Aviva Master Trust >

Climate-Related Financial Disclosure Report for Scheme Year Ending 31/3/2024

(in accordance with the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021)

AVIVA

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1. A Word from the Chair

Context

From 1 October 2021, the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 (the "Climate Regulations") introduced new requirements on trustees of some pension schemes to report how they are assessing and managing climate risk. These regulations seek to improve both the quality of governance and the level of action taken by trustees regarding the risks associated with climate change and are based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). As part of these requirements, the Trustee of the Aviva Master Trust ("the Scheme") is required to publish an annual report setting out how the Trustee has identified, assessed and managed climate-related risks and opportunities during the Scheme Year.

This report is the Scheme's third Climate-Related Financial Disclosure Report and covers the scheme year ending on 31 March 2024 (the "Scheme Year"). Section 2 of the Report is intended to provide members with a summary of the Trustee's actions and key findings during the Scheme Year in question. A glossary of the terms used within the Report can be found in the Appendix.

Application of the Climate Regulations to the Scheme

As at 31 March 2024, the Scheme held in excess of £10bn in assets for approximately 500,000 members with over 400 participating employer sections.

Most of the requirements in the Climate Regulations apply to a scheme as a whole. However, the requirements in the Climate Regulations relating to strategy (including scenario analysis) and metrics relate to each "popular arrangement" within a scheme. Broadly, a popular arrangement is one which has £100million or greater of the scheme's assets invested within it or which accounts for 10% or more of the assets in the scheme used to provide money purchase benefits (excluding assets which are solely attributable to Additional Voluntary Contributions).

As at 30/09/2023, the Aviva Master Trust had six popular arrangements for these purposes, these are My Future Focus (Pre 2024) and My Future, the Scheme's Standard and Alternative defaults, as well as the bespoke defaults used by the Mott MacDonald, WM Morrison Supermarkets, L'Oreal and Thomas Cook sections of the Scheme[1]. With effect from 01/01/2024 the Trustee adopted a new Standard default for the Scheme, My Future Focus Universal Lifestyle Strategy, replacing My Future Focus (Pre 2024) Universal Lifestyle Strategy. It should be noted that for the purposes of this Report only the latter meets the classification of a popular arrangement.

A word from the Chair

The Trustee is delighted to publish this Report, for the scheme year ending 31 March 2024, which demonstrates continued progress against the climate change targets it has set. Together with Aviva, the Trustee remains committed to ensuring the potential risks associated with climate change (as well as the opportunities arising from the transition to a low carbon future) are identified, assessed, and managed.

The Trustee continues to utilise the 'My Future Focus' investment strategy as the Scheme's Standard default investment arrangement which integrates ESG (Environmental, Social & Governance) considerations fully into the processes that are adopted to select investments for the strategy.

Aviva, the Scheme Funder, has set the ambition of achieving Net Zero by 2040 through a reduction in the Carbon Intensity of investments (Scope 3, category 15) and as a result has interim ambitions to reduce carbon intensity, when compared to the level as at 31 December 2019 (the baseline date) of 25% by 2025 and 60% by 2030 respectively. It should be noted that the interim ambitions for 2025 and 2030 apply to scopes 1 & 2 only.

The Trustee continues to be supportive of this ambition and, via its Investment Committee ("IC"), is engaged in productive dialogue where it regularly challenges Aviva Investors (as the manager of the Scheme's Standard default arrangement) around Aviva's progress.

The Trustee has adopted Aviva's ambition as its target for My Future Focus, My Future Focus (Pre 2024), My Future and the Stewardship Lifestyle, the Scheme's Standard and Alternative default strategies. The Trustee has not adopted a target for any of the Scheme's Bespoke default strategies.

1 The Stewardship Lifestyle has been treated as a "popular arrangement" for the purposes of this Report as it is an Alternative default of the Scheme although it held less than £100million in assets as at 30/09/2023. This aligns to the approach taken in previous Reports.

The Trustee will always act in what it considers to be the best interests of the Scheme's members. Should the Trustee consider that alignment with Aviva's net zero ambitions, including interim ambitions, is no longer in members' best interests, the Trustee is prepared to depart from these and adopt a different target.

To assess the potential impact of climate change on the Scheme, the Trustee carried out a series of tests on the Scheme's assets within each popular arrangement during the scheme year ended 31 March 2023, known as 'Scenario Analysis'. These are designed to see what impact different climate change outcomes may have on members' money. These calculations indicate that these popular arrangements would be sensitive to financial loss under all temperature rise scenarios. The Trustee, taking the advice of its investment adviser, has elected not to carry out new Scenario Analysis during the scheme year ended 31 March 2024, given that there have been no significant changes to investment strategy within any of the Scheme's popular arrangements in the period. As such the Scenario Analysis included in this Report is the same as that included within the previous Report.

The Trustee has also assessed, during the scheme year ended 31 March 2024, the level of Weighted Average Carbon Intensity by Revenue (tCO2e/$m revenue) that corresponds to all popular arrangements, My Future Focus (Pre 2024), My Future, and the Stewardship Lifestyle[2] as well as all bespoke default investment solutions with £100 million or more invested in them as of 30 September 2023. The Trustee is pleased to report that these show reductions in Weighted Average Carbon Intensity (WACI) across the My Future Focus (Pre 2024) and My Future Growth and Consolidation funds when compared to the baseline date of 31 December 2019, with further reductions observed since 30 September 2022, the date for which this data was last reported on. The reductions since the baseline date of 31 December 2019 exceed the Trustee's interim target of 25% by 2025.

The Trustee is pleased to report most of the Scheme's bespoke default solutions have also achieved reductions in Weighted Average Carbon Intensity (WACI) over these periods and is committed to continuing its engagement with the advisors and investment managers of all these solutions to build upon the progress which has already been made.

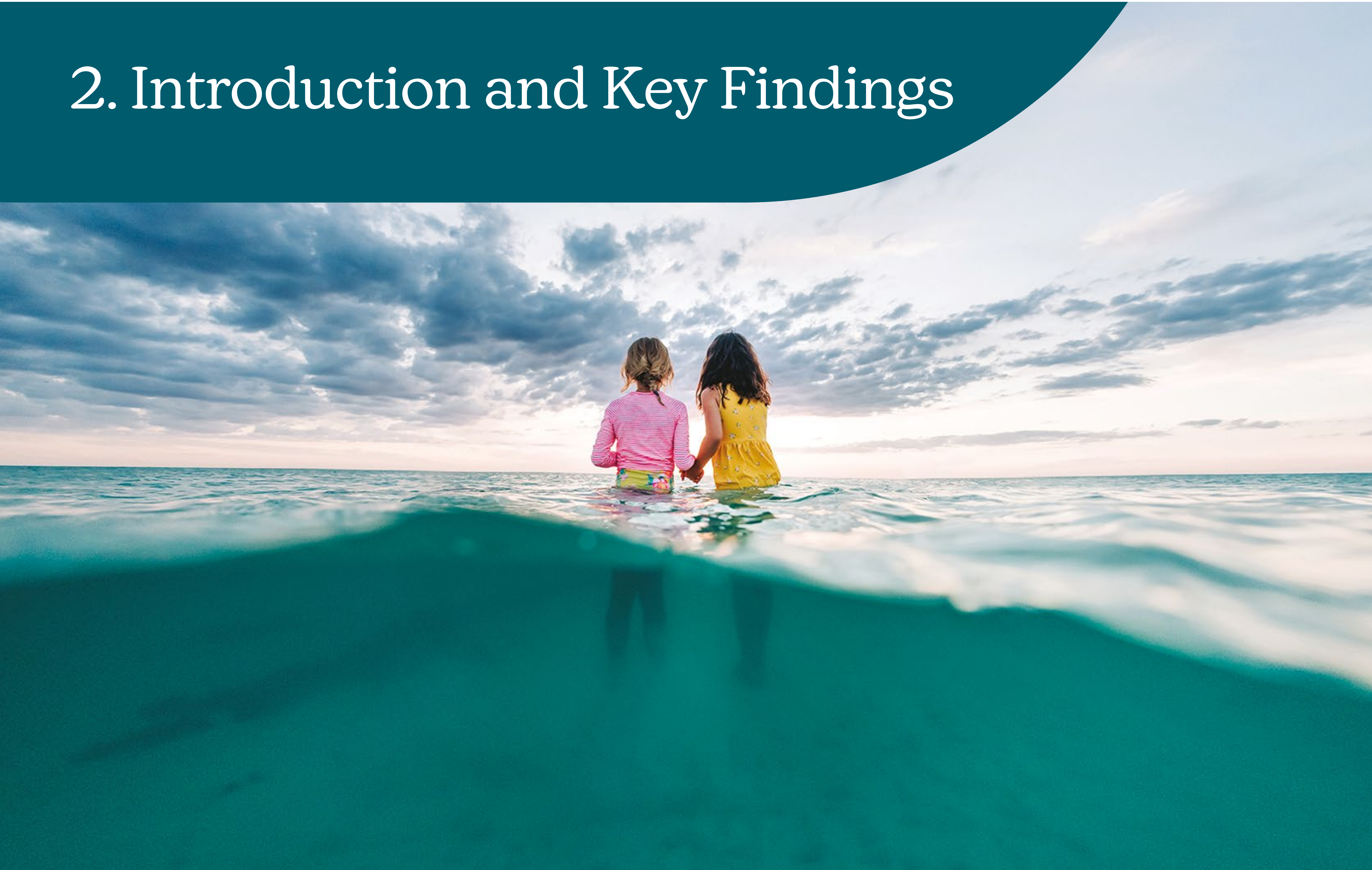
The Trustee has reviewed ESG impact assessments for the My Future Focus, My Future and Stewardship Lifestyle default investment solutions prepared by the Scheme Investment Adviser within the Scheme Year ended 31/03/2024, which evaluate the investment manager's approach to integrating ESG factors against the Trustee's ESG Policy. The Trustee has also assessed climate-related risks and opportunities for the sections with bespoke defaults using responses prepared by the relevant investment advisers. Through this approach the Trustee has been able to consider how the Scheme's investment managers for all the Scheme's popular arrangements take account of climate risk when making investment decisions. The Trustee is comfortable with the progress that has been made in this regard and remains committed to continued engagement on this matter with all investment advisers to the Scheme.

The Trustee has reviewed the timeframes, determined by a blended view of the climate outlook and the Scheme's membership demographics, over which it expects the transitional and physical risks of climate change to manifest. Within the Scheme Year ended 31/03/2024 the Trustee, taking advice from their investment adviser, has chosen to reclassify its assessment of medium-term physical risks from 'Low' to 'Medium' on the basis that physical risks in this period had previously been understated.

We hope you find this Report informative and would welcome any feedback.

2 The Stewardship Lifestyle has been treated as a "popular arrangement" for the purposes of this Report as it is an Alternative default of the Scheme although it held less than £100million in assets as at 30/09/2023.

2. Introduction and Key Findings



Introduction

The TCFD recommendations (and Climate Regulations) focus on four pillars of disclosure:

Governance – trustee governance relating to climate risks and opportunities

Strategy – the actual and potential impact of climate risks & opportunities on the Scheme

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

Metrics and Targets – to identify and manage climate risks

Sections 3 – 6 of this Report describe the specific actions that the Trustee has taken during the Scheme Year to meet its duties under these four pillars, a summary of this has been given below.

Key actions of the Trustee against the Governance pillar include:

- Approval of changes to the AMT TCFD Governance Framework to delegate certain activities against each of the four pillars from the Board to the IC. The full Governance Framework has been included within section 3 below.
- An assessment of the current level of the Trustee Directors' skills relating to Climate Change risk.
- Completion of relevant training from both Aviva and Isio as the Scheme Investment Adviser (see section 3 for details).
- The adoption of a revised ESG Policy and set of ESG Beliefs published within a new Statement of Investment Principles (SIP).
- The adoption of Stewardship Priorities for the Scheme and the establishment of a framework for keeping these under review.

Key actions of the Trustee against the Strategy pillar include:

- Review of the appropriateness of the current short-, medium-, and long-term time horizons over which the Trustee assesses climate risks and opportunities (see section 5 for details).

Key actions of the Trustee against the Risk Management pillar include:

- Asking its investment adviser, Isio, to carry out an ESG impact assessment of the My Future Focus, My Future and Stewardship Investment Solutions, to evaluate the investment managers' approach to integrating ESG factors against the Trustee's ESG Policy and assessing climate-related risks and opportunities for the sections with bespoke defaults using responses prepared by the relevant investment advisers.

Key actions of the Trustee against the Metrics and Targets pillar include:

- Ratification of support for Aviva's ambition of achieving Net Zero by 2040, which was announced in March 2021 and confirmation that the Trustee still wishes to adopt Aviva's ambition as its target for My Future Focus and My Future, as well as adoption of this target for the Stewardship Lifestyle (see section 6).
- Publishing a range of climate metrics for each of the Scheme's popular default investment arrangements which include a data quality score metric enabling the Trustee to track whether data quality levels are improving over time and provide the opportunity to challenge the providers of this emissions data, as appropriate.

The key findings of this Report have been summarised below.

Key Findings

For the Scheme Year ended 31/03/2024, Greenhouse Gas emissions have been calculated for each of the Scheme's popular arrangements covering Scope 1, 2 and 3, in accordance with the Statutory Guidance. Definitions for Scopes 1, 2 and 3 can be found within the 'Metrics & Targets' section of this Report.

As with the Report for the Scheme Year ended 31/03/2023, the Trustee is again including data for sovereign holdings within funds held in the Scheme – this is shown separately in the metrics section. The Trustee believes it has a more active role in relation to the decarbonisation of corporate holdings than it does in relation to sovereign holdings, hence the greater focus on the former in this Report.

Full metrics results and conclusions are detailed later (in section 6 of this Report). However, in summary, for Scope 1 and 2, the Carbon Intensity by Revenue (Sales) and Carbon Intensity by EVIC (Enterprise Value Including Cash) results for the My Future Focus (pre-2024), My Future and Stewardship Lifestyle Investment solutions (the Scheme's Standard and Alternative default investment arrangements) are shown below.

