



MICHELIN PENSION & LIFE ASSURANCE PLAN (DC SECTION)

– DISCLOSURES IN RESPECT OF TCFD FOR THE PLAN

*THIS TCFD REPORT RELATES TO THE PLAN YEAR ENDED
31 MARCH 2025. THE PLAN IS CURRENTLY NOT REQUIRED TO
PRODUCE AN ANNUAL TCFD REPORT, BUT HISTORICAL REPORTS
ARE RETAINED FOR ARCHIVE AND TRANSPARENCY PURPOSES.*

EXECUTIVE SUMMARY

This report sets out the approach of the Trustee of the Defined Contribution (“DC”) Section of the Michelin Pension & Life Assurance Plan (“the Plan”) with regard to assessing, monitoring and mitigating climate-related risks in the context of the Trustee’s broader regulatory and fiduciary responsibilities to their members.

It describes the Trustee’s oversight of climate-related risks and opportunities in line with the Climate Change Policy.

The report summarises the climate-related risks and opportunities the Trustee has identified over the short, medium and long-term.

The Trustee has undertaken scenario analysis to assess the resilience of the DC Section’s strategies over the short-, medium- and long-term time horizons to a number of different climate scenarios.

- In general, younger members, further from retirement are expected to be relatively well shielded from wider market disruptions caused by emerging transition and physical climate risks.
- Conversely, older members will be slightly more exposed to a delayed climate transition because they have less time to recover losses.

The scenario analysis has not been updated from 2023’s report as this is only to be revised every 3 years, or if any changes are made to the strategy that would result in material changes to the output. Following investment changes within the Defined Benefit Section of the Plan it is anticipated that the Trustee will not be required to prepare a TCFD report next year.

The report also sets out a number of metrics, in line with Department for Work and Pensions (“DWP”) Guidance, which are used by the Trustee to assess climate risks and reports these for the Plan year where available.

Data received for the Plan year end as at 31 March 2025 shows that the Michelin JP2 2030-2035 approved/committed data coverage at 38%, and the Michelin JP4 2020-2025 data coverage at 21.3% (2024: 39.7%, 26.8% respectively).

Introduction

The Trustee believes that climate change is a systemic risk and an immediate concern. To ensure a sustainable future and to safeguard economic growth, it believes that concerted global action is required to tackle the climate crisis. The Plan is a long-term investor and the Trustee believes that improved transparency on climate-related matters will lead to improved investment decisions which in turn will improve member outcomes. This has created focus and an imperative to act.

Therefore, the Trustee is supportive of any initiative that helps improve disclosures and enhances transparency. The Taskforce on Climate-related Financial Disclosures (“TCFD”) framework provides a structure for companies, asset managers, asset owners, banks and insurance companies to outline the steps they have undertaken to identify, manage and monitor climate related risks and opportunities. The framework is designed to increase comparability but allow sufficient flexibility to communicate the specific approach adopted by each entity. As such, the Trustee supports the TCFD recommendations. From 1 October 2021, pension schemes above a certain size have been required to comply with the TCFD requirements for pension schemes. These requirements applied to the Plan, as an over £1bn scheme (including the assets of the DB section), from 1 October 2022. This report is therefore the third TCFD report produced for the Plan in line with these requirements.

Vincent Dormieux
Chair of Trustee

Signed: 
Date: 30 October 2025

Background

The TCFD was commissioned in 2015 by Mark Carney in his remit as Chair of the Financial Stability Board. The TCFD was asked to develop voluntary, consistent climate-related financial disclosures that would be useful in understanding material climate-related risks. In 2017 the TCFD released its recommendations for improved transparency by companies, asset managers, asset owners, banks, and insurance companies with respect to how climate-related risks and opportunities are being managed. For the pensions industry, relevant guidance has been produced by the Pensions Climate Risk Industry Group (PCRIG).

From 1 October 2022, pension schemes between £1bn and £5bn in size such as the Plan were required to begin reporting in line with the TCFD recommendations. Further statutory guidance has also been issued by the Department for Work and Pensions (DWP).

The Task Force divided climate-related risks into two major categories: risks related to the transition to a lower-carbon economy; and risks related to the physical impacts of climate change. The TCFD report noted that climate-related risks and the expected transition to a lower carbon economy affect most economic sectors and industries, however, opportunities will also be created for organisations focused on climate change mitigation and adaptation solutions. The report also highlighted the difficulty in estimating the exact timing and severity of the physical effects of climate change.



The Task Force structured its recommendations around four thematic areas that represent core elements of how organisations operate: governance, strategy; risk management; and metrics and targets. The four overarching recommendations are supported by recommended disclosures that build out the framework with information that will help investors/stakeholders understand how reporting organisations assess climate related risks and opportunities.

The disclosures are designed to make TCFD-aligned disclosures comparable, but with sufficient flexibility to account for local circumstances.

This report provides details of our approach against the four pillars:

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

As well as developing our own reporting for TCFD, we expect our underlying investment managers to be aligned with TCFD. We will continue to monitor this through our regular reporting and ongoing dialogue with the Plan's managers.

