, 2022 data as at 30 September 2023.

Metrics – Cushon Sustainable Investment Strategy (total portfolio) - as at 30 September 2024

Fund	Current Asset Valuation	Total GHG emissions tCO2e		Carbon footprint tCO2e/ $1m of EVIC			Data quality						Implied temperature rise	
							% of scope 1 & 2 emissions that are:					Scope 3 coverage %		
	£m	Scope 1 & 2	Scope 3	Scope 1 & 2	*Scope 1 & 2 2022*	Scope 3	Verified	Reported	Estimated	Unavailable	Covered		°C	Coverage %
Macquarie True Index	444	8,708	36,228	15	23	63	0.0	87%	5%	8%	92%	89%	2.4	99%
Schroders Climate+	69	987	3,258	11	9	36	0.0	28%	51%	21%	79%	78%	1.5	100%
Wellington Global Impact	19	531	3,940	22	25	164	0.0	66%	15%	19%	81%	81%	2.84	65%
Lombard Odier Target Net Zero	19	1,826	10,642	76	105	443	0.0	29%	67%	4%	96%	96%	1.9	96%
LGIM Future World	13	433	6,908	25	28	399	0.0	81%	0%	19%	81%	81%	2.1	81%
NinetyOne MAC	24	2,879	16,887	94	102	549	0.0	48%	46%	6%	94%	94%	2.1	50%
LGIM Gilts	12	1,934	n/a	122	133	n/a	0.0	100%	0%	0%	100%	0%	1.9	100%
LGIM Cash	8	1,289	8,640	122	133	820	0.0	78%	0%	22%	78%	19%	1.9	43%
Total Portfolio	**491**	**18,586**	**88,278**	**24**	**133**	**112**	**0.0**	**76%**	**14%**	**10%**	**90%**	**85%**	**2.3**	**95%**

Sources: TruCost, ISS, Investment managers.
The total GHG emissions numbers have been adjusted to account for coverage. tCO2e: Tonnes of carbon dioxide equivalent, where CO2e expresses the impact of each different greenhouse gas in terms of the amount of CO2e that would create the same amount of warming. EVIC: Enterprise value including cash. For LGIM Index Linked Gilts and LGIM Cash, the metric tCO2e / $1m GDP was used due to complications with calculating EVIC of a sovereign. Consequently, LGIM did not have a scope 3 figure for both funds. Percentages may not add to 100% due to rounding. Data as at 30 September 2024, 2022 data as at 30 September 2023.

Metrics – Cushon Sustainable Investment Strategy, broken down by asset class - as at 30 September 2024

Fund	Current Asset Valuation	Total GHG emissions tCO2e		Carbon footprint tCO2e/ $1m of EVIC			Data quality						Implied temperature rise	
							% of scope 1 & 2 emissions that are:					Scope 3 coverage %		
	£m	Scope 1 & 2	Scope 3	Scope 1 & 2	*Scope 1 & 2 2023*	Scope 3	Verified	Reported	Estimated	Unavailable	Covered		°C	Coverage %
Listed Equity	444	8,708	36,228	15.2	23	63.1	0.0	87%	5%	8%	92%	89%	2.4	99%
Corporate Bonds	49	5,668	38,377	59.0	65	399.4	0.0	53%	35%	11%	89%	89%	2.2	71%
Private Markets	69	987	3,258	11.0	9	36.3	0.0	28%	51%	21%	79%	78%	1.5	100%
Index Linked Gilts	12	1,934	n/a	122.3	133	n/a	0.0	100%	0%	0%	100%	0%	1.9	100%
Cash	8	1,289	8,640	122.3	133	820.0	0.0	78%	0%	22%	78%	18%	1.9	43%
Total Portfolio	**583**	**18,586**	**88,278**	**24**	**30**	**112**	**0.0**	**76%**	**14%**	**10%**	**90%**	**85%**	**2.3**	**95%**

Sources: TruCost, ISS, Investment managers.
The total GHG emissions numbers have been adjusted to account for coverage. tCO2e: Tonnes of carbon dioxide equivalent, where CO2e expresses the impact of each different greenhouse gas in terms of the amount of CO2e that would create the same amount of warming. EVIC: Enterprise value including cash.
For LGIM Index Linked Gilts and LGIM Cash, the metric tCO2e / $1m GDP was used due to complications with calculating EVIC of a sovereign. Consequently, LGIM did not have a scope 3 figure for both funds.
Percentages may not add to 100% due to rounding

Metrics – Cushon Sustainable Investment Strategy (total portfolio) - as at 30 September 2024