	Carbon Intensity by Revenue (Sales) tCO_2e / \$m Revenue			Carbon Intensity by EVIC tCO_2e / \$m EVIC	
Fund/Portfolio	**Data as at 31 December 2019**	**% reduction at 30 September 2023 vs. position as of 31 December 2019 (baseline)**	**% reduction at 30 September 2023 vs. position as of 30 September 2022**	**Data as at 30 September 2023**	**% reduction at 30 September 2023 vs. position as of 30 September 2022[3]**
Standard default arrangement					
My Future Focus Growth	186	27%	13%	78	-17% (increase)
My Future Focus Consolidation	153	40%	14%	58	-5% (increase)
Alternative default investment arrangement					
My Future Growth	164	50%	30%	46	1%
My Future Consolidation	150	60%	29%	34	14%
Alternative default investment arrangement					
Stewardship Managed	-	-	29%	7	-3% (increase)
Stewardship International Equity	-	-	57%	4	21%
Stewardship Bond	-	-	-	23	-17% (increase)

3 Carbon Intensity by EVIC figures have been represented this year in £, having been shown in \$ in prior years

Key Findings continued

As can be seen, there has been a reduction in the Carbon Intensity by Revenue (Sales) levels in the period to 30 September 2023 when compared with the baseline 2019 dataset and the 2022 data for My Future Focus (pre-2024) and My Future. These reductions are shown in percentage terms in the table below. For the Stewardship Lifestyle, results are being published for only the second time.

The Trustee notes that the rate of Carbon Intensity reductions will not be linear year-on-year and will vary to reflect the different climate-related risks and opportunities that arise over time, as well as fluctuations in other non-climate factors such as revenue changes and market value movements. The table below shows that progress has been made against the baseline year. The year-on-year reductions from 2022 to 2023 reflect the 12-month period to 30 September 2023. The reduction from the baseline date of 31 December 2019 to 30 September 2023 reflect progress made over a much longer period of 33-months.

Carbon Intensity by EVIC figures have been represented this year in £, having been shown in $ in prior years. The Trustee notes that for some funds, there has been an increase in the EVIC levels this year. There are a number of factors that have impacted these results, i) foreign exchange movements, ii) changes to the basis of MSCI data and iii) changes to the investment portfolios. The Trustee is comfortable that this is in line with our expectation that progress to our targets will not be linear year-on-year.

The results also show that the My Future Focus funds continue to have higher Carbon Intensity levels than their respective My Future funds. The Trustee has considered these results and concluded that:

- As was the case in the last year's Report, the My Future Focus funds have higher allocations to Emerging Markets and to the Utilities, Materials and Energy sectors which generally have higher Carbon Intensity than other territories and sectors. The Trustee believes that moderate amount of such exposures is an important part of providing members with a suitable balance of investment risk and return and allows the Scheme to play a role through its stewardship activity in influencing a global transition to a low carbon world. The Trustee notes that influencing Emerging Markets to play their part can partly be achieved through having investment exposure to companies in those markets.
- the Trustee reviews the Carbon Intensity of the My Future Focus portfolios on a quarterly basis and compares them against a benchmark that is aligned with the strategic asset allocation of the funds. The Carbon Intensity scores for both My Future Focus portfolios are lower than the benchmarks that have been set for each fund.

Aviva Master Trust TCFD Compliance Summary

The table below sets out where each of the specific disclosures required under the Climate Regulations is covered in the Report and confirms that, in preparing those detailed disclosures, the Trustee has had regard to the Statutory Guidance. The Trustee has taken independent legal advice to validate the completeness and accuracy of the disclosure requirements set out below:

TCFD Pillar	TCFD required disclosure	Section the disclosure is included in
Governance	a) Describe how the Trustee maintains oversight of climate-related risks and opportunities which are relevant to the Scheme;	Section 3 (see 'Climate Change Governance Framework')
	b) Describe the roles of those undertaking scheme governance activities, in identifying, assessing and managing any climate-related risks and opportunities which are relevant to those governance activities and the process by which the Trustee satisfies itself that the person is taking adequate steps to identify, assess and manage the climate-related risks and opportunities	Section 3 (see tables of accountabilities and delegations against the 4 pillars)
	c) Describe the role of those advising or assisting the Trustee (other than as a legal advisor) with scheme governance activities and the process by which the Trustee satisfies itself that the person is taking adequate steps to identify and assess any climate-related risks and opportunities	Section 3 (see 'Climate Change Governance Framework')
Strategy	a) Describe the time periods which the Trustee has determined should comprise the short, medium and long term	Section 4 (see 'Risks and opportunities over different time horizons'; 'Strategy for the Scheme's standard and alternative default investment arrangements')
	b) Describe the climate-related risks and opportunities relevant to the Scheme over the time periods that the Trustee has identified	Section 4 (see above)
	c) Describe the impact of the climate-related risks and opportunities identified on the Scheme's investment strategy	Section 4 (see 'Strategy for the Scheme's standard and alternative default investment arrangements')
	d) Describe the most recent scenarios which the Trustee has used for its scenario analysis	Section 4 (see 'Scenario Analysis: Climate Value-at-Risk (VaR')
	e) Describe the potential impacts on the Scheme's assets and liabilities which the Trustee has identified in the most recent scenarios they have analysed and, if the trustees have not been able to obtain data to identify potential impacts for all of the assets of the Scheme, why this is the case	Section 4 (see 'Scenario Analysis: Climate Value-at-Risk (VaR)'; 'Scenario Analysis: Conclusions, next steps & priorities')
	f) Describe the resilience of the Scheme's investment strategy in the most recent scenarios the trustees have analysed	Section 4 (see 'Scenario Analysis: Climate Value-at-Risk (VaR)'; 'Scenario Analysis: Conclusions, next steps & priorities')
Risk Management	a) Describe the processes which the Trustee has established for identifying, assessing and managing climate-related risks which are relevant to the Scheme	Section 5
	b) Describe how the processes are integrated within the Trustee's overall risk management of the Scheme	Section 5
Metrics & Targets	a) Describe the metrics which the Trustee has calculated and, if the Trustee has been unable to obtain data to calculate the metrics for all of the assets of the Scheme, explain why this is the case	Section 6 (see 'Metric Selection' and 'Limitations in accessing climate data')
	b) Describe the target which the Trustee has set, and the performance of the Scheme against the target	Section 6 (see 'Targets set by the Trustee')

3. Governance

Summary of key activities carried out during the Scheme Year ended 31/03/2024 under the Governance pillar:

The Trustee has requested an Assurance Paper from Aviva to support their review of this Report detailing how the data contained within it has been sourced and modelled and the checks that have been performed. This allows the Trustee to scrutinise the Aviva personnel and processes involved in the production of the Report data.

The Trustee is assisted with various scheme governance activities by a dedicated Aviva Master Trust Governance team within Aviva. This team is led by the Head of Master Trust who reports into the Managing Director of Aviva's Workplace business. Within this team, an Aviva Master Trust Governance Manager is assigned specifically to supporting the IC in completing all of the relevant activities within the Climate Change Governance Framework including the production of this Report.

Climate Change Governance Framework:

The Scheme's Climate Change Governance Framework is reviewed annually by the Trustee, taking advice from their investment and legal advisers (when required) to ensure this continues to reflect the latest regulatory requirements.

The Climate Change Governance Framework:

- clarifies that the Trustee has ultimate responsibility for ensuring effective governance of climate-related risks and opportunities for the Scheme.
- confirms which Committee (i.e., the Scheme's IC or Trustee Board) has responsibility for each element of the governance of climate-related risks and opportunities.
- confirms the roles & responsibilities that have been established to enable the climate risk reporting for the Scheme and where responsibilities and accountabilities have been allocated or delegated to the Trustee Board, the IC, Individual Trustee Directors, Aviva, Isio, investment advisers for the bespoke default investment arrangements and/or the Scheme Secretariat. When appropriate, advice is also sought from Sackers (as legal adviser to the Trustee).
- sets out how the Trustee will:
  - define and review climate change governance
  - review, maintain oversight, and record climate change risks & opportunities
  - determine, review, monitor and report key management Information relating to climate change
  - assess the Trustee Director's skills relating to climate change and develop a training plan
  - review climate change development activity
  - produce and communicate the Scheme's annual climate-related financial disclosure Report (this document).

Many accountabilities and responsibilities of the Trustee are delegated to the IC of the Scheme with the Climate Change Governance Framework providing a record of this. The IC reports to the Board on, at minimum, a quarterly basis and, where applicable seeks Board approval in respect of delegated activity as per the Climate Change Governance Framework. Where Board approval is being sought in respect of governance activity delegated to the IC, the Board will typically be provided with the same information as the IC, with confirmation of any decisions taken by the IC in respect of it and the IC's recommendation to the Board, if applicable. A summary of where Board and IC agenda time has been devoted to the discussion of matters pertaining to this Report within the Scheme Year ended 31/03/2024 is included within the appendix to this Report.

The IC meets (at minimum) once per quarter, providing the opportunity for the committee to conduct any necessary oversight of climate-related risks and opportunities in respect of the Scheme's popular arrangements. Within the risk register for the Scheme there is a risk assigned to the IC concerning 'Climate' and at each meeting an assessment is made on whether this assigned 'Climate Risk' remains inside tolerance. This assessment specifically considers if the performance of investments within any of the Scheme's popular arrangements is impacted by any physical and/or transition impacts from climate change. The status of this risk is subsequently reported to the Trustee Board (again on a quarterly basis) with escalations made as appropriate. As illustrated by the Framework below the scope of the activity under the remit of the IC in respect of the oversight of climate related risks and opportunities is significantly wider than just the review of this risk.

Governance of Investment Advisers:

As per the Occupational Pension Schemes (Governance and Registration) (Amendment) Regulations 2022 which came into force on 1 October 2022, the Trustee is required to set objectives for new and existing providers of investment consultancy services to the Scheme, and to review those objectives at least every three years and whenever there is a significant change to their investment policy.

Within the Scheme Year ended March 31st, 2024, the secretary to the Scheme contacted all appointed Investment Advisers to the Trustee and requested that they rated their performance for the period 01/01/2023 to 31/12/2023. All advisers were asked to consider how they have added value to the relevant employer section, their proactivity in identifying emerging risks, the level of service provided and their compliance with regulatory requirements. The IC gave due consideration to the responses provided at its meeting of 01/03/2024. In the case of Isio (as the Scheme Investment Adviser) this included obtaining a rating regarding how they had assisted the Trustee in aligning the Scheme with its Environmental, Social and Governance objectives. The Trustee accepted a rating of 3 (of a maximum 5) in this area. It was noted that, in the case of Isio, good progress had been made in the Scheme Year progressing the adoption of Stewardship priorities. An identified area of improvement was around how Isio could better support the Trustee in challenging Aviva on its ability to meet net zero ambitions in place with the current strategies and encourage wider thinking around broader ESG themes: biodiversity, nature etc.

Also, in the case of Isio, a desktop review is conducted annually, most recently in February 2024, where the Trustee Directors on the IC scored Isio on a range of categories, with the scores then fed back to the adviser and areas for improvement identified.

A full market review of the Scheme's investment adviser is conducted on a triennial basis which specifically considers the advice and support provided to the Trustee in their assessment of climate related risks and opportunities as well as the level of expertise and experience of the personnel providing this advice and support. This review is overseen by the Trustee at Board level. Within the Scheme Year, in December 2023, the Board took the decision to defer the triennial review of Isio, which was due at that point for a period of 12 months. This was due to the Trustee being broadly satisfied with their performance, their role in advising on ongoing projects and recent Aviva personnel changes.

A structural diagram showing the roles and responsibilities for governance of climate-related risks and opportunities is shown below:

Oversight - Trustee Board Governance	
Approve TCFD Report, Statement of Investment Principles, ESG Policy (including ESG beliefs) and responsibilities	Ultimate responsibility to ensure the identification, assessment and management of climate-related risks and opportunities

Management - Investment Committee (IC)		
Assess climate impact on assets and members	Monitor climate metrics and progress against targets	Consider strategy implications and scenario analysis

Executive - Aviva Master Trust Governance Team & Scheme Investment Adviser		
Oversee delivery of climate workstreams including liasing with other advisers	Gather and report climate metrics to the IC	Provide Strategy and risk-related advice to the IC

Governance of Popular Arrangements:

As described in the 'Risk Management' section of this Report the Scheme's Standard and Alternative default arrangements are subject to an annual 'ESG Impact Assessment', prepared by the Scheme Investment Adviser, which allows for in depth scrutiny by the Trustee of climate related risks and opportunities relevant to them. Through the IC the Trustee is able to use the information provided by these assessments to address relevant questions and challenges to the asset managers; Aviva Investors and BlackRock.

All other popular arrangements, namely the Scheme's bespoke default funds, are subject to an annual review where the appointed investment advisers are specifically asked to detail for the Trustee the extent to which financially material considerations (including ESG) are taken into account in the design of the default strategy. These activities allow the Trustee to properly consider each popular arrangement in terms of the climate-related risks and opportunities pertinent to it.

In addition, the Scheme's Standard, Alternative and Bespoke default arrangements are all subject to triennial reviews tabled by the relevant investment adviser for the IC and which must cover the approach to ESG integration within the investment solution, allowing for further in-depth Trustee examination of its ESG credentials, including in respect to Climate Change.

Within the Risk Management section of this Report detail has been provided on how the Trustee has challenged both Isio and the Investment Advisers on the sections with bespoke defaults in assessing climate related risks and opportunities. More Trustee time was given to these considerations in respect of the My Future Focus and My Future defaults, where formal ESG impact assessments were requested given the significant proportion of the Scheme's assets which are held in those solutions.