Please see the Glossary at the end of this report which provides further explanation and detail on certain terms used.

Report Summary

We have set out a summary of this report and the key highlights across each of the four pillars of TCFD below.

GOVERNANCE

Disclosure 1: Describe the board's oversight of climate-related risks and opportunities.

Summary

The Trustee has prepared and agreed a formal climate governance statement for the Plan that outlines its approach to climate-related issues and further details on oversight of climate risks and opportunities. The statement also sets out roles and responsibilities relating to climate-related issues and how these are brought to the Trustee's attention.

The Trustee has assessed the requirements of the disclosure and put in place an appropriate budget for advisers and others to assist. An explicit budget has been allocated to fulfil the climate disclosure requirements and this will be reviewed annually to ensure sufficient resource.

There are a number of responsibilities delegated to the Plan's platform provider, Legal & General. The platform provider is monitored on an ongoing basis by the Trustee.

The Trustee has a Climate Sub-Committee ("Sub-Committee") which is a sub-set of the Trustee Board. The Sub-Committee was formed to meet the requirements of the climate related regulations that came into force from October 2021 and any future regulations. The Climate Sub-Committee provides updates to the Trustee and provides recommendations to the Trustee for approval.

The Trustee's investment consultant assists with this ongoing monitoring and that of the underlying investment managers, including rating the approach of the managers with respect to climate related issues. Further details on these responsibilities are also included under Governance disclosure 2.

The Trustee recognises that the overall responsibility for managing the Plan, including managing the Plan with respect to climate-related issues and oversight of any delegated responsibilities, lies with the Trustee.

The Trustee undertook in-depth training sessions on climate change and TCFD metrics over the last few years. The assessment of climate risk and identification of potential opportunities, as well as other climate-related issues such as policy direction, have been built into the Trustee's ongoing training plan. The Trustee has also incorporated Climate Risk into its overall Risk Register, which provides a framework within which all risks faced by the Plan are quantified and sets out how they will be mitigated over time.

The Trustee receives data on an annual basis from our investment managers outlining the underlying holdings within each fund. The Trustee's investment advisers then calculate the Scope 1 and 2 carbon emissions and carbon footprint for each fund. These results are disclosed in this annual TCFD report – see "Climate scenario and portfolio analysis Section" for further information. Please see the rest of this report for more information.

Disclosure 2: Describe management's role in assessing and managing climate-related risks and opportunities.

Summary

The Trustee has identified climate risk as a strategic priority for the Plan. The Trustee considers climate risks and opportunities as set out in the Statement of Investment Principles (which is reviewed annually) and detailed in the annual Implementation Statement. The Trustee also considers these risks in general as part of the monitoring of the assets.

Climate risks and opportunities are considered as part of the periodic review of the Plan's investment beliefs. Key risks are noted within the Plan's Risk Register and opportunities are minuted for further action when appropriate.

There are a number of responsibilities delegated to the investment managers (Legal & General, HSBC, Schroders, Newton, Threadneedle and M&G) for the DC Section of the Plan's assets. These managers are monitored on an ongoing basis by the Trustee.

The Trustee considers climate-related risks and opportunities as part of each investment strategy review, recognising that these have the potential to be financially material. Each review will also give consideration to our agreed climate-related investment beliefs.

STRATEGY

Disclosure 3: Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term.

Summary

The Trustee notes that climate-related risks and opportunities will evolve over time as more information and new investment products come to the fore.

Given the likely time horizon over which members' benefits are expected to be paid by the Plan, the Trustee has agreed short-, medium-, and long-term time horizons of 5, 10 and 30 years respectively. The Trustee notes that the 30-year time horizon roughly aligns to 2050, the date by which countries bound to the Paris Agreement have agreed to meet net-zero requirements.

Climate-related risks can be broadly classified into two categories.

Transition to a low carbon economy, including (but not limited to):

- Policy changes, e.g. carbon pricing, seeking to create the changes needed in society;
- Technology development, e.g. renewable energy, and adoption to enable the changes to be implemented.
- Physical impacts, including (but not limited to):
- Chronic changes, e.g. sea level rise, agricultural systems, impact on economic and social systems;
- Acute changes, e.g. storms, wildfires create damage and give rise to costs of adaptation and reconstruction.

Some of the identified risks and opportunities over the short, medium and long-term for the DC Section include Environmental, Social and Governance risks and climate risks. The table below provides comment on some of these risks as recognised by the DC Section.

		<i>SHORT TERM</i>	<i>MEDIUM TERM</i>	<i>LONG TERM</i>
Risks	Strategy level	Increased regulation Stock price movements	Technological change Consumer preferences Increased pricing of greenhouse gas emissions	Resource availability Physical damage to real assets as a result of extreme weather events
	Asset class/sector level	Listed equities Growth assets Oil-dependent issuers	Carbon-intensive corporate issuers Energy-intensive industry	Infrastructure Property Agriculture Food Commodities Insurance
Opportunities		Increased member engagement as topical issue	Successful investments in new technology Investment opportunities in infrastructure, renewable energy and other lower-carbon investments	

STRATEGY

Disclosure 4: Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

Summary

The Trustee has been working with the investment advisor to incorporate additional requirements in core business plans and budgets. The Trustee is comfortable that both the TCFD-related climate governance and reporting requirements can be fulfilled. There may be wider opportunities to be explored which will be incorporated into the annual budget as appropriate. However, there is an expectation that these costs will be negated through the reduced risk and improved member outcomes through lower impacts of climate change as well as taking advantage of climate-related opportunities.