Fund	Current Asset Valuation	Total GHG emissions tCO2e		Carbon footprint tCO2e/ $1m of EVIC			Data quality						Implied temperature rise	
							% of scope 1 & 2 emissions that are:					Scope 3 coverage %		
	£m	Scope 1 & 2	Scope 3	Scope 1 & 2	*Scope 1 & 2 2022*	Scope 3	Verified	Reported	Estimated	Unavailable	Covered		°C	Coverage %
Macquarie True Index	19	378.49	1,574.64	15	23	63	0.0	87%	5%	8%	92%	89%	2.4	99%
Wellington Global Impact	0.6	18.51	137.37	22	25	164	0.0	66%	15%	19%	81%	81%	2.84	65%
Lombard Odier Target Net Zero	0.6	63.66	371.07	76	105	443	0.0	29%	67%	4%	96%	96%	1.9	96%
LGIM Future World	0.5	15.10	240.85	25	28	399	0.0	81%	0%	19%	81%	81%	2.1	81%
NinetyOne MAC	0.8	100.37	588.78	94	102	549	0.0	48%	46%	6%	94%	94%	2.1	50%
LGIM Gilts	0.3	49.64	n/a	122	133	n/a	0.0	100%	0%	0%	100%	0%	1.9	100%
LGIM Cash	0.2	33.33	223.40	122	133	820	0.0	78%	0%	22%	78%	19%	1.9	43%
Total Portfolio	**22**	**659.09**	**3,180.64**	**23**	**31**	**110**	**0.0**	**83%**	**9%**	**8%**	**92%**	**87%**	**2.4**	**95%**

Sources: TruCost, ISS, Investment managers.
The total GHG emissions numbers have been adjusted to account for coverage. tCO2e: Tonnes of carbon dioxide equivalent, where CO2e expresses the impact of each different greenhouse gas in terms of the amount of CO2e that would create the same amount of warming. EVIC: Enterprise value including cash. For LGIM Index Linked Gilts and LGIM Cash, the metric tCO2e / $1m GDP was used due to complications with calculating EVIC of a sovereign. Consequently, LGIM did not have a scope 3 figure for both funds. Percentages may not add to 100% due to rounding. Data as at 30 September 2024, 2022 data as at 30 September 2023.

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Glossary

Glossary

Environmental, Social and Governance ('ESG')
ESG factors relate to the external impact that investing in companies have on wider society, outside of traditional financial factors. These are not only related to the environment and climate change, but also to social issues.

Examples of ESG factors include:

Environmental
- Climate change
- Resource depletion, including water
- Waste and pollution
- Deforestation

Social
- Working conditions, including slavery and child labour
- Local communities, including indigenous communities
- Conflict
- Health and safety
- Employee relations and diversity

Governance
- Executive pay
- Bribery and corruption
- Political lobbying and donations
- Board diversity and structure
- Tax strategy

TCFD
The Financial Stability Board established the Taskforce on Climate-related Financial Disclosures (TCFD) to develop recommendations for effective climate-related disclosures that could promote more informed investment, credit, and insurance underwriting decisions. In turn this enables stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks.

The TCFD was disbanded in December 2023 having deemed to have completed it's work. However, the TCFD recommendations remain relevant for climate-related disclosures by organisations globally. The TCFD was committed to market transparency and stability. The TCFD believed that better information will allow companies to incorporate climate-related risks and opportunities into their risk management and strategic planning processes. As this occurs, companies' and investors' understanding of the financial implications associated with climate change will grow, empowering the markets to channel investment to sustainable and resilient solutions, opportunities, and business models.

In 2017, the TCFD released climate-related financial disclosure recommendations designed to help companies provide better information to support informed capital allocation.

The TCFD's disclosure recommendations are structured around four thematic areas that represent core elements of how organizations operate: governance, strategy, risk management, and metrics and targets. These thematic areas are intended to interlink and inform each other.
Source: https://www.fsb-tcfd.org/about/

UN Sustainable Development Goals ('UN SDGs')
The UN has set in place 17 goals, intended to be achieved by 2030, which encourage collective action towards a better and more sustainable future. These are a series of globally accepted norms that allow investors and companies to align interests.

Physical risks
These are risks which the Scheme is exposed to that arise directly from changing climate conditions. These can be acute, episodic risks such as tornadoes, typhoons, and wildfires, as well as chronic, ongoing risks such as rising sea levels, freshwater scarcity, and supply chain disruption.

Transition risks
These are risks that arise from taking the necessary steps to transition to a low-carbon economy. These may arise as a result of:
- Regulatory actions
- Technological developments
- Reputational damage
- Market forces

Greenhouse Gases (GHGs)
The globally recognised greenhouse gases considered under the CO2e metric are the seven mandated under the Kyoto Protocol. These are as follows:
- Carbon dioxide (CO2)
- Methane (CH4)
- Nitrous oxide (N2O)
- Hydrofluorocarbons (HFCs)
- Perfluorocarbons (PFCs)
- Sulphur hexafluoride (SF6)
- Nitrogen trifluoride (NF3)

CO2e
Different greenhouse gases have different impacts on global warming. In order to standardise this, greenhouse gas emissions are often reported in tonnes of CO2e equivalent (CO2e).

Net Zero
Net Zero is defined as where released emissions into the atmosphere are equal to those emissions taken back out of the atmosphere, through the application of nature-based solutions, man-made technology or the purchase of carbon offsets.

Carbon offsets
Companies reduce their net greenhouse gas emissions through purchasing carbon offset credits. This involves investing in projects which aim to avoid emissions (e.g. renewable energy) or remove carbon from the atmosphere (e.g. reforestation). These projects generate carbon credits, where a single credit is equivalent to 1 tonne of CO2e being avoided or removed from the atmosphere.
This means that companies can reduce their overall carbon footprint without reducing the carbon intensity of their business practices.

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Thank you for reading

Tomorrow begins today