Governance accountabilities

The breakdown of accountabilities and delegation for the Governance activities are shown below:

Governance activity	Activity delegated to	Approval	With support from *	Frequency
Production/Review of Climate Risk Governance Framework	Investment Committee (IC)	Trustee Board	Aviva, Isio	Annual
Production/Review of TCFD Reporting Annual Plan, including timelines	Aviva	IC	Isio	Annual
Review and oversight of Climate Risk (incorporated within the AMT Risk Register with the IC as Risk Owner). Specific risks captured: - Performance of investments is impacted by Physical and/or Transition Impacts from Climate Change - Increased Governance requirements and costs - Current cost constraints within existing defaults limit opportunities to access climate transition funds	IC	Trustee Board	Aviva, Isio	Quarterly
Review and oversight of Climate Change opportunities for Standard and Alternative defaults	IC	IC	Aviva, Aviva Investors Isio,	Annual
Review and oversight of Climate Change opportunities for Bespoke defaults	IC	IC	Aviva, Bespoke Investment Advisers	Annual
Development/Review of ESG Beliefs and Policy	IC	Trustee Board	Isio	Triennially or following material changes to Investment Strategy
Determination/Review of Key Management Information relating to Climate Change	IC	IC	Isio	Annual
Reporting of Key Management Information relating to Climate Change	Aviva	IC	Investment Manager, Isio	Quarterly
Monitoring of Key Management Information relating to Climate Change	IC	IC	Isio	Quarterly
Assessment of Trustee Climate Change Skills (reviewed in conjunction with this document) and Development of Training Plan (incorporated within Trustee Training Log)	IC	Trustee Board	Aviva, Isio	Annual
Review of Climate Change development activity for inclusion within AMT Scheme Calendar assigned to the IC)	IC	IC	Aviva, Isio	Ongoing
Production and Communication of TCFD Annual Report	IC	Trustee Board	Aviva, Isio	Annual

* where appropriate the AMT Trustee Main Board will seek counsel and legal advice from Sackers

Strategy accountabilities

The breakdown of accountabilities and delegation for the Strategy activities are shown below:

Strategy activity	Activity delegated to	Approval	With support from	Frequency
Development and review of Scheme's Approach and Methodology for Climate Scenario Analysis	Investment Committee (IC)	Trustee Board	Aviva, Isio	Triennially or following material changes to Investment Strategy
Production of Climate Scenario Analysis (including identification of associated actions):				
• Standard/Alternative Default Arrangements	Aviva with approval IC	IC	Isio, Aviva Investors, Blackrock	Triennially or following material changes to Investment Strategy
• Bespoke Default Arrangements which have assets of £100m or more invested or represented more than 10% of the Scheme's assets	Aviva with approval IC	IC	Bespoke Advisors, Bespoke IM	
• Investment arrangements which have assets of £100m or more invested or represented more than 10% of the Scheme's assets	Aviva with approval IC	IC	Investment Manager	
Determination of whether updated Climate Scenario Analysis is required outside the usual triennial cycle due to material changes to Investment Strategy	IC	Trustee Board	Aviva, Isio	Ongoing
Escalation of risks associated with Climate Change (arising from strategy reviews) to the AMT Risk Register	IC	Trustee Board	Isio	Quarterly
Production of Trustee & IC Meeting Minutes where Climate Change Modelling is on the agenda	Scheme Secretariat	Trustee Board, IC	Aviva, Isio	Ongoing

Risk management accountabilities

The breakdown of accountabilities and delegation for the Risk management activities are shown below:

Risk Management Activity	Activity delegated to	Approval	With support from	Frequency
IM Climate Change Risk Assessment:				
• AMT Standard/Alternative Default Arrangements	Isio with approval from IC	IC	Aviva, Aviva Investors, Blackrock	Annual
• AMT Bespoke Default Arrangements which have assets of £100m or more invested or represented more than 10% of the Scheme's assets	Bespoke Advisors with approval from IC	IC	Isio, Bespoke Investment Manager	Annual
• Investment arrangements which have assets of £100m or more invested or represented more than 10% of the Scheme's assets	Isio with approval from IC	IC	Aviva, Investment Manager	Annual
Escalation of risks associated with Climate Change to the AMT Risk Register	IC	Trustee Board	Aviva, Isio	Quarterly
Production of Trustee Board & IC Meeting Minutes where Climate Change Risk Management is on the agenda	Scheme Secretariat	Trustee Board, IC	Aviva, Isio	Ongoing

Metrics and targets accountabilities

The breakdown of accountabilities and delegation for the Metrics & Targets activities are shown below:

Metrics & Targets Activity	Activity delegated to	Approval	With support from	Frequency
Documentation of Scheme's Approach and Methodology to the setting of Climate-related Metrics and Targets	IC	Trustee Board	Aviva, Isio	Annual
Setting and review of Climate-related Metrics and Targets:				
• Standard/Alternative Default Arrangements	IC	IC	Aviva, Isio	Annual
• Bespoke Default Arrangements which have assets of £100m or more invested or represented more than 10% of the Scheme's assets	IC	IC	Aviva, Isio	
• Investment arrangements which have assets of £100m or more invested or represented more than 10% of the Scheme's assets	IC	IC	Aviva, Isio	
Measurement of Climate-related Metrics (and comparison with Targets):				
• Standard/Alternative Default Arrangements	Aviva	IC	Isio, Aviva Investors, BlackRock	Annual
• Bespoke Default Arrangements which have assets of £100m or more invested or represented more than 10% of the Scheme's assets	Aviva	IC	Bespoke Advisers, Bespoke IM	
• Investment arrangements which have assets of £100m or more invested or represented more than 10% of the Scheme's assets	Aviva	IC	Isio, IM	
Quarterly Investment Report to include Investment Manager provided ESG and climate change metrics (where available)	Aviva	IC	Isio, Aviva Investors, BlackRock	Quarterly
Production of ESG Report for My Future Focus	Aviva Investors	IC	N/A	Quarterly
Production of Trustee & IC Meeting Minutes where Climate Modelling is on the agenda	Scheme Secretariat	Trustee Board, IC	Aviva, Isio	Ongoing

ESG Policy:

An ESG Policy has been established by the Trustee to set out its views on ESG factors including climate change. It considers how they are addressed whilst meeting the overall objectives of the Scheme's investment strategy, as set out in the Statement of Investment Principles, and as outlined in the Trustee's Mission Statement & Strategic Objectives.

The purpose of the Policy is to sit alongside the Scheme's SIP, formalising the Trustee's beliefs on ESG factors as discussed with its legal and investment advisers. The Policy provides a reference point for the Trustee for incorporating ESG factors into investment decision making. It covers those factors that are considered to have a financial impact on investment values, but not non-financial ones such as members' ethical views, although these may be taken into account in determining the self-select options to be made available to members, for example the decision to offer Shariah compliant funds.

The Trustee's aspiration is for the Scheme to pursue a "sustainable" investment approach that integrates ESG into investment decision-making in order to generate more sustainable long-term investment returns. The Trustee also believes that the Scheme should seek to invest in a way which is likely to generate a positive and measurable environmental or societal impact whilst generating competitive financial returns.

Both the ESG Policy and the ESG Beliefs above are reviewed triennially by the Trustee taking advice from Isio, most recently within the Scheme Year covered by this Report where the Trustee agreed an updated set of ESG Beliefs. This was informed by an Investment & ESG beliefs survey completed by all Trustee Directors. The Trustee's updated ESG Policy and ESG Beliefs can be found on pages 18-22 of the Scheme's Statement of Investment Principles (SIP) adopted on March 27th 2024, and published on the Aviva Master Trust website

The Trustee's continuing commitment to climate change considerations

The Trustee will continue to ensure that consideration of climate change is fully incorporated within Board and Committee level discussions and decisions. In accordance with this, the Trustee will:

- ensure ongoing discussions with investment managers and advisers about their approach, risk management, voting and engagement and reporting on climate related matters - as an example of this, the Trustee will continue to actively engage with Aviva and BlackRock to influence further ESG enhancements to the My Future default investment arrangement.
- monitor the implementation and impact of the enhancements made to all popular arrangements; My Future Focus, My Future and bespoke default investment arrangements, and what impact they have on the carbon-related metrics when compared with the previous Scheme Year.
- monitor Aviva's activity to achieve its published Net Zero ambition supported by the My Future Focus and My Future default investment arrangements.
- regularly review and update the Trustee's ESG beliefs and policy and consider whether there is a need to establish a specific climate change policy for the Scheme.

4. Strategy

Summary of key activities carried out during the Scheme Year ended 31/03/2024 under the Strategy pillar:

- Continuation of the Trustee's Strategic Objective to 'Deliver and maintain measurable high quality investment solutions meeting climate change targets.' The specific areas of focus for the Trustee aligned to this strategic objective are as follows:
  - Implement a new Standard Default (My Future Focus incorporating glidepath changes) for the Scheme, including the execution of a plan for the transition of assets from the 'Pre-2024' version of the My Future Focus default.
  - Consider Aviva's proposed changes to the Scheme's Alternative Default (My Future) and, subject to Trustee approval, progress implementation.
  - Renew engagement with Aviva and Investment Managers concerning the performance of the Scheme's Standard and Alternative defaults and how that is measured.
  - Investigate and consider investment opportunities for members arising from the climate transition including both the Scheme's default arrangements and the self-select range.
  - Investigate and consider investment opportunities for members arising from the use of Illiquid Assets and Private Markets
- The Trustee agreed that the Aviva climate model, the Climate Value-at-Risk (VaR) approach and its temperature scenarios, would continue be utilised to calculate the scenario analysis for all of the popular arrangements within the Scheme, noting that in the case of the Report for the Scheme year ending 31/03/2024 the Trustee has chosen not to undertake new scenario analysis. The Aviva climate model has been developed to enable Aviva plc to track the climate risk associated with its investments and other business-related activities. The associated Climate VaR measure enables the potential impacts of future climate-related risks and opportunities to be assessed in different Intergovernmental Panel on Climate Change (IPCC) scenarios as well as in aggregate.

  The Trustee believes there are benefits to being consistent with Aviva's approach and particularly noting that Trustee climate targets are linked to Aviva's Net Zero 2040 ambition. The approach enables a range of outcomes to be displayed for the different temperature rise levels. The analysis covers all funds used within the popular arrangements and within those, the assets included are equities (including real estate), corporate bonds and sovereigns (cash is not included).
- The Trustee is satisfied from the most recent scenario analysis performed (within the Scheme year ending 31/03/2023) that all popular arrangements have diversified investment strategies which provide a degree of mitigation against rising temperatures. This is demonstrated by the climate VaR charts shown within this section of the Report for My Future Focus and My Future and within the Appendix of this Report for the Scheme's other popular arrangements. It is notable that generally there are differences when comparing the growth and de-risking funds within each popular arrangement, but also when making comparisons across the different popular arrangements.

Climate VaR enables the potential financial impacts of future climate related risks and opportunities to be assessed through different Intergovernmental Panel on Climate Change (IPCC) scenarios and in a blended aggregate scenario as well as providing an indication of the resilience of a strategy. The charts within this Report demonstrate a broad range of potential outcomes.

Enhancement of the Scheme's Standard Default - My Future Focus

In 2020, the Trustee approved the My Future Focus investment strategy as the Standard default investment arrangement for the Scheme. As at 31 March 2024, the strategy accounted for 18% of the Scheme's total AUM (Assets Under Management). The Trustee is currently satisfied that the investment manager, Aviva Investors, has embedded ESG considerations into its investment processes across active and index componentry, however, will review this regularly in line with best practice and ongoing market developments.

Aviva Investors ("AI") employs active management across multiple asset classes to deliver returns for Scheme members, whilst pursuing positive outcomes from its approach to ESG considerations, including on climate change. Aviva Investors actively uses its voice as a shareholder to support and promote the long-term sustainability of capital markets, economies, and societies.

At the IC Strategy Day in January 2024 Aviva Investors provided the Trustee with an update regarding ESG integration into My Future Focus. There are three aspects to this integration:

- Avoid certain areas – Certain companies / sectors are actively excluded from or limited within the investment universe investment as per Aviva Investors Baseline exclusions Policy[4] e.g., companies operating in the thermal coal, arctic oil and oil sands, tobacco or controversial weapons sectors. This applies to Aviva Investors managed funds.
- Invest in higher ESG rated areas – My Future Focus uses some active strategies which take ESG considerations into account when selecting securities. It also uses some passive strategies, which seek to invest in companies with a stronger ESG score[5] and lower carbon intensity than the underlying markets[6].
- Engage and improve – By meeting with companies and voting at AGMs, Aviva Investors aim to drive change in companies focusing on ESG and climate issues.

The IC challenged Aviva Investors regarding progress against its net zero by 2040 ambition with 25% and then 60% carbon intensity reduction by 2025 and 2030 respectively, as the Trustee has adopted this as its target for the Scheme's Standard and Alternative defaults. Aviva Investors confirmed to the Trustee Directors on the committee that refreshed carbon intensity projection analysis shows that AI are still in line to achieve the 25% reduction by 2025 target. Aviva Investors explained to the committee that the 60% reduction in carbon intensity in 2030 will likely result in greater divergence from the market index, and AI will provide more analysis on plotting this pathway to the Trustee when it is available.

With effect from 01/01/2024 the Trustee adopted a new Standard default for the Scheme, 'My Future Focus Universal Lifestyle Strategy' replacing 'My Future Focus (Pre 2024) Universal Lifestyle Strategy'. The revised Statement of Investment Principles for the Scheme (adopted on 27/03/2024) makes clear that there are two main differences between the Pre 2024 Standard default investment option and the current one. The first is that the growth phase of the Pre 2024 version only invests in the Aviva My Future Focus Growth Fund up to 10 years away from retirement (i.e., there is no allocation to the Aviva My Future Focus Long Term Growth Fund). The second is that the Aviva My Future Focus (Pre 2024) Consolidation Fund takes marginally less risk than the Aviva My Future Focus Consolidation Fund. From an ESG integration perspective the Trustee is satisfied that the change to the Standard default does not impact the approach taken by Aviva Investors.

4 Full details of the Baseline Exclusions Policy can be found here.

5 Using an ESG overlay – the score is based on Aviva Investors proprietary in house ESG scoring system based on third party inputs, including MSCI ESG scores. Active ownership is on a bet efforts basis. Aviva Investors voting policy can be found here.