The Trustee regularly monitors the investments held by the DC Section of the Plan and considers climate risks and opportunities, and its impact on the Plan, as a part of this monitoring process.

The Trustee considers climate-related risks and opportunities as part of each investment strategy review, recognising that these risks have the potential to be financially material. Each review will also give consideration to our agreed climate-related investment beliefs.

STRATEGY

Disclosure 5: Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, include a 2C or lower scenario.

Summary

The Trustee is required to undertake analysis to explore the potential impact of different future climate scenarios on the DC Section of the Plan, which can capture the impact of transition and physical risks.

The Trustee has undertaken scenario analysis to assess the resilience of the DC Section's strategies over the short-, medium- and long-term time horizons to a number of different climate scenarios. The output of this analysis is set out in Table 2 in the later sections of this report.

The main findings are as follows:

- In general, younger members, further from retirement are expected to be relatively well shielded from wider market disruptions caused by emerging transition and physical climate risks. This is largely due to the wide range of possible outcomes already built into the modelling.
- Conversely, older members will be slightly more exposed to a delayed climate transition because they have less time to recover losses.

The Trustee had concluded that strategic asset allocation decisions could impact climate risks and opportunities for members and consequently their long-term retirement outcomes. While the Trustee does not believe that immediate action is required, it will continue to engage with the Plan's managers to ensure that climate-related risks are being appropriately managed.

The current policy is therefore to manage climate-related risks and opportunities primarily through implementation decisions, which could improve financial outcomes for members.

Disclosure 6: Describe the organisation's processes for identifying and assessing climate-related risks.

Summary

Climate change is a potential long-term material financial risk for the Plan which could impact the DC (and DB) investments, the Company and the world into which their members will retire. The financial risks and opportunities arising from the impacts of climate change may include:

Physical Climate Risk – The physical impacts of a changing climate on businesses directly or indirectly through their supply chain. This could include increasing temperatures, changing weather patterns, sea level rise and severe weather events.

Transition Climate Risk - The impacts of the global transition towards a low-carbon economic system. This could include changes in industry regulation, consumer preferences and technology that will impact current and future investments.

As well as providing competition to existing businesses, both physical and transition climate risks may create new investment opportunities.

At a simple level, the Trustee's risk management process comprises identification, assessment, monitoring and control of risk. The Trustee currently takes a top-down approach, which uses its investment beliefs together with the Climate Governance Statement as the starting point for the risk management process.

Climate risks are identified by the Trustee and its advisers as appropriate. Risks relating specifically to climate change are discussed by the Trustee and documented in the Plan's risk register. Information from a number of sources is used to help identify risks and the Trustee and its advisers are responsible for identifying risks as appropriate.

Once risks are identified, they are then evaluated and prioritised based on the overall threat posed to the Plan. This helps the Trustee build up a picture of the Plan's risks more widely and where climate-related risks sit in the overall risk management framework.

The Trustee notes that evaluation of climate-related risks and opportunities is based on relevant information and tools being available, as well as the quantification of climate-related risks and opportunities being a developing area based on continuously emerging information.

The Trustee prioritises risks based on the size, scope and materiality of the risk event. This includes rating the likelihood and impact of the risk event to produce a score reflecting the threat that the risk event poses to the Plan, then making a decision on the appropriate action (mitigation, control or acceptance) based on this score and available courses of action. Rating the risk's likelihood and impact may be informed by scenario analysis and calculated metrics where relevant.

The Trustee also give regard to risk analysis at the individual asset level (bottom-up analysis). In this instance, the Plan's investment managers are responsible for the identification and assessment of climate related risks and opportunities. This approach will use available information to assess the potential impact of climate-related risks to investment performance.

Disclosure 7: Describe the organisation's processes for managing climate-related risks.**Summary**

Once the risks facing the Plan have been considered and prioritised, mitigation strategies are established and monitored to ensure that they remain effective. Ownership of risks and the corresponding controls is also allocated where appropriate.

Risks that are deemed to be high in likelihood, impact, or both after allowing for mitigating controls are deemed to take priority for future action. An action in the context of risk management should aim either to introduce an additional control to mitigate the likelihood of a risk occurring or reduce the impact of a risk should it occur. This discussion should also consider whether additional trustee training is required.

Risks and opportunities should be considered in absolute terms and in relation to the risk appetite of the Plan. Risk appetite can be defined in terms of a willingness to take risk or the acceptability of risk.