6 The "Underlying Markets" for the regional passive equity strategies are the MSCI indices for the respective markets.

Enhancement of the Scheme's other Defaults

The Trustee actively reviews proposals to implement changes to the other investment solutions/popular arrangements within the Scheme to better incorporate climate change considerations. In the Scheme Year covered by this Report this has led to the introduction of the following funds:

Investment Solution/ Popular Arrangement	Changes to Investment Solutions/Popular Arrangements within the Scheme year to better incorporate climate change considerations
My Future (the Scheme's Alternative Default Investment Arrangement)	• **ESG Integration into Regional Equities for My Future:** The Trustee has influenced Aviva to increase the ESG integration within regional equites so that 100% of the equity allocation of My Future Growth, Drawdown and Consolidation funds are ESG integrated. Implementation of ESG integration into regional equities started during the Scheme Year to which this Report relates, in December 2023, except for Japanese equity and Developed Asia equity funds where integration should start in the latter part of 2024. • **ESG Focused Global Credit Fund for My Future:** The Trustee has influenced Aviva to launch an ESG focused global credit fund. The fund was launched by BlackRock on 3 October 2022. Aviva began to transition assets into the ESG Global Credit fund within the Consolidation and Drawdown funds during the Scheme Year to which this Report relates, in December 2023.
Stewardship Lifestyle (the Scheme's Alternative Ethical Default Investment Arrangement)	• It has been Reported to the Trustee through their annual review of this arrangement which took place in September 2023, that Aviva Investors are undergoing various changes to the underlying funds to bring the funds in line with upcoming UK SDR regulation (Sustainability Disclosure Requirements). These are centred around greater clarity on the investment process and reporting for the positive tilts.
L'Oréal Section Bespoke Default Investment Arrangement	• As approved by the Trustee in the prior Scheme year, within the Scheme year covered by this Report, assets have been transferred form legacy default investment solution (L'Oreal Target Cash Lump Sum Strategy) into the new default strategy (L'Oreal Target Cash Lifetime). This resulted in **Changes to the L'Oréal Growth Blend**, replacing the BlackRock (World Ex UK) Index Fund (30% of blend) and the BlackRock UK Equity Index Fund (3% of blend) with the BlackRock World ESG Equity Tracker Fund within the L'Oréal Growth Blend. This will allow for greater ESG incorporation and better align the investment strategy with the beliefs of the Trustee. It also included a new **L'Oréal Pre-Retirement Blend** fund to replace the previous My Future Cash Lump Sum fund.

Risks and opportunities over different time horizons

The Trustee has identified that the key climate-risks to the Scheme fall into two categories:

Transition risks – Arise from companies, governments and assets transitioning from high to low carbon goods and services. This is likely to come from four sources:

- Policy and legal, e.g., introduction of carbon pricing, or exposure to litigation from insufficient decarbonisation action
- Technology change, e.g., electric vehicles
- Market preference change, e.g., less demand for single-use plastics derived from fossil fuels
- Reputational risk, e.g., negative press for inaction to mitigate pollution

Physical risks – Relate to the increased likelihood and severity of physical damages from climate change. There are two types:

- Acute risks, namely natural disasters, e.g., floods, storms, and droughts
- Chronic risks, or longer-term impacts, e.g., shifting weather patterns, or resource availability shifts

The Trustee believes there will be significant financial opportunities which arise from the transition to a low carbon economy (e.g., renewable energy and electric vehicles) and adaptation to physical risks (e.g., flood defences or drought resilient crops). It should be noted, however, that the current cost constraints within the existing default investment arrangements limit opportunities to access climate transition or impact driven funds.

The Trustee has identified the below timeframes, which have been determined by a blended view of the climate outlook and the Scheme's membership demographics. In the shorter-term, the Trustee expects transition risks to be greatest; however, in the longer-term, physical risks may ramp up and become more important. The Trustee reviews the chosen timeframes on a regular basis with the most recent review taking place within the Scheme Year ended 31/03/2024. As a result of the review the Trustee, taking advice from their investment adviser, has chosen to reclassify its assessment of medium-term physical risks from 'Low' to 'Medium' on the basis that physical risks in this period had previously been understated.

Strategy for the Scheme's standard and alternative default investment arrangements

Timeframe	Investment Horizon		Climate Horizon		Transitional impact	Physical impact
Short-Term (3 years)	Triennial Strategy Review period		UN PRI Inevitable Policy Response	Improvement in data quality	Medium	Low
Medium-Term (10 years)	Young members invested in Growth funds	Older members de-risking into Consolidation funds as they approach retirement	Interim 2030 targets	Alignment with Sustainable Development Goals	High	Medium
Long-Term (30 Years)	Younger members who are currently far from retirement		Investors' & organisations' net zero targets	Physical risks may become dominant	Medium	High

The section below sets out the actions being taken to integrate climate change considerations within the My Future Focus and My Future default arrangements.

My Future Focus

My Future Focus is the Standard default investment arrangement for the Scheme.

It offers a diversified exposure to investment markets, through allocations to equity, fixed interest and property. Alongside wider ESG considerations, those related to climate change are integrated throughout the investment process of all actively managed assets, including the explicit factoring in of climate data into the proprietary ESG models used as part of investment selection. The regional equity index allocations are optimised to have a higher ESG score than their respective benchmarks and include climate considerations and carbon intensity reduction targets.

The breadth and depth of ESG expertise in Aviva Investors is significant, with over 40 ESG investment professionals who support the managers who run My Future Focus.

The current strategic asset allocation of My Future Focus incorporates an allocation to emerging market territories to increase diversification and generate higher returns for members over the long-term. It should be noted that these territories typically have higher levels of carbon intensity, so this will impact the average level of carbon intensity within the funds. However, overall, My Future Focus still has a lower level of carbon intensity than its benchmark (based on the strategic asset allocation for the funds).

The Trustee understands that Aviva Investors will continue to actively, through voting and engagement, use its influence with the companies, in particular within the emerging market territories that it invests in, to encourage them to agree rigorous transition plans to reduce carbon emissions over time.

With regard to investment in property, Aviva Investors has a defined pathway to achieve Net Zero 2040, through originating new assets that are aligned to the pathway, decarbonising legacy assets through engagement with underlying occupiers, and encouraging occupiers to reduce and offset their emissions within the value chain of their asset or operations.

Strategy for the Scheme's standard and alternative default investment arrangements continued

The Trustee notes that on-going carbon intensity improvements will be an iterative process, with further progress made as developments in methodologies and data availability permit, in particular, pathways towards Net Zero to be defined and implemented across fixed interest, and as consideration given to specific thematic/ impact strategies.

The next milestone is for a 25% reduction in carbon intensity by 2025, with 60% by 2030 and 100% by 2040 (all relative to 31 December 2019). The Trustee meets regularly with specialists from Aviva Investors to maintain a close view of progress.

My Future

My Future is an Alternative default investment arrangement for the Scheme.

It offers a diversified exposure to investment markets, through allocations to equity and fixed interest investments. Climate change considerations are partially integrated within the construction of the fund portfolios, and this is complemented by the active approach taken by Aviva Investors to voting and engaging on climate matters.

Enhancements currently in progress include the introduction of regional equity funds using the same methodology as the World ESG Insights Equity Fund and the introduction of an ESG focused global credit fund, both of which commenced in December 2023.

Scenario Analysis: Climate Value-at-Risk (VaR)

The Trustee is required to conduct scenario analysis, at least every three years and following any material changes to the popular arrangements within the Scheme, for a minimum of two scenarios where there is an increase in the global average temperature and for one of those scenarios to consider the global average temperature increase within the range of 1.5oC above pre-industrial levels, to and including 2oC above pre-industrial levels.

When conducting any scenario analysis, the Trustee is also required to consider the nature of the transition to that temperature rise, that could be a "measured orderly transition", a "sudden and chaotic transition" or "a hot house world" where current commitments are not met, and emissions continue to rise.

The Trustee, with the advice of their investment adviser, has chosen not to carry out new scenario analysis during the Scheme Year ended 31/03/2024, given that there have been no significant changes to investment strategy within any of the Scheme's popular arrangements. The Trustee has however chosen to re-publish details of the Scenario Analysis completed in the Report for the Scheme Year ended 31/03/2023 in this Report. Details of the Scenario Analysis completed for the Scheme's Standard and Alternative Defaults has been included within the section of the Report. Details of the Scenario Analysis completed for the Scheme's Bespoke Defaults can be found within the Appendices.

Aviva has developed a Climate Value at Risk (VaR) measure, in conjunction with the United Nations Environment Programme Finance Initiative (UNEP FI) investor pilot project and Carbon Delta to assess the resilience of its business and strategy to different climate scenarios. This measure enables the potential business impacts of future climate-related risks and opportunities to be assessed in different Intergovernmental Panel on Climate Change (IPCC) scenarios as well as in aggregate.

The Trustee and their investment advisers, Isio, have considered and approved the adoption of the Aviva climate model and the Climate VaR approach as being the most appropriate model and measure for the Scheme's Scenario Analysis as it allows the Trustee to execute a quantitative analysis which enables evaluation of scenarios which highlight the risks and opportunities posed by climate change and provides additional inputs into the strategy and investment decisions made on behalf of the Scheme's members.

The Trustee believes there are benefits to being consistent with Aviva's approach and particularly noting that Trustee climate targets are linked to Aviva's Net Zero 2040 ambition. The approach enables a range of outcomes to be displayed for the different temperature rise levels. The analysis covers all funds used within the popular arrangements and within those, the assets included are equities (including real estate), corporate bonds and sovereigns (cash is not included).

Scenario Analysis: Climate Value-at-Risk (VaR) continued

Scenarios

The Intergovernmental Panel on Climate Change (IPCC) has identified potential future scenarios with respect to climate change. Each scenario describes a potential trajectory for future levels of greenhouse gases and other air pollutants. From these scenarios, we have considered those that can be mapped to the following temperature rises by 2100 and levels of economy-wide mitigations required:

- 1.5°C (aggressive mitigation)
- 2°C (strong mitigation)
- 3°C (some mitigation)
- 4°C (no further mitigation)

We calculate a Climate VaR for these four scenarios to provide a wide range of possible outcomes, reflecting the different emission projections and associated temperature rises.

Climate VaR is a forward-looking and return-based valuation assessment which aims to assess a portfolio's potential growth or loss (in percentage terms) that may arise as a result of climate related risks and opportunities.

As a consequence, it is underpinned by a number of assumptions. Detailed information on these assumptions can be found in the Appendix.

Modelling Approach

The Climate VaR models both climate related transition and physical risks and opportunities which are tailored to the impacts we observe across our diverse range of asset classes and product offerings:

- Transition: covers the projected costs of policy action related to limiting greenhouse gas emissions and projected profits from green revenues arising from the development of new technologies and patents across the market. We also recognise there is a growing trend in climate-related litigation and have qualitatively assessed its potential exposure accordingly; and
- Physical: covers the financial impact from extreme weather events (acute) (e.g. flood, windstorm and tropical cyclones) and those associated with longer-term shifts in climate patterns (chronic effects such as sea level rise). Although we recognise that the most extreme physical effects are most likely to be felt in the second half of the century, extreme weather events attributed to climate change are already occurring and impacts may be greater and sooner than expected as earth systems react to temperature rises. The data and methodology we use to calculate these risks and opportunities differs by asset class and product line:
- For credit, equities and real estate, we use transition and physical risk VaR impact data from MSCI2.
- For sovereign debt, we assess a country's vulnerability to the physical effects of climate change using research[7] from the University of Cambridge's Bennett Institute for Public Policy.

The Trustee has carried out scenario analysis across the Scheme's assets and liabilities (as applicable) within all its popular arrangements. As stated above the Trustee has chosen not to carry out new scenario analysis within the Scheme Year ended 31/03/2024 but has chosen to re-publish the scenario analysis carried out in the Scheme Year ended 31/03/2023 in this Report.

Climate VaR calculations have been produced for the funds that constitute the Scheme's popular default investment arrangements and track how outcomes have improved from 31 December 2019 to 30 September 2022. This data can help the Trustee to track improvements over time and helps the Trustee to assess the impact of the investment actions expected of the investment manager.

At present, due to the high level of estimation as well as gaps in asset class coverage, Aviva is not able to publicly report the actual percentage amounts for the Climate VaR. However, the Climate VaR percentage results for each of the popular arrangements are represented on the same scale to enable comparability with the baseline between negative and positive impacts of each temperature rise scenario pinpointed.

7 Rising Temperatures, Falling Ratings: The Effect of Climate Change on Sovereign Creditworthiness; March 2021. https://www.bennettinstitute.cam.ac.uk/publications/ rising-temperatures-falling-ratings/

Scenario Analysis: Climate Value-at-Risk (VaR) continued

Climate VaR has been calculated for the individual funds/portfolios. In reality most members' assets will be invested in line with the different lifestyle strategies within the popular arrangements, first investing in the growth portfolios (which consist of higher proportions of equity investments) before transitioning into consolidation portfolios (which consist of higher proportions of bond and cash investments). Therefore, as members approach retirement, their lifestyle assets will be held in lower risk investments and in turn are expected to be less adversely affected under the scenarios shown. The Aviva climate model does not explicitly produce Climate VaR calculations to show the VaR at different lifestages. However, within this Report is shown the respective portfolio allocations and glidepaths that apply at different lifestages within each of the Scheme's popular default investment arrangements. This information can be utilised to consider what the respective impact would be for the different age cohorts of members at different points in their lifestyle for each of the Scheme's popular default investment arrangements. This detail is provided below alongside the Scenario Analysis completed for the Scheme's Standard and Alternative Defaults. The same detail has also been provided for the Scheme's Bespoke Defaults within the Appendices to the Report alongside the Scenario Analysis completed for those defaults.

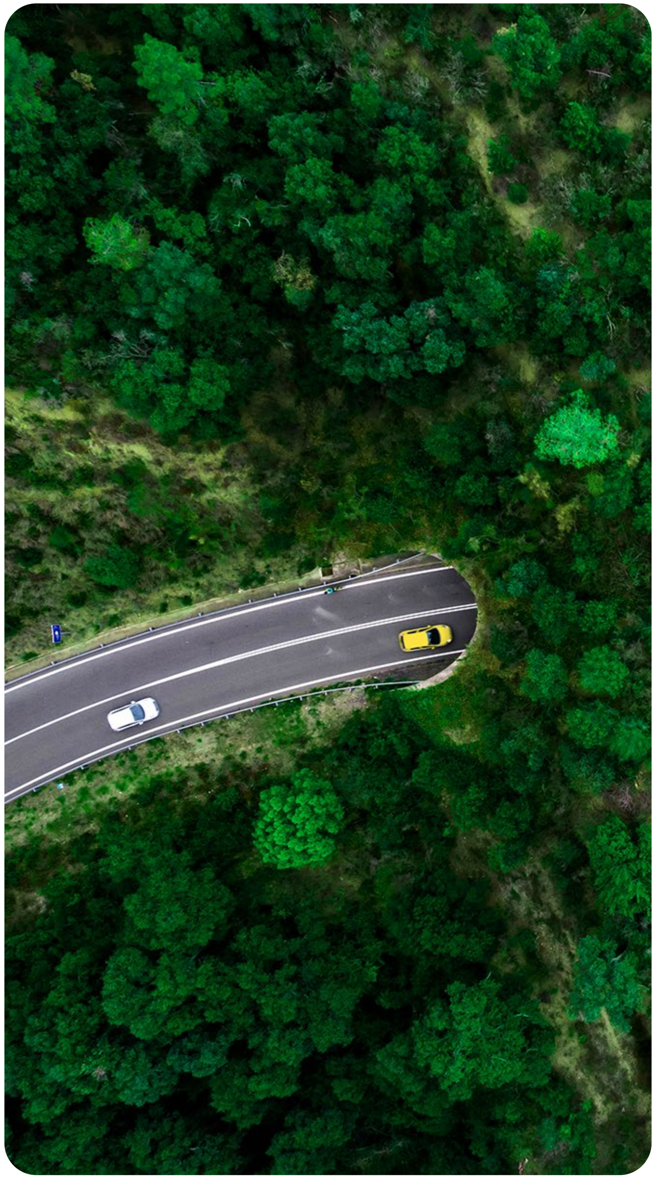
The Climate Value-at-Risk scenario analysis compares a plausible range of outcomes (5th to 95th percentile) from the Climate VaR scenario analysis for four different temperature rise (TR) scenarios; a 1.5°C TR, a 2.0°C TR, 3.0°C TR and a 4°C TR.

The blue section shows the range of outcomes (5th to 50th percentile) that have the least impact on VaR.
The grey section shows the range of outcomes (50th to 95th percentile) that have the most impact on VaR. The vertical line represents zero impact.

The joining point between the blue and grey sections is the median outcome value.

Key for Graphs

(blue)	Shows the range of outcomes (5th to 50th percentile) that have the least adverse impact on VaR
(grey)	Shows the range of outcomes (50th to 95th percentile) that have the most adverse impact on VaR
TR1.5	Climate VaR scenario analysis based on 1.5°C Temperature Rise
TR2	Climate VaR scenario analysis based on 2°C Temperature Rise
TR3	Climate VaR scenario analysis based on 3°C Temperature Rise
TR4	Climate VaR scenario analysis based on 4°C Temperature Rise



Scenario Analysis: Climate Value-at-Risk (VaR) continued

My Future Focus - Standard default investment arrangement

With effect from 01/01/2024 the Trustee adopted a new Standard default for the Scheme, My Future Focus Universal Lifestyle Strategy, replacing My Future Focus (Pre 2024) Universal Lifestyle Strategy. It should be noted that for the purposes of this Report only the latter meets the classification of a popular arrangement.

1. Glidepath

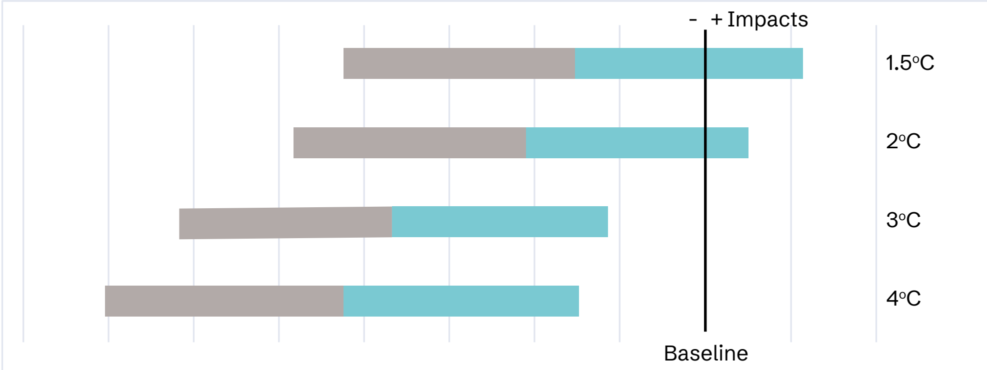
The current respective portfolio allocations that apply at different lifestages within the My Future Focus default investment arrangement are as follows:

Number of Years before member reaches Selected Retirement Date (SRD)	% Allocation to My Future Focus Growth fund	% Allocation to My Future Focus Consolidation fund
More than 10 years	100%	0%
10 years	100%	0%
8 years	80%	20%
6 years	60%	40%
4 years	40%	60%
2 years	20%	80%
0 years	0%	100%

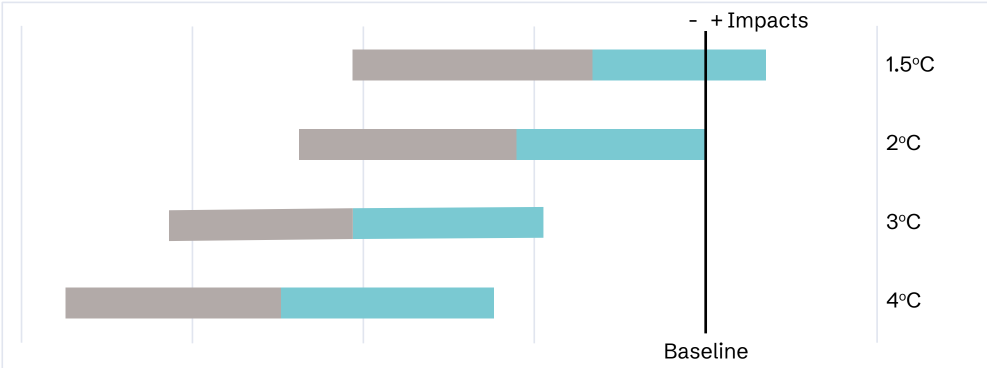
2. Climate VaR Scenario Analysis for each of the funds in the Glidepath

The Climate VaR for the individual funds within the My Future Focus default investment arrangement is shown below.

My Future Focus Growth fund



My Future Focus Consolidation fund



Scenario Analysis: Climate Value-at-Risk (VaR) continued

My Future - Alternative default investment arrangement

1. Glidepath

The current respective portfolio allocations that apply at different lifestages within the My Future default investment arrangement are as follows:

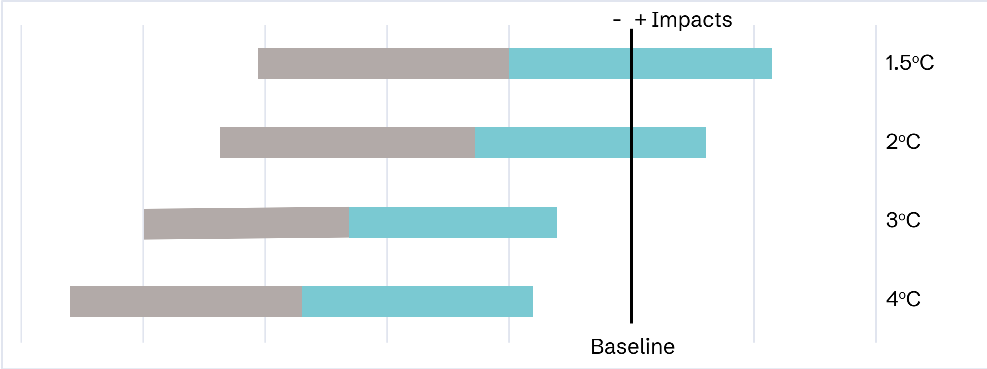
Number of Years before member reaches Selected Retirement Date (SRD)	% Allocation to My Future Focus Growth fund	% Allocation to My Future Focus Consolidation fund
More than 15 years	100%	0%
15 years	100%	0%
10 years	67%	33%
5 years	33%	67%
0 years	0%	100%

2. Climate VaR Scenario Analysis for each of the funds in the Glidepath

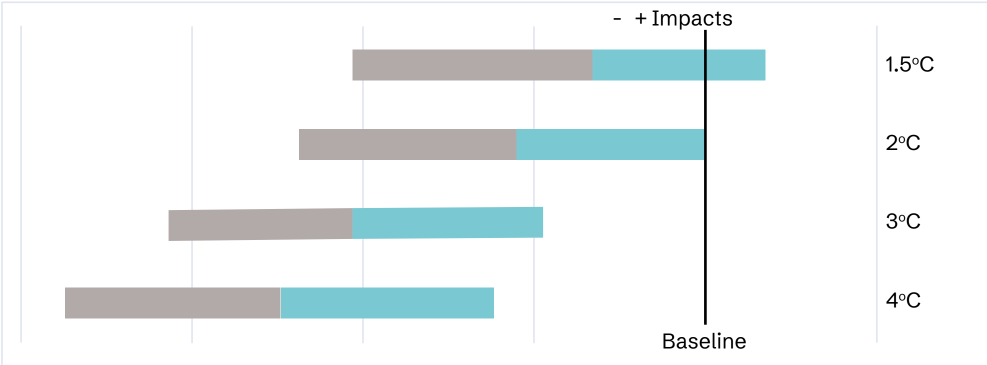
The Climate VaR for the individual funds within the My Future default investment arrangement is shown opposite.

The information in Section 1 above can be utilised to determine what the respective impact would be for different age cohorts of members at different lifestages within the glidepath.

My Future Growth fund



My Future Focus Consolidation fund



Scenario Analysis: Climate Value-at-Risk (VaR) continued

The Stewardship Lifestyle – Alternative default investment arrangement

1. Glidepath

The current respective portfolio allocations that apply at different lifestages within the Stewardship Lifestyle default investment arrangement follows:

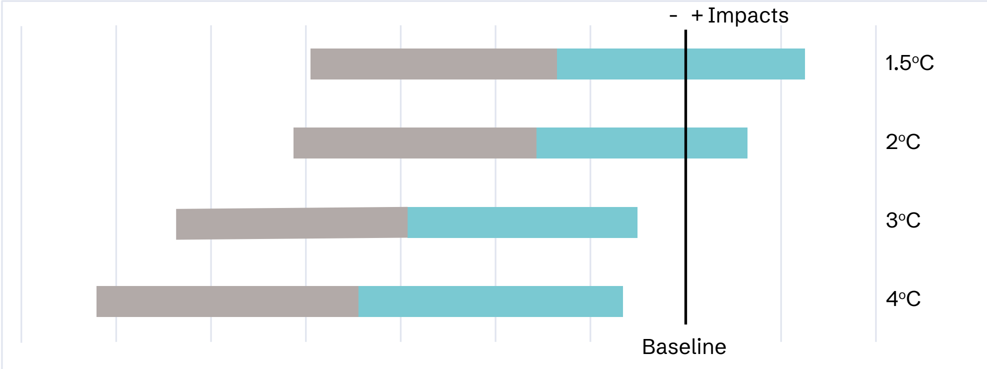
Number of Years before member reaches Selected Retirement Date (SRD)	% Allocation to Stewardship International Equity fund	% Allocation to Stewardship Managed fund	% Allocation to Stewardship Bond fund
More than 10 years	40%	60%	0%
10 years	40%	60%	0%
8 years	32%	58%	10%
6 years	24%	56%	20%
4 years	16%	54%	30%
2 years	8%	52%	40%
0 years	0%	50%	50%

2. Climate VaR Scenario Analysis for each of the funds in the Glidepath

The Climate VaR for the individual funds within the Stewardship Lifestyle default investment arrangement is shown opposite.

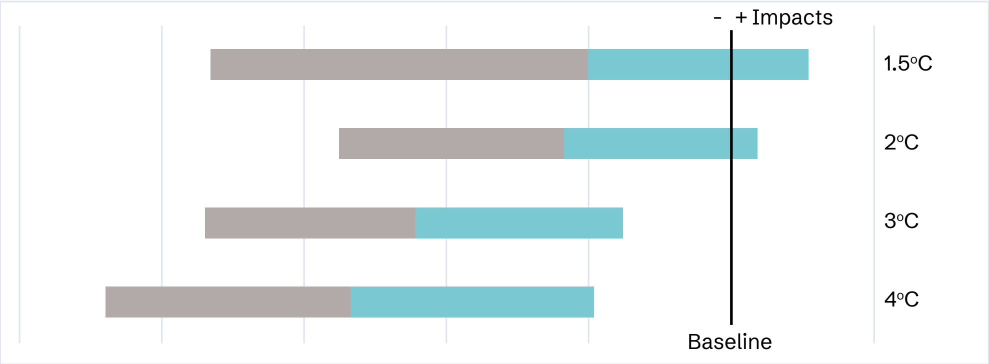
The information in Section 1 above can be utilised to determine what the respective impact would be for different age cohorts of members at different lifestages within the glidepath.