The Trustee's approach to stewardship is also a key aspect of the management of climate-related risk. The Trustee has three key stewardship priorities (including climate change) which they have shared with the investment managers. The Trustee liaises with the managers on these areas to ensure that they are being considered when engaging with investee companies. They also review the voting records and policies for the investment managers to ensure these three areas remain priorities. The Trustee expects its investment managers to consider and take appropriate steps to manage climate-related risks within their funds, including engagement with underlying investee companies on their management of climate risks.

The Trustee expects the investment managers to consider and take appropriate steps to manage climate-related risks within the funds, including engagement with underlying investee companies on their management of climate risks.

The Statement of Investment Principles sets out the processes by which investee companies are engaged with from a stewardship perspective, including climate-related issues. This is through delegated engagement via the investment managers and ongoing monitoring of this engagement activity undertaken by the Trustee and its investment advisors. This includes understanding the managers' approach to voting in relation to climate-related issues and pursuing engagement with those managers where the Trustee feels that the manager's approach is not aligned with its priorities or wider best practice.

The Trustee monitors the underlying investment managers' stewardship approaches as part of the broader monitoring activities. Voting and engagement information is reported annually in the Implementation Statement. Where investment managers are not performing in line with expectations, the Trustee will pursue further engagement with the manager to understand why and work to improve the performance, further to which the Trustee would undertake a formal review if this does not occur.

RISK MANAGEMENT

Disclosure 8: Describe how processes for identifying, assessing and managing climate-related risks are integrated into the overall organisation's risk management.

Summary	Climate risks are identified by the Trustee, its advisers and the appointed investment managers as appropriate. Risks relating specifically to climate change, along with any required mitigating actions, are considered by the Trustee Board.
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METRICS AND TARGETS

Disclosure 9: Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes.

Summary	Carbon equivalent risk metrics will form an important part of the Plan's investment decision-making process to measure, manage and disclose climate risk. The selected metrics will also aid the Trustee in identifying opportunities for further engagement with investment managers and underlying investee companies. The Trustee has considered advice from its advisers when selecting which metrics to use in measuring the climate-related risks and opportunities present for the Plan. The metrics chosen by the Trustee are: • Total Carbon Emissions (absolute emissions based) • Carbon footprint; • Binary target measurement; and • Data Quality. The Trustee acknowledges that there are limitations in data available from investee companies on emissions of greenhouse gases. The Trustee will seek to obtain information, where it is currently missing, for future assessments. In the meantime, the results of the above metrics have been understood to be reflective of the Plan, but the limitations of data availability are noted when using the metrics for decision-making purposes. As per the regulations, the Trustee has assessed the "popular arrangements" offered by the Plan, namely the Michelin Journey Plan 2 2030-2035 and Michelin Journey Plan 4 2020-2025. The Trustee will monitor developments in the requirements and will review these funds (and potentially others depending on guidance from the DWP) in the future.
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METRICS AND TARGETS

Disclosure 10: Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

Summary

The calculated metrics for each section of the Plan are presented in detail later in this report for the period covered by this report.

In future reports, the Trustee will monitor the metrics at least on an annual basis and identify whether performance has improved or deteriorated over time. Where performance has deteriorated, the Trustee will look to engage further to understand the reasoning and undertake any appropriate remedial actions. The metrics will also be used to monitor the Plan's performance in line with climate-related targets (see Disclosure 11).

The Trustee acknowledges that at this point, limited data is available on an industry wide comparison basis and the Trustee has relied heavily on the benchmark set for each fund and the market knowledge of its advisers in understanding how well the funds are performing and whether further improvements could be made at this stage.

"A popular arrangement is considered to be on in which £100m or more of the scheme's assets are invested, or which accounts for 10% or more of the assets used to provide money purchase benefits (excluding assets which are solely attributable to Additional Voluntary Contributions)" Source: DWP Statutory Guidance

METRICS AND TARGETS

Disclosure 11: Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Summary

The ability for diversified investors (such as pension funds) to set meaningful climate targets is inhibited by the lack of credible methodologies and data currently available. Like most investors, the Trustee is supportive of the development of target-setting methodologies, and of the increasing completeness of carbon datasets. The Trustee wishes to set meaningful and challenging climate targets for its investments and work is underway to assess options within the limitations of currently available data. It should be noted that the funds the Plan invests in are pooled funds so there is limited ability for the Trustee to influence the holdings in any fund.

Data received for the Plan year end as at 31 March 2025 shows the Michelin JP2 2030-2035 SBTi approved/committed data coverage at 38%, and the Michelin JP4 2020-2025 data coverage at 21.3% (2024: 39.7%, 26.8% respectively).

<i>SCENARIO</i>	<i>DESCRIPTION</i>
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.
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.
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 reducing 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.

These scenarios were chosen as they satisfy the guidance provided by the Department for Work and Pensions, and provide an intuitive way to help 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, the Trustee feels it has the ability to take action (where appropriate) to respond to and mitigate against the most severe potential impacts.

The assumptions underpinning these scenarios are provided in Appendix 3. There is no industry consensus on how to model different climate scenarios. The Trustee has therefore relied on the views of its advisers, underpinned by their research and development. The Trustee expects its adviser to continually test whether their approach represents good practice relative to the wider industry and to be proactive in suggesting revisions to improve over time.

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 this analysis should not be relied upon as an exact assessment of potential member impacts which could be better or worse than indicated. This limitation cannot be removed but managed over time by monitoring.

For Defined Contribution arrangements such as the DC Section of the Plan, impacts should, in the first instance be considered as the impact on retirement outcomes for different cohorts of 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:** Members aged around 55-60 who can start to draw on their pension savings, but may be expected to retire fully in 5 years;
- **Medium-term:** Members aged around 40-50 today with at least 15 years until they are expected to retire;
- **Long-term:** Members aged around 25 today with at least 40 years until they are expected to retire.

The following tables set out the results of the climate scenario analysis for these different cohorts of members, split by ATS members and Michelin members. It should be noted that these are all stressed scenarios, and therefore generally reveal a 'worse' position relative to central expectations, depending on the term to retirement and the scenario. The stresses are in respect of the expected (median) pension pot each member may receive at retirement. Please note that this stochastic analysis has been conducted by modelling 5000 different economic scenarios. Please see the Appendix for more information:

ATS members

<i>IMPACT ON RETIREMENT OUTCOMES FOR DIFFERENT CLIMATE STRESSES</i>	<i>SHORT TERM MEMBERS RETIRING IN AT LEAST 5 YEARS</i>	<i>MEDIUM TERM MEMBERS RETIRING IN AT LEAST 15 YEARS</i>	<i>LONG TERM MEMBERS RETIRING IN AT LEAST 40 YEARS</i>
Head in the sand	-1%	-1%	unchanged
Delayed transition	-2%	+3%	unchanged
Green revolution	-1%	-1%	-1%

Michelin members

<i>IMPACT ON RETIREMENT OUTCOMES FOR DIFFERENT CLIMATE STRESSES</i>	<i>SHORT TERM MEMBERS RETIRING IN AT LEAST 5 YEARS</i>	<i>MEDIUM TERM MEMBERS RETIRING IN AT LEAST 15 YEARS</i>	<i>LONG TERM MEMBERS RETIRING IN AT LEAST 40 YEARS</i>
Head in the sand	-1%	-2%	+1%
Delayed transition	-3%	+1%	unchanged
Green revolution	-1%	unchanged	-2%

Source: Hymans Robertson

In general, younger members, further from retirement are expected to be relatively well shielded from wider market disruptions caused by emerging transition and physical climate risks. Conversely, older members will be more exposed to a delayed climate transition because the timing of transition and physical climate risks will be borne when they have accumulated sizeable levels of retirement savings and they have less time to recover losses. However, the Trustee acknowledges that the analysis shows minimal change to members’ expected pot sizes. As highlighted earlier, this is largely due to the wide range of possible outcomes already built into the modelling.

The Trustee has concluded that it is unlikely that strategic asset allocation decisions (such as the choice between investing in equity or bond markets) will lead to improved mitigation of real-world climate risks for members without compromising on their long-term retirement outcomes. The Trustee believes that climate risks and opportunities will be better managed through implementation decisions, which could improve financial outcomes within asset classes, and effective stewardship with underlying companies to drive real world changes.

Climate metrics

Emissions-based metrics

The Trustee is required to adopt at least one absolute emissions and one intensity-based emissions metric to support its assessment of climate-related risks and opportunities. After considering the available data and advice, the Trustee has decided to use the following emissions-based metrics:

METRIC	DESCRIPTION
Total GHG Emissions	This is a measure of absolute carbon emissions and represents the estimated Scope 1 + Scope 2 greenhouse gas emissions from a portfolio. This is expressed in terms of thousand tons of CO2 equivalent emitted by the companies invested in by the portfolio, weighted by the size of the allocation to each company.
Carbon footprint, measured in tonnes of CO ₂ e per £million invested (EVIC)	A measure of a portfolio’s carbon intensity. This is expressed in terms of tons of CO2 equivalent emitted per million pounds invested, weighted by the size of the allocation to each company. Is measured using scope 1 + scope 2 emissions.

Other climate metrics

The Trustee is required to adopt at least one non-emissions-based climate metric to support the assessment of climate-related risks and opportunities. After considering the available data and advice, we have decided to use the following non emissions-based metric(s):

<i>METRIC</i>	<i>DESCRIPTION</i>
Data quality	A measure of the proportion (%) of the portfolio for which the Trustee has high quality Scope 1+2 emissions data (including Scope 3 from year 3 onwards).
Binary target measurement - Companies with Science-Based Targets initiative (SBTi) approved targets	Measures information such as the number of companies within a portfolio that have a net zero objective or plan, or the number of companies that have plans which have been accredited by the Science Based Targets initiative

The following table sets out the climate metrics adopted by the Trustee for the period ending 31 March 2025 for the DC Section:

Scope 1 & 2 emissions

	<i>TOTAL CARBON EMISSIONS (TCO₂E)</i>	<i>CARBON FOOTPRINT (TCO₂E/£M INVESTED)</i>	<i>PROPORTION OF FOOTPRINT DATA COVERAGE (%)</i>	<i>COMPANIES WITH SBTi APPROVED TARGETS (% OF FUND HOLDINGS)</i>
<i>MICHELIN JOURNEY PLAN 4 2020-2025</i>	26	19.9	48	14.9
<i>MICHELIN JOURNEY PLAN 2 2030-2035</i>	1,174.50	40.8	68.1	32.3
<i>TOTAL (WEIGHTED BY FUNDS INVESTED)</i>	1,200.5	39.6	67.0	31.3

Source: Underlying holdings data has been sourced from Legal & General as at 31 March 2025. Valuations based on data provided by Legal & General.