Stewardship International Equity fund

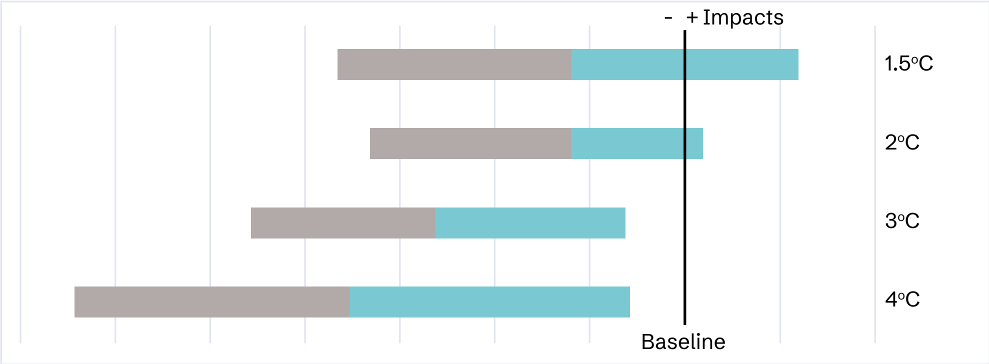


Scenario Analysis: Climate Value-at-Risk (VaR) continued

Stewardship Managed fund



Stewardship Bond fund



Scenario Analysis: Conclusions, next steps & priorities

The Trustee has identified three timeframes by which they expect the risks and opportunities associated with climate change to materialise.
The conclusions and next steps that relate to these timeframes are shown below:

Timeframe	Conclusions and Next Steps
Short-Term (3 years)	In the shorter-term, the Trustee formally reviews the Scheme's popular arrangements at least every three years. Over the last few years improvements have been made to better integrate ESG into the underlying mandates – these should have a positive impact on how the Scheme addresses climate risk and opportunities in this Short-Term timeframe. Having taken advice in the Scheme Year ending 31/03/2024 the Trustee has chosen not to make any change to the short-term horizon. In light of Defined Contribution (DC) scheme governance timescales, the Trustee continues to believe a 3-year period to match the frequency of scenario modelling and triennial strategy reviews remains appropriate.
Medium- Term (10 years)	During Q2 2022, a number of ESG upgrades were made to the My Future Focus Solution, including a carbon intensity reduction pathway into the regional equity funds, targeting annual reductions in the level of carbon intensity in support of Aviva's Net Zero 2040 goal and an improved model to achieve an ESG score uplift relative to benchmark. These upgrades followed engagement by the Trustee with Aviva Investors in Q1 2022. Over the course of 2023 Aviva has informed the Trustee that it is conducting analysis on active fixed interest building block funds including the introduction of a framework for monitoring climate metrics across the credit and sovereign portfolio with a view to implementation in 2024. Also, with the agreement of the Trustee Aviva has begun to integrate ESG into the regional equites within the My Future Solution so that 100% of the equity allocation of the My Future Growth, Drawdown and Consolidation funds are ESG integrated. Aviva has informed the Trustee that this process started in December 2023. The Trustee remains engaged with Aviva Investors on the ongoing climate strategy across the My Future Focus Solution. Having taken advice in the Scheme Year ending 31/03/2024 the Trustee has chosen not to make any changes to the medium-term horizon. This time horizon matches the final de-risking path for members in the default strategy (from Growth to Consolidation) and also captures members solely within the growth phase for a period. The Trustee notes that latest industry thinking suggests climate physical risks have been understated and have therefore elevated physical risks to an Amber rating (over the medium term) and are engaging with Aviva to understand what actions are being taking to manage these risks in My Future Focus and My Future as well as with the investment advisers on the sections of the AMT with bespoke default strategies with the same purpose.
Long-Term (30 Years)	The climate scenario modelling shows that climate-related risks, which are increasing even in the short to medium term, are likely to amplify to very significant levels over the longer-term. The extent of this impact is largely dependent on the temperature pathway taken by global markets. A lower temperature increase, such as the 1.5°C level, would be expected to be less adverse on the outcomes of members, although current estimates suggest a very high likelihood of this level being exceeded. Having taken advice in the Scheme Year ending 31/03/2024 the Trustee has chosen not to make any change to the long-term horizon. The Trustee did consider that there may potentially have been a case for doing so, given that some members may be invested for a longer period than this. The Trustee will continue to keep this under review. The Trustee has reviewed its alignment with Aviva's 2040 net zero ambition and has decided to retain this as its target for the Scheme's Standard and Alternative default strategies.

- For the baseline (2019), 2021 and the 2022 data sets, the Climate VaR calculations indicate that the Scheme's popular arrangements would be sensitive to financial loss under all four IPCC temperature rise scenarios (Climate VaR data is shown in full, for all funds within the popular arrangements, in the Appendix).
- The potential impacts for the My Future Focus and My Future Consolidation Funds were significantly smaller and less variable than those for the My Future Focus and My Future Growth Funds. The degree of difference in the levels of impact between the different Temperature Rise scenarios was also less extreme.
- Most members' assets will be invested in line with the lifestyle strategies, first investing in the growth portfolio before transitioning into the consolidation portfolio. The consolidation, pre-retirement, bond, and cash portfolios appear to be less vulnerable to financial loss than the Growth portfolios, which is likely to be due to the Growth portfolios being more heavily weighted towards equities.

The Trustee, in conjunction with Aviva, Aviva Investors and investment advisers, will continue to assess the investment implications of climate change on the Scheme's popular arrangements alongside a wide variety of financially material considerations. The Trustee expects to further develop its climate transition strategy at Scheme level, and engage with its managers, and the underlying investment companies (via its managers), to achieve their objectives.

5. Risk Management

Summary of key activities carried out during the Scheme Year ended 31/03/2024 under the Risk Management pillar:

- The climate change risk incorporated within the Scheme's Risk Register is reviewed by the Scheme's IC on a quarterly basis. Key considerations within this risk are that the performance of investments is impacted by physical and/or transition impacts from climate change and that the current cost constraints within the existing default investment arrangements limit opportunities to access Aviva's climate transition funds. The Trustee uses the risk register to regularly identify and assess different climate risks that may affect a members' benefits, including an assessment of which climate change risks are the most material and therefore set prioritisation of risks.
- The Trustee has considered if new risk management tools are needed to support management of climate-related risks in the scheme year ending 31/03/2024. Having consulted their investment adviser, the Trustee is satisfied that no new risk management tools are needed at this time however the Trustee does appreciate that as climate-related reporting requirements evolve this position may need to be explored.
- As set out in the Strategy section of this Report, the Trustee has arrived at a view as to how the risks associated with climate change are likely to manifest over different timescales. The Trustee acknowledges that climate-related risks, especially physical risks need to be considered over considerably longer timeframes than that which is typically applied to the traditional assessment of risks within the Risk Register which occurs on a quarterly basis. The Trustee has sought advice regarding the factors it should consider in assessing such risks.
- The Trustee has taken steps to ensure that it, and those it engages to advise or assist with governance and risk management, have a general understanding of climate change concepts and the potential impacts of climate change. Detail on this is provided in the 'Governance' section of this Report.
- As stated in the Governance section of this Report, in the case of Isio as the Scheme Investment Adviser, the Trustee has set specific objectives against which it assesses performance which includes a rating regarding how they have assisted the Trustee in aligning the Scheme with its Environmental, Social and Governance objectives.
- The Trustee asked its investment adviser, Isio, to carry out an ESG impact assessment of the My Future Focus, My Future and Stewardship Lifestyle Investment Solutions, to evaluate the investment managers' approach to integrating ESG factors against the Trustee's ESG Policy. As the Trustee has delegated the day-to-day management of the Trust's investments to the fund managers, it is important that the Trustee understands how they consider financially material considerations, such as ESG and climate-related risks and opportunities. As part of this analysis, the Trustee's investment adviser also proposed a number of areas for consideration ('actions') for engaging with the Scheme's investment managers going forward. This assessment was considered, reviewed, and approved by the IC.
- The Trustee has also assessed climate-related risks and opportunities for the sections with bespoke defaults using responses prepared by the relevant investment advisers.

Summary of ESG impact assessments (and conclusions) for My Future Focus, My Future and Stewardship Lifestyle default investment arrangements

Isio produced a report evaluating the AMT's investment managers' approach to integrating ESG factors against the Trustee's ESG policy. The report provided an ESG score and Climate score for each manager and, where managers fell short, identified actions to engage with the investment managers on.

As the Trustee has delegated the day-to-day management of the Trust's investments to the fund managers, it is important that the Trustee understands how they consider financially material considerations, such as ESG and climate-related risks and opportunities.

As part of their analysis, Isio have also proposed a number of areas for consideration for engaging with the AMT's investment managers going forward.

For My Future Focus and My Future ESG Assessments were produced. The assessments focused on seven core areas of ESG integration: firm-level, strategy-level, product-level, stewardship, reporting, collaboration and climate. These seven underlying scores were then aggregated to provide a single overall ESG score with a separate climate score. The key findings of the assessment were:

- Both default strategies reflect strong ESG consideration at a firm level as a result of Aviva's priorities.
- Collaboration, reporting and climate across My Future and My Future Focus is fairly robust.
- My Future Focus has stronger product and strategy level integration compared to My Future.

Summary of ESG impact assessments (and conclusions) for My Future Focus, My Future and Stewardship Lifestyle default investment arrangements

My Future Focus

Overall, My Future Focus scored marginally higher than My Future, with an ESG score of 2.8/4. This is largely due to the additional consideration given to ESG integration at the product level although scores in this area have reduced slightly compared to last year due to additional requirements being included in the individual asset class assessments.

Compared to last year, most scores have remained broadly the same. The collaboration score has reduced due to an extra requirement relating to social initiatives being introduced. Additional criteria relating to stewardship were also added throughout the assessment and as a result of Aviva's recent efforts and development in their Stewardship priorities, the climate score has improved.

In order to improve the ESG integration at a strategy-level, Isio have advised that Aviva could look to set quantifiable ESG objectives and consider ESG as a factor when setting the top-down strategy.

Isio were pleased to see some level of ESG consideration and integration within each of the underlying asset classes however this does vary between funds. Compared to last year's assessment, Isio now expect funds to be setting objectives and explicit stewardship priorities relating to climate, social and nature/biodiversity factors as well as considering and quantifying more ESG risks.

My Future

Overall, My Future scored reasonably well with an ESG score of 2.4/4. This is predominantly supported by the Aviva firmwide polices, collaboration and robust reporting.

Compared to last year, most scores have remained broadly the same. The collaboration score has reduced due to an extra requirement relating to social initiatives being introduced. Additional criteria relating to stewardship were also added throughout the assessment and as a result of Aviva's recent efforts and development in their Stewardship priorities, the climate score has improved.

Strategy and product level ESG integration remain two areas that Isio feel could be improved with limited ESG integration currently. Isio note this conclusion was also reached last year and in response Aviva have since announced the introduction of a new BlackRock Global Corporate ESG Insights Bond fund to their credit allocation in 2024 which Isio view as a favourable addition.

Introducing more quantifiable ESG objectives and integrating these into the investment process of all mandates would improve the individual and overall strategy score – as currently these are only being contributed to by the 50% equity allocation to the BlackRock World ESG Insights equity fund.

For both My Future Focus and My Future Isio provided the Trustee with recommendations that would further increase the level of ESG integration to which the Trustee will consider with Aviva.

Stewardship Lifestyle

For the Stewardship Lifestyle an ESG scorecard was produced by Isio as opposed to the longer ESG Assessment completed for My Future Focus and My Future.

Isio's view is that Aviva's Stewardship Lifestyle partially meets its ESG assessment criteria.

Aviva show good firm-wide stewardship and industry collaboration; however, the broader investment approach and the fund-level reporting could be improved by integrating ESG objectives into the investment approach and by providing ESG metrics and engagement data in regular client reporting.

Summary of climate risk and opportunities considerations for bespoke default investment arrangements

Mott MacDonald Section

The investment adviser for this section is Lane Clark & Peacock LLP ("LCP"). The default for this section is 'LIP Drawdown,' and consists of four white labelled funds (LIP Global Equity, LIP Diversified, LIP Bond and LIP Liquidity) each determined by the underlying asset classes. As at 31/03/2024 the total assets within all four funds comprising this default were approximately £679m which is approximately 6.2% of the Scheme's assets.

The L&G Low Carbon Transition Global Equity Index Fund has been designed to address and reduce climate change risk which we believe to be financially material, in line with the Trustee's risk management ESG beliefs.

The Trustee believes that integrating ESG factors will lead to better outcomes for members. The L&G Future World Multi-Asset Fund incorporates ESG via tilts to the underlying standard indices of funds that it invests in. The tilts are based on scores designed by L&G to indicate the ESG characteristics of underlying equities and bonds the fund is exposed.

L&G also integrate their Climate Impact Pledge into all their funds, which addresses other factors of ESG: L&G disinvest from companies that have poor ESG credentials who are not taking action to address these issues, and as such those companies that L&G believe will be negatively affected financially. This is aligned with the Trustee's approach/framework, voting and engagement, and collaboration ESG beliefs.

The Mott MacDonald LIP Global Equity Fund and Mott MacDonald LIP Diversified Fund are both available for members to self-select, therefore integrating ESG into the self-select range as well as the default strategy in the Plan, in line with the Trustee's approach to incorporating ESG beliefs.

Summary of climate risk and opportunities considerations for bespoke default investment arrangements continued

Wm Morrison Section

The investment adviser for this section is Lane Clark & Peacock LLP ("LCP"). The default for this section is 'Cash Lump Sum Lifetime,' and consists of two white labelled funds (Morrisons Growth and Morrisons Pre-Retirement) together with the BlackRock Sterling Liquidity Fund. As at 31/03/2024 the total assets within all three funds comprising this default was approximately £664m which is approximately 6% of the Scheme's assets.

The L&G Low Carbon Transition Global Equity Index Fund (which was introduced to the Morrisons Growth Fund in 2022) has been designed to address and reduce climate change risk which LCP believe to be financially material, in line with the Trustee's risk management ESG beliefs.

The Trustee believes that integrating ESG factors will lead to better outcomes for members. The Trustee notes that L&G also integrate their Climate Impact Pledge into all their funds, which addresses other factors of ESG: L&G disinvest from companies that have poor ESG credentials who are not taking action to address these issues, and as such those companies that L&G believe will be negatively affected financially. This is aligned with the Trustee's approach to voting and engagement, and the incorporation of ESG beliefs.

The Trustee notes that the Morrisons Growth Fund is available for members to self-select, therefore integrating ESG into the self-select range as well as the default strategy, in line with the Trustee's approach to incorporating ESG beliefs.

L'Oréal Section

The investment adviser for this section is Hymans Robertson LLP ("Hymans Robertson"). The default for this section is 'L'Oreal Target Cash Lump Sum Strategy,' and consists of three white labelled funds (L'Oreal Growth Blend, L'Oreal Diversified Blend and L'Oreal Pre-Retirement Blend. As at 31/03/2024 the total assets within this default was approximately £145m which is approximately 1.3% of the Scheme's assets.

The Trustee notes that the bespoke default strategy was developed with ESG integration as a priority and the strategy remains adequately integrated with ESG. In terms of ESG integration through its sustainably labelled funds, the Growth Blend is fully integrated with ESG labelled funds with all three of the underlying funds being sustainably labelled. The Baillie Gifford Sustainable Growth Fund is an active sustainable fund which invests in concentrated portfolio of public companies, in which active engagement on specific sustainability goals are undertaken with the holding companies to achieve the ESG goals of the fund.

The Diversified Blend holds an allocation to the Aviva Managed Stewardship Fund and the LGIM Diversified Fund. The LGIM Diversified Fund is not an ESG or sustainable labelled fund, however it does apply exclusions on certain industries, such as controversial weapons, thermal coal, and tobacco, as part of the standard LGIM investment process. It does not however, apply an ESG tilt targeting certain metrics such as carbon emissions, to the Fund.