Scope 3 emissions

	<i>TOTAL CARBON EMISSIONS (TCO₂E)</i>	<i>CARBON FOOTPRINT (TCO₂E/£M INVESTED)</i>	<i>PROPORTION OF FOOTPRINT DATA COVERAGE (% OF FUND HOLDINGS)</i>
<i>MICHELIN JOURNEY PLAN 4 2020-2025</i>	767.5	589.8	48
<i>MICHELIN JOURNEY PLAN 2 2030-2035</i>	16,698.1	579.8	68.1
<i>TOTAL (WEIGHTED BY FUNDS INVESTED)</i>	17,465.6	580.4	67.0

Source: Underlying holdings data has been sourced from Legal & General as at 31 March 2025. Valuations based on data provided by Legal & General.

Climate targets

Targets are necessary to monitor progress towards longer term net zero and carbon reduction goals as well as the objectives of the Paris Agreement. The Trustee is required to establish at least one climate-related target based on the selected climate metrics. The IIGCC (Institutional Investors Group on Climate Change) published their Net Zero Investment Framework Implementation Guide in March 2021. The guide is aimed at investors, with recommended actions, metrics and methodologies to maximise progress towards achieving net zero global emissions by 2050 or sooner. The IIGCC suggest adopting < 10-year targets at the portfolio level and to review and update these at least every 5 years. The Trustee has adopted the target as set out in Disclosure 11 earlier in the report.

RELIANCE AND LIMITATIONS

GO projections

The Hymans Robertson GOTM Model provides projections of retirement income on an individual member basis, taking into account member specific characteristics such as age, salary, contribution rate, current accrued fund, actual or assumed investment choice and retirement age. Stochastic projections are provided for asset returns and economic variables such as inflation for each year of participation in each pension arrangement. These projections are provided by the Economic Scenario Service, our (proprietary) stochastic asset model.

In the modelling we project forward each sample member's salary and current DC fund using stochastic projections of asset returns and economic variables such as inflation. We assume that the member continues to contribute to the default investment strategy at the disclosed contribution rate (as a % of Pensionable Earnings) until they reach their selected retirement age, at which point they convert their accumulated fund to retirement income. Stochastic projections of yields are used to estimate the cost of income in retirement. A projection of the current State Pension is also taken into account.

As with all modelling, the results are dependent on the model itself, the calibration of the model and the various approximations and estimations used. These processes involve an element of subjectivity. No inferences should be drawn from the modelling results other than those confirmed by us in writing.

Additional modelling assumptions include:

- Earnings increase in line with Consumer Price Inflation (CPI) + 1% each year
- Contributions are paid in a single lump sum midway through each contribution month
- The member income stream is an RPI-linked income paid for life with no allowance for a spouse's pension.
- Amounts expressed in "today's prices" have been discounted using projections of annual CPI with no addition.

Income streams have been priced assuming that insurers adopt the S2 series of mortality tables, with best estimate future improvements in mortality rates assumed to be;

- CMI_2018 model, calibrated to E&W population data
- An initial addition to mortality improvements (A) parameter of 0.3%
- Otherwise core settings (including a smoothing parameter (SK) of 7.0)
- Long term rates: 1.5% p.a. for both males and females

This longevity assumption is assumed to remain appropriate over the projection period. We also assume a 10% loading to allow for operating expenses and profit margins, as well as uncertainty around the pricing basis. The pricing of an income stream such as this is subject to considerable uncertainty, inc. supply and demand, perceptions about longevity and changes therein as well as interest rates, inflation and expenses. We have made approximate allowances for the changes in the pricing using changes in simulated interest rates.

Summary of projected fund returns

The following figures have been calculated using 1,000 simulations of the Hymans Robertson Economic Scenario Service using market data as at 31 March 2023. All returns are shown net of fees. Percentiles refer to percentiles of the 1,000 simulations and are the annualised total returns over 1, 5, 10, 20, 30 and 40 years.