The Pre-Retirement Blend invests in the Diversified Blend, which has an allocation to the Aviva Managed Stewardship Fund. The largest fund within the Pre-Retirement Blend, the Aviva Cash Lump Sum, is not an explicitly ESG or sustainable labelled fund, but it applies the baseline ESG policies, such as exclusions from certain harmful industries to the Fund.

Overall, the bespoke default strategy continues to have a strong integration with ESG, and the Trustee believes the bespoke default funds used by L'Oréal aligns with their beliefs.

Summary of climate risk and opportunities considerations for bespoke default investment arrangements continued

Thomas Cook Section

The investment adviser for this section is Mercer. The default for this section is 'Thomas Cook Flexible Journey,' and consists of two white labelled funds (TC Growth and TC Flexible Journey De-Risking) together with the BlackRock Sterling Liquidity Fund. As at 31/03/2024 the total assets within the three funds comprising this default was approximately £392m which is approximately 3.6% of the Scheme's assets.

The Trustee notes that the adviser has set out how ESG considerations are integrated within the default investment strategy, specifically:

- Manager and fund selection: Underlying funds have been selected using Mercer's ESG ratings. Specifically, within each asset class, a fund has only been selected if there was no "better" scoring fund on an ESG basis (with equivalent research rating) available on Aviva's platform.
- Mercer DGF – overview: The Mercer DGF used in the default integrates ESG in its strategy and implementation. This is subject to annual strategic review as new solutions emerge (e.g., ESG tilted funds within different asset classes). Actions will also be taken in line with TCFD recommendations, including publication of an annual TCFD disclosure report.
- Mercer DGF – detail: Mercer have a commitment to appoint only underlying funds at or above a minimum agreed ESG ratings level. The DGF invests directly in sustainability themes – for example the allocation to sustainable equities. Certain sectors are excluded from the fund, including controversial and nuclear weapons, and tobacco.
- Stewardship and monitoring: Across all Scheme funds, stewardship reporting can be provided including monitoring on manager voting and engagement activity and monitoring of adherence to the UK Stewardship Code. Mercer will also support the AMT Trustee with climate metrics and scenario analysis for the Mercer-managed funds within the strategy.

Within the Scheme Year ended 31/03/2024 the Trustee, having taken advice from Mercer, took the decision to replace the bespoke default solution on the Thomas Cook section with the Aviva My Future Focus ("MFF") strategy. The rationale for this being the robust ongoing governance to which MFF is subject, the consistency between the design of MFF and Mercer design principles for defaults and the discount in member charges.

Stewardship

Influencing change through voting and engagement

Aviva Investors is responsible for the voting and engagement activity in respect of most of the assets within the Scheme. The Trustee regularly meets with Aviva Investors to review the activity that it is taking in this regard with AI providing a quarterly report for the IC summarising voting and engagement activity for the Scheme's Standard default investment arrangement, My Future Focus.

Aviva Investors' record and continued intensive approach to voting and engaging with investee companies is a key component of the Scheme's overall approach to ESG. This activity considers environmental considerations as well as those relating to social and governance factors.

Aviva Investors expects all investee companies to develop and publish robust and financially viable climate transition plans that will support the decarbonisation of economies in a socially just and inclusive manner.

In addition, Aviva Investors' 2020 three-year timebound Climate Escalation Engagement Programme targets 30 companies that in aggregate contribute to c.30% of global emissions annually.

Conclusions, next steps & priorities

The Trustee is reassured that the Scheme's popular default investment arrangements have made good progress on integrating climate related funds within their construction. The Trustee continues to monitor the impact that the recent changes for a number of these solutions will have on the future metrics and scenario analysis data for these investment solutions.

The Trustee will seek to actively encourage the investment managers to increase the amount of regular ongoing reporting of climate measures and to oversee the voting and engagement activity of its investment managers.

6. Metrics & Targets

Overview

Greenhouse gas ('GHG') emissions are a key factor to consider in the context of climate change. There are several economic activities that result in the release of GHGs into the atmosphere, primarily because of human activity such as burning fossil fuels for energy. Reducing the amount of GHGs within the atmosphere is important for controlling global warming and the corresponding physical impacts of climate change.

The Trustee has agreed to measure, monitor and publish a selection of climate metrics for the Scheme's popular arrangements. These metrics associated targets and results are described below.

The Trustee has agreed to measure, monitor and publish a selection of climate metrics. These metrics, associated targets and results are described below.

This section refers to Scope 1, Scope 2 and Scope 3 emissions. These can be described as follows:

Scope 1 emissions Scope 1 emissions are greenhouse gas emissions that a company is directly responsible for, such as emissions from on-site burning of fossil fuels or emissions from fleet vehicles.

Scope 2 emissions Scope 2 emissions are greenhouse gas emissions from sources that a company owns or controls, such as the generation of electricity, heat, or steam purchased from a utility provider.

Scope 3 emissions Scope 3 emissions are greenhouse gas emissions from sources a company doesn't own or control but are related to its operations, such as employee commuting or contracted solid waste and wastewater disposal.

Targets set by the Trustee

The Trustee is supportive of the public statement that Aviva has made regarding its Net Zero 2040 ambition, which was announced in March 2021. Aviva is monitoring the progress of the My Future Focus, My Future and Stewardship Lifestyle Investment solutions – the Scheme's Standard and Alternative default investment arrangements – against its ambition. The Trustee has adopted Aviva's ambition as its target for My Future Focus (Pre 2024), My Future Focus, My Future and the Stewardship Lifestyle the Scheme's Standard and Alternative default strategies. As the Trustee has adopted Aviva's ambition as its target, it maintains a close view of Aviva's progress and, with the support of the investment adviser, does challenge where appropriate.

1. Net Zero by 2040; based on Carbon Intensity by Revenue (Scope 1,2 & 3) with a baseline date of 31 December 2019 – Aviva was the first major financial services company to have a Net Zero 2040 ambition.
2. To cut the Carbon Intensity by Revenue (Scope 1 & 2) of Aviva's investments by 25% vs. the baseline date by 2025.
3. To cut the Carbon Intensity by Revenue (Scope 1 & 2) of Aviva's investments by 60% vs. The baseline date by 2030.

Summary of key activities carried out during the Scheme Year ended 31/03/2024 under the Metrics & Targets pillar:

The Trustee has published a range of climate metrics for each of the Scheme's popular default investment arrangements. The climate metrics have been calculated by the Aviva climate model and more information about the calculations and methodologies incorporated into the Aviva climate model can be found in the Appendix.

Metric Selection

The Trustee has selected the following metrics for the Scheme Year ended 31/03/2024:

Metric type	Climate metrics calculated by the Aviva climate model	Description	Rationale for metric
Absolute	**Total Greenhouse Gas emissions,** as CO_2 equivalents (tCO_2e) (Scopes 1,2 & 3)	A measure that assesses total absolute greenhouse gas (GHG) emissions, as mandated by the Kyoto Protocol, associated with a portfolio. This measure is expressed in metric tons tCO2e.	Real world impact
Intensity	**Carbon Intensity by EVIC** (Scope 1, 2 & 3)	A measure that assesses the carbon efficiency of a portfolio, by calculating the volume of carbon emissions of the portfolio, per million dollars of enterprise value including cash of the portfolio. This measure is expressed in metric tons tCO2e / £m EVIC.	Intensity metric consistent with the metric adopted by Aviva plc
Intensity	**Carbon Intensity by Revenue** (Scope 1, 2 & 3) NOTE: Scope 3 is shown discreetly from Scopes 1 & 2	A measure that assesses the carbon efficiency of a portfolio, by calculating the total tCO2e emissions of the portfolio, per million dollars of revenue of the portfolio. This measure is expressed in metric tons tCO2e / $m Revenue.	Intensity metric consistent with DWP guidance
Portfolio alignment	**Temperature Alignment** (previously Portfolio Warming Potential)	Assesses the contribution of the portfolio's activities towards climate change. The calculation provides an indication of what the portfolio's activities would equate to in terms of an increase in global average temperatures. This measure shows the implied contribution to increase in global temperatures (oC) by 2100.	Forward looking metric that rewards companies with transition plans even if they currently have high emissions A real-world interpretation of how investments are expected to contribute to global temperatures
Additional	**PCAF Data quality score** (Partnership for Carbon Accounting and Financials)	PCAF applies to financial institutions and sets the standard for transparency and reporting carbon emissions. Data is ranked from 1 to 5, with 1 being the most reliable and 5 reflecting low-quality data.	Enables the Trustee to track whether data quality levels are improving over time
Scenario Analysis	**Climate VaR**	Assesses the potential portfolio impacts of future climate-related risks and opportunities for four different IPCC temperature rise scenarios as well as in aggregate.	Stress testing potential portfolio impacts under different climate scenarios

Summary of key activities carried out during the Scheme Year ended 31/03/2024 under the Metrics & Targets pillar continued

These metrics are the same as the metrics selected by the Trustee for the scheme year ending 31 March 2023.

Also, as per the Report produced in respect of the scheme year ending 31 March 2023, for this Report:

1. Scope 3 emissions have been shown discretely in the metrics below, rather than bundled with Scope 1 and 2.
2. In addition to equites and corporate bonds, Scope 1 emissions (i.e., production emissions) of sovereign bonds have been included in the calculations for the Scheme Year ended 31/03/2023 and are shown discretely below.

The results of the performance of the Scheme's popular default investment arrangements against the metrics and associated targets were reviewed and analysed by the IC during the Scheme Year ended 31/03/2024.

The Trustee will continue to monitor the potential impact of changes to these default investment arrangements on the metrics and associated targets.

Limitations in accessing climate data

The Aviva climate model utilises MSCI climate data to undertake both its scenario analysis and calculate climate metrics. The MSCI climate data covers both equity and corporate bond asset classes.

Analysis of the climate data calculated to support the climate metrics for the Scheme's Standard and Alternative default investment arrangements showed that the frequency and quality of climate data that is being published by MSCI is improving year on year. For the 2019 dataset a greater proportion of data was historic data which utilised more estimates based on the MSCI methodology and classification as opposed to issuer reported data.

The following table shows the % of data for each asset type, that was obtained from issuer reported data.

Data Point	Equity % of data obtained from issuer reported data	Corporate Bonds % of data obtained from issuer reported data
31 December 2019	71.5%	31.3%
30 September 2021	86.5%	71.5%
30 September 2022	88.2%	88.6%
30 September 2023	86.9%	90.4%

Results for the selected metrics

Results for the selected metrics have been calculated for individual funds/portfolios. Most members' assets are invested in line with the lifestyle strategies, first investing in the growth portfolios (which consist of higher proportions of equity investments) before transitioning into consolidation portfolios (which consist of higher proportions of bond and cash investments).

Within the Appendix are shown the respective portfolio allocations and glidepaths that apply at different life-stages within the Scheme's popular arrangements. This information can be utilised to consider what the respective impact would be for the different age cohorts of members at different points in their lifestyle for each of the Scheme's popular default investment arrangements.

Total Greenhouse Gas (GHG) emissions (Scope 1 & 2)

The following is a summary at portfolio/fund level of the Total GHG Emissions for the Scheme's holdings in the funds that make up the Standard, Alternative and bespoke default investment arrangements, comprising all popular arrangements within the Scheme. Also shown is the % of each fund for which we have been able to calculate data and the data quality score.

Fund/Portfolio	Data as at 30 September 2022 tCO_2e	Data as at 30 September 2023 tCO_2e	Coverage (% of portfolio for which data sourced)	Data quality score (PCAF) as at 30 September 2023
Standard default investment arrangement				
My Future Focus Growth	53,000	78,500	96%	2.1
My Future Focus Consolidation	3,000	4,500	77%	2.1
Alternative default investment arrangement				
My Future Growth	126,000	164,500	93%	2.1
My Future Consolidation	14,000	17,500	77%	2.0
Alternative ethical default investment arrangement				
Stewardship International Equity	14	13	100%	2.0
Stewardship Managed	30	39	91%	2.0
Stewardship Bond	4	7	67%	2.0
Bespoke default investment arrangements				
Mott MacDonald Section				
LIP Global Equity	4,000	5,500	100%	2.1
LIP Diversified	3,000	1,000	75%	2.0
LIP Bond	300	100	57%	2.0
LIP Liquidity	200	200	72%	2.0

Results for the selected metrics continued

Total Greenhouse Gas (GHG) emissions (Scope 1 & 2) continued

Fund/Portfolio	Data as at 30 September 2022 tCO_2e	Data as at 30 September 2023 tCO_2e	Coverage (% of portfolio for which data sourced)	Data quality score (PCAF) as at 30 September 2023
Wm Morrison Section				
Morrisons Growth	5,000	7,000	100%	2.1
Morrisons Pre-Retirement	500	600	57%	2.0
BlackRock Sterling Liquidity	3	14	78%	2.0
L'Oréal Section				
L'Oréal Growth Blend	4,000	6,000	99%	2.2
L'Oréal Diversified Blend	200	40	91%	2.0
L'Oreal Pre-Retirement Blend	--	3	68%	2.0
Thomas Cook Section				
TC Growth	17,000	15,000	97%	2.1
TC Flexible Journey De-risking	1,000	1,000	84%	2.2
BlackRock Sterling Liquidity	2	8	78%	2.0

Notes:

a) The Total GHG Emissions Unit is metric tonnes (tCO2e). The Aviva climate model calculation utilises MSCI 'greenhouse gas emissions' data (for equities and corporate bonds) where non-CO2 greenhouse gases have been converted to CO2-equivalents (CO2e). Rounding has been applied to the nearest thousand or hundred where the numbers are that size.

b) The data in the table above is limited to Scope 1 & 2 emissions and the Equity and Corporate Bond asset classes. Scope 3 emissions and scope 1 (production) emissions for sovereign bonds are set out separately later in this section of the Report.

The Total GHG calculations only incorporate the equity and corporate bond holdings of each of the funds. This contributes to the lower Total GHG Emission number for portfolios with significant investment in sovereign bonds, such as the My Future and My Future Focus Consolidation funds.

Results for the selected metrics continued

Carbon Intensity Emissions (Scope 1& 2)

The following is a summary at portfolio level of the **Carbon Intensity by Revenue (Sales)** and **Carbon Intensity by EVIC** based on the two data points for the funds that make up the standard, alternative and bespoke default investment arrangements, comprising all popular arrangements within the Scheme.