		Annualised total returns											
		Cash	Index Linked Gilts (medium dated)	Fixed Interest Gilts (medium dated)	Corporate Bonds (medium dated)	UK Equity	Overseas Equity	Private Equity	Property	Emerging Market Debt	Diversified Growth Fund	Inflation (RPI)	Inflation (CPI)
1 year	16th %ile	3.7%	-3.1%	-2.0%	-2.8%	-10.0%	-9.8%	-17.2%	-7.4%	-4.7%	-2.2%	2.0%	1.1%
	50th %ile	4.1%	3.9%	3.7%	4.2%	8.9%	9.1%	16.0%	6.6%	5.2%	7.2%	3.4%	2.4%
	84th %ile	4.4%	11.7%	9.8%	11.3%	27.7%	28.6%	50.7%	23.2%	15.2%	15.8%	4.8%	3.7%
5 years	16th %ile	2.7%	0.1%	1.0%	0.9%	-0.9%	-1.0%	-3.0%	-0.6%	0.8%	2.2%	2.1%	1.0%
	50th %ile	3.5%	3.3%	3.3%	3.6%	7.5%	7.6%	11.4%	6.1%	4.5%	6.0%	3.5%	2.5%
	84th %ile	4.4%	6.7%	5.7%	6.2%	15.7%	15.6%	26.7%	13.2%	7.9%	9.8%	5.0%	4.1%
10 years	16th %ile	2.4%	0.8%	2.4%	2.6%	1.3%	1.1%	0.5%	0.9%	2.3%	3.1%	1.6%	0.8%
	50th %ile	3.6%	2.8%	3.7%	4.1%	7.5%	7.3%	11.4%	6.1%	4.9%	6.1%	3.2%	2.5%
	84th %ile	4.8%	5.3%	4.9%	5.4%	13.3%	13.8%	22.2%	11.6%	6.8%	9.0%	4.8%	4.1%
20 years	16th %ile	2.3%	1.0%	3.3%	3.6%	3.1%	2.7%	3.9%	2.5%	3.7%	3.8%	1.2%	0.8%
	50th %ile	3.7%	2.7%	4.1%	4.5%	7.6%	7.4%	11.3%	6.4%	5.2%	6.3%	2.6%	2.3%
	84th %ile	5.4%	4.5%	4.8%	5.4%	11.8%	12.1%	19.0%	10.4%	6.6%	8.9%	4.2%	3.8%
30 years	16th %ile	2.0%	1.0%	3.1%	3.4%	3.6%	3.4%	4.9%	2.9%	3.8%	4.0%	1.0%	0.7%
	50th %ile	3.6%	2.6%	3.9%	4.3%	7.4%	7.3%	11.4%	6.4%	5.1%	6.1%	2.3%	2.1%
	84th %ile	5.5%	4.4%	4.8%	5.4%	11.3%	11.5%	17.3%	9.8%	6.5%	8.7%	3.8%	3.7%
40 years	16th %ile	1.8%	1.1%	2.9%	3.2%	4.0%	3.9%	5.5%	3.3%	3.7%	4.0%	0.9%	0.6%
	50th %ile	3.5%	2.6%	3.7%	4.2%	7.4%	7.2%	11.2%	6.3%	5.0%	6.1%	2.1%	2.0%
	84th %ile	5.6%	4.5%	4.9%	5.4%	10.9%	10.9%	16.8%	9.5%	6.6%	8.6%	3.6%	3.5%
Volatility (Disp) (1 yr)		0.3%	7%	6%	7%	18%	19%	32%	16%	10%	9%	1.4%	1.4%

The current calibration of the model indicates that a period of outward (inward) real (nominal) yield movement is expected. For example, over the next 20 years our model expects the 17 year maturity annualised real (nominal) interest rate to rise (fall) from 0.2% (3.9%) to 1.2% (3.4%).

It is important to be aware that the volatilities shown are only the first year's volatilities and should only be used as such. The probability distributions for different asset classes are complex and attempting to extrapolate this first year volatility over a longer time period will almost certainly result in significant errors.

Please also note that whilst we comment that the returns shown are "projected", this identifies the level at which 50% of all possible outcomes will be above and 50% will be below – this does not mean that the return quoted is in any way the "most likely" outcome.

APPENDIX 2

GLOSSARY AND DEFINITIONS

Carbon footprint – measured in tonnes of CO₂e per £million invested. Carbon Intensity is a normalised measure of the emissions allocated to a portfolio.

ESG – Environmental, Social and Governance

EVIC – Enterprise value including cash. This is a measure of overall corporate value including equity shares, debt and cash.

Financial Stability Board – The Financial Stability Board is an international body that monitors and makes recommendations about the global financial system. It was established after the G20 London summit in April 2009 as a successor to the Financial Stability Forum.

Greenhouse Gases (“GHG”) – Greenhouse gases are gases in the Earth’s atmosphere that are capable of absorbing infrared radiation and thereby trap and hold heat in the atmosphere. The Kyoto protocol covers six categories of greenhouse gas (GHG) emissions: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphurhexafluoride (SF₆).

IIGCC – The Institutional Investors’ Group on Climate Change. The IIGCC aims to support and enable the investment community in driving significant and real progress by 2030 towards a net zero and resilient future.

Paris Agreement – The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 nations at COP 21 which was held in Paris on 12 December 2015. The Paris Agreement came into force from 4 November 2016. Further support for the principal goals of COP 21 were agreed in the Glasgow Climate Pact made in November 2022 at COP 26.

Its goal is to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.

Scope 1 Greenhouse Gas Emissions

Scope 1 emissions are direct emissions produced by the activities of the emitter.

Scope 2 Greenhouse Gas Emissions

Scope 2 emissions are indirect emissions generated by the electricity, heat, or steam consumed and purchased by the emitter.

Scope 3 Greenhouse Gas Emissions

Scope 3 emissions are other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities not covered in Scope 2, outsourced activities, waste disposal, etc.

TCFD – Task Force on Climate-related Financial Disclosures

Total Financed Carbon Emissions in tonnes CO₂e

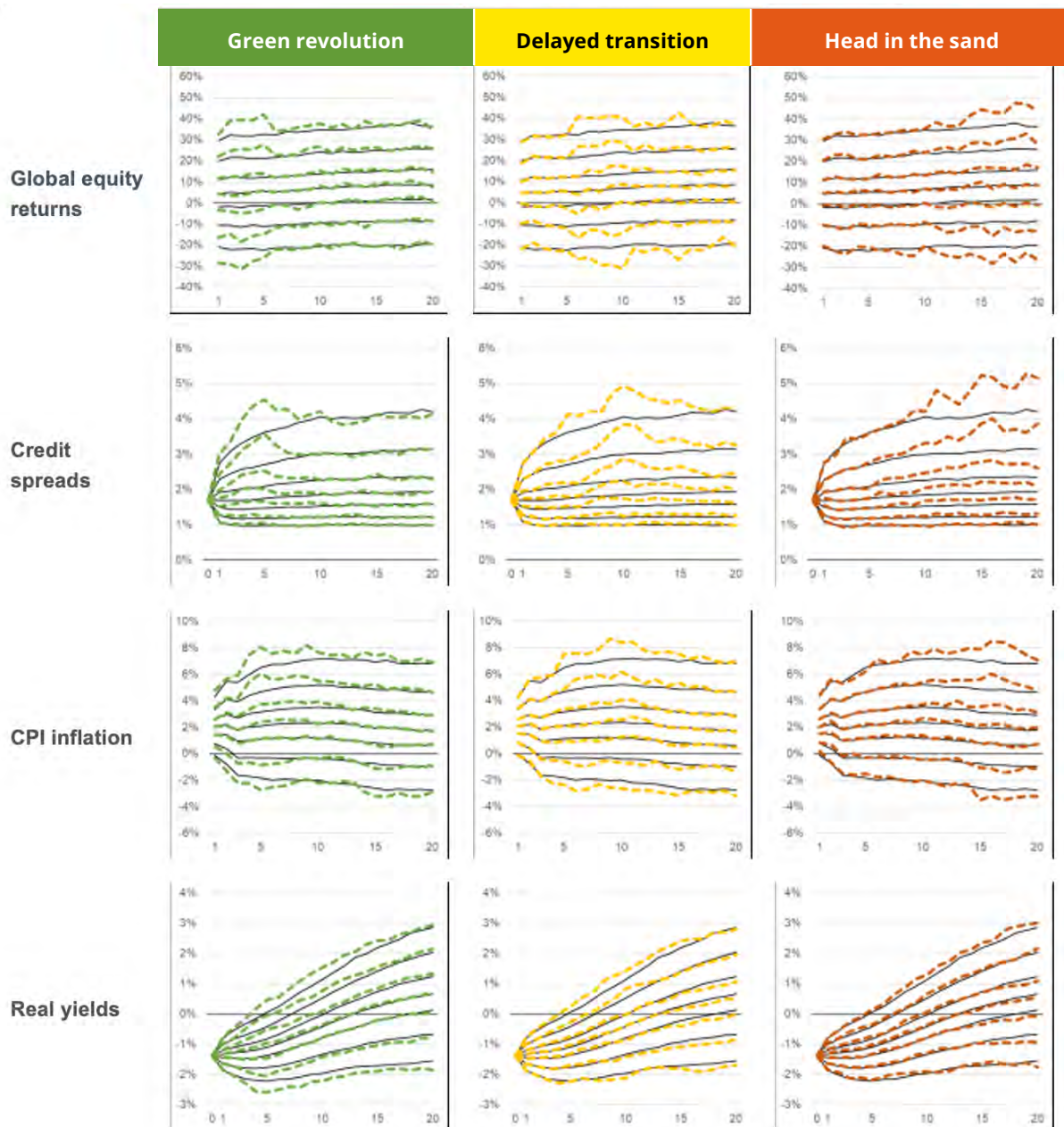
Total Financed Carbon Emissions measures the emissions that are allocated to a portfolio, based on the investors’ share of the capital (Enterprise Value) in each Entity within the portfolio.

APPENDIX 3

CLIMATE SCENARIO ANALYSIS METHODOLOGY

We recognise that there is no single methodology for exploring the potential impact of different climate scenarios on members' long-term outcomes. For the purpose of the analysis undertaken to date, the Trustee relied on the methodology developed by our investment advisers.

For the DC Section, their 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:



Source: Hymans Robertson GOTM Model