Included in the table below ('comparison vs baseline') is the % change in carbon intensity levels using a baseline date of 31 December 2019. For the My Future Focus, My Future and Stewardship Lifestyle strategies, the Trustee has an initial target reduction level of 25% by 2025.

Fund/ Portfolio	Carbon Intensity by Revenue (Sales) tCO_2e / \$m Revenue				Carbon Intensity by EVIC tCO_2e / \$m EVIC	Carbon Intensity by EVIC Scope 1 & 2 Data Coverage 30 September 2022	Carbon Intensity by EVIC tCO_2e / \$m EVIC	Carbon Intensity by EVIC Scope 1 & 2 Data Coverage 30 September 2023
	Data as at 31 December 2019	Data as at 30 September 2022	Data as at 30 September 2023	Comparison vs baseline	Data as at 30 September 2022[8]	Equity and Corporate Bonds	Data as at 30 September 2023	Equity and Corporate Bonds
Standard default investment arrangement								
My Future Focus Growth	186	155	136	-27%	67	97%	78	96%
My Future Focus Consolidation	153	108	92	-40%	56	73%	58	77%
Alternative default investment arrangement								
My Future Growth	164	116	82	-50%	47	93%	46	93%
My Future Consolidation	150	84	60	-60%	39	73%	34	77%
Alternative ethical default investment arrangement								
Stewardship International Equity	-	35	15	-	5	99%	4	100%
Stewardship Managed	-	47	33	-	7	90%	7	91%
Stewardship Bond	-	88	88	-	20	62%	23	67%

8 Carbon Intensity by EVIC figures have been represented this year in £, having been shown in \$ in prior years

Results for the selected metrics continued

Carbon Intensity Emissions (Scope 1& 2) continued

Fund/ Portfolio	Carbon Intensity by Revenue (Sales) tCO_2e / $m Revenue				Carbon Intensity by EVIC tCO_2e / $m EVIC	Carbon Intensity by EVIC Scope 1 & 2 Data Coverage 30 September 2022	Carbon Intensity by EVIC tCO_2e / $m EVIC	Carbon Intensity by EVIC Scope 1 & 2 Data Coverage 30 September 2023
	Data as at 31 December 2019	Data as at 30 September 2022	Data as at 30 September 2023	Comparison vs baseline	Data as at 30 September 2022[8]	Equity and Corporate Bonds	Data as at 30 September 2023	Equity and Corporate Bonds
Bespoke default investment arrangements								
Mott MacDonald Section								
LIP Global Equity	173	53	43	-75%	13	99%	15	100%
LIP Diversified	136	149	84	-38%	41	88%	44	75%
LIP Bond	139	88	74	-47%	49	51%	43	57%
LIP Liquidity	1	49	55	-	25	73%	24	72%
Wm Morrison Section								
Morrison Growth	170	52	43	-74%	13	99%	15	100%
Morrison Pre-Retirement	139	86	74	-47%	40	43%	43	57%
BlackRock Sterling Liquidity	1	3	3	-	0.3	77%	1	78%
L'Oréal Section								
L'Oréal Growth Blend	174	101	90	-48%	52	98%	66	99%
L'Oréal Diversified Blend	138	122	34	-75%	32	86%	8	91%
L'Oreal Pre-Retirement Blend	-	-	38	-	-	-	14	68%
Thomas Cook Section								
TC Growth	253	196	146	-42%	70	89%	73	97%
TC Flexible Journey De-risking	311	215	150	-52%	78	75%	74	84%
BlackRock Sterling Liquidity	1	3	3	-	0.3	77%	1	78%

Results for the selected metrics continued

Total GHG and Carbon Intensity Emissions (Scope 3)

For the Scheme Year ending 31 March 2024 and in accordance with the statutory guidance, this metrics assessment incorporates Scope 3 as well as Scope 1 and Scope 2 emissions. Scope 3 data is shown separately in the tables below. The following is a summary at portfolio/fund level of the scope 3 GHG **Emissions, Carbon Intensity by Revenue (Sales)** and **Carbon Intensity by EVIC** for the Scheme's holdings in the funds that make up the Standard, Alternative and bespoke default investment arrangements, comprising all popular arrangements within the Scheme broken down by sector. We also include a table to summarise the coverage levels for each of the funds.

Estimating the Scope 3 emissions of an investment portfolio is subject to a significant degree of measurement uncertainty:

- Scope 3 emissions calculations are highly complex, given the need to estimate upstream and downstream emissions across often complex value chains. Where available, reported data is often incomplete, and where reported data is not available, high-level estimates are required with significant degrees of measurement uncertainty.
- The Scope 3 emissions of one company represents the Scope 1 & 2 emissions of other companies which form part of its value chain. At portfolio level this leads to inevitable overlap and double counting across the different scopes of emissions reflecting the complex interactions between companies as raw materials, goods and services flow through the economic system and are consumed. To mitigate the impact of this overlap and improve understandability of reported information the estimated Scope 3 emissions of the portfolio have been disaggregated from the Scope 1 & 2 emissions in the table below. Scope 1 & 2 emissions should not be added to Scope 3 emissions to infer a 'total' absolute emissions amount for the sector as this would include significant double counting and reduce the usefulness of the data.
- Additionally, where investments are held in companies whose value chains are interlinked (e.g. an investment in a manufacturer and a distributor of the same product) at portfolio level the Scope 3 emissions of investments are double counted, often multiple times over. Within a large portfolio, double counting is inevitable.

Due to the intrinsic double counting Scope 3 emissions are disaggregated and reported by sector using the Global Industry Classification Standard (GICS). The total Scope 3 emissions across sectors should not be inferred as a portfolio-level total. It should also be noted that this presentation approach does not mitigate double counting of Scope 3 emissions within the same sector.

Scope 1&2 and Scope 3 data has been included only to the extent that GICS sector identifiers are available within MSCI Climate data, with investments for which there are data gaps being excluded from this analysis. Estimated Scope 3 data has been sourced directly from MSCI Climate data with no additional overlay within the Aviva climate model.

As with the Report for the Scheme Year ended 31/03/2023, the Trustee is again including data for sovereign holdings within funds held in the scheme – this is shown separately, see the table below with the figures for the Scheme Year ended 31/03/2023 also shown for comparative purposes:

Data Point	**Sovereign intensity** tCO2e / PPP adjusted GDP $'m (30/09/22)	**Sovereign intensity** tCO2e / PPP adjusted GDP $'m (30/09/23)
Fund/Portfolio		
Standard default arrangement		
My Future Focus Growth	340	343
My Future Focus Consolidation	199	218
Alternative default arrangement		
My Future Growth	236	261
My Future Consolidation	169	188
Alternative (ethical) default arrangement		
Stewardship Managed	126	141
Stewardship International Equity	n/a	n/a
Stewardship Bond	126	141

Results for the selected metrics continued

Standard default investment arrangement

GICS Sector	My Future Focus Growth					My Future Focus Consolidation				
	Absolute emissions tCO_2e shown in thousands		Carbon intensity by EVIC	Carbon intensity by Revenue	PCAF Data Quality Score	Absolute emissions tCO_2e shown in thousands		Carbon intensity by EVIC	Carbon intensity by Revenue	PCAF Data Quality Score
	Scope 1 & 2	Scope 3	Scope 3	Scope 3	Scope 3	Scope 1 & 2	Scope 3	Scope 3	Scope 3	Scope 3
Communication Services	638.4	4,361.2	58.2	157.9	4	53.3	299.3	61.5	156.9	4
Consumer Discretionary	1,926.3	55,277.2	539.2	675.9	4	136.3	3,236.3	504.6	685.5	4
Consumer Staples	2,582.0	30,417.6	426.0	605.3	4	139.1	1,806.5	374.0	594.4	4
Energy	20,191.4	202,215.2	3,314.2	3,443.6	4	1,118.2	11,888.7	3,345.9	3,437.1	4
Financials	937.1	24,753.1	117.4	380.4	4	124.2	6,727.9	213.0	576.8	4
Health Care	554.9	9,768.1	91.8	265.5	4	26.0	459.9	90.9	266.2	4
Industrials	6,937.1	84,919.5	809.7	1,094.4	4	417.8	4,377.7	750.2	915.8	4
Information Technology	2,195.3	19,763.6	122.4	372.0	4	97.6	865.7	117.0	370.3	4
Materials	30,085.1	130,024.9	2,299.2	3,579.5	4	1,533.6	7,047.0	2,419.1	3,542.5	4
Real Estate	160.1	1,363.1	72.9	269.5	4	16.2	85.2	41.2	264.5	4
Utilities	12,112.3	25,571.9	842.2	1,199.0	4	876.2	1,964.2	702.4	723.7	4

Results for the selected metrics continued

Alternative default investment arrangement

GICS Sector	My Future Growth: Absolute emissions tCO_2e shown in thousands		My Future Growth: Carbon intensity by EVIC	My Future Growth: Carbon intensity by Revenue	My Future Growth: PCAF Data Quality Score	My Future Consolidation: Absolute emissions tCO_2e shown in thousands		My Future Consolidation: Carbon intensity by EVIC	My Future Consolidation: Carbon intensity by Revenue	My Future Consolidation: PCAF Data Quality Score
	Scope 1 & 2	Scope 3	Scope 3	Scope 3	Scope 3	Scope 1 & 2	Scope 3	Scope 3	Scope 3	Scope 3
Communication Services	1,684.0	15,780.9	58.0	151.0	4	258.6	1,855.5	62.4	152.0	4
Consumer Discretionary	6,141.1	153,506.8	408.7	616.0	4	770.8	19,725.1	480.1	680.0	4
Consumer Staples	6,544.7	81,501.1	370.3	515.4	4	669.1	8,783.0	339.8	511.6	4
Energy	47,256.2	441,383.1	2,816.4	2,693.3	4	4,730.0	46,836.6	2,849.6	2,660.8	4
Financials	5,336.9	87,879.9	120.8	414.7	4	892.4	37,836.6	162.4	558.9	4
Health Care	1,769.4	42,888.5	99.5	289.9	4	150.3	3,678.6	99.4	287.9	4
Industrials	16,953.9	255,977.4	732.0	1,080.3	4	1,869.0	23,025.3	686.5	917.1	4
Information Technology	4,899.7	62,979.8	89.0	350.7	4	420.6	5,203.6	88.1	350.1	4
Materials	52,462.0	227,037.7	1,639.8	2,570.1	4	4,771.3	23,641.9	1,851.2	2,830.2	4
Real Estate	498.9	3,690.1	45.3	262.7	4	92.7	440.9	33.2	266.7	4
Utilities	20,692.4	53,991.4	603.3	933.5	4	2,925.5	7,919.1	555.4	752.1	4

Results for the selected metrics continued

Alternative default investment arrangement continued

GICS Sector	Stewardship International Equity: Absolute emissions tCO_2e shown in thousands		Stewardship International Equity: Carbon intensity by EVIC	Stewardship International Equity: Carbon intensity by Revenue	Stewardship International Equity: PCAF Data Quality Score	Stewardship Managed: Absolute emissions tCO_2e shown in thousands		Stewardship Managed: Carbon intensity by EVIC	Stewardship Managed: Carbon intensity by Revenue	Stewardship Managed: PCAF Data Quality Score
	Scope 1 & 2	Scope 3	Scope 3	Scope 3	Scope 3	Scope 1 & 2	Scope 3	Scope 3	Scope 3	Scope 3
Communication Services	1.6	10.2	28.5	127.4	4	4.9	22.9	40.3	133.3	4
Consumer Discretionary	0.6	16.1	119.0	283.2	4	0.9	21.8	122.3	292.1	4
Consumer Staples	3.9	109.9	718.4	1,077.9	4	5.5	150.9	692.7	998.0	4
Energy	-	-	-	-	4	-	-	-	-	4
Financials	0.6	21.0	20.6	125.7	4	1.2	60.1	34.4	248.3	4
Health Care	1.7	58.5	67.2	179.1	4	2.0	69.2	67.2	179.1	4
Industrials	1.6	16.6	40.7	184.6	4	4.6	27.0	52.7	203.7	4
Information Technology	2.9	39.2	72.5	365.4	4	3.8	46.6	72.1	364.5	4
Materials	0.6	18.2	302.0	894.3	4	5.3	32.9	398.3	880.1	4
Real Estate	0.0	1.2	12.9	196.9	4	0.1	3.8	20.3	236.1	4
Utilities	-	-	-	-	4	11.1	23.1	226.0	370.6	4

Results for the selected metrics continued

Alternative default investment arrangement continued

Stewardship Bond

GICS Sector	Absolute emissions tCO_2e shown in thousands		Carbon intensity by EVIC	Carbon intensity by Revenue	PCAF Data Quality Score
	Scope 1 & 2	Scope 3	Scope 3	Scope 3	Scope 3
Communication Services	0.9	3.5	75.0	149.8	4
Consumer Discretionary	0.1	0.9	150.7	368.7	4
Consumer Staples	0.3	6.6	566.6	606.2	4
Energy	-	-	-	-	4
Financials	0.1	11.2	65.3	456.9	4
Health Care	-	-	-	-	4
Industrials	0.9	2.3	248.1	422.1	4
Information Technology	0.1	0.1	35.4	297.5	4
Materials	1.5	3.6	1,012.3	789.6	4
Real Estate	0.0	0.8	30.2	267.5	4
Utilities	3.5	7.3	226.0	370.6	4

Results for the selected metrics continued

Bespoke default – Mott McDonald section

GICS Sector	LIP Global Equity: Absolute emissions tCO_2e shown in thousands		LIP Global Equity: Carbon intensity by EVIC	LIP Global Equity: Carbon intensity by Revenue	LIP Global Equity: PCAF Data Quality Score	LIP Diversified: Absolute emissions tCO_2e shown in thousands		LIP Diversified: Carbon intensity by EVIC	LIP Diversified: Carbon intensity by Revenue	LIP Diversified: PCAF Data Quality Score
	Scope 1 & 2	Scope 3	Scope 3	Scope 3	Scope 3	Scope 1 & 2	Scope 3	Scope 3	Scope 3	Scope 3
Communication Services	159.3	1,444.6	52.9	152.2	4	12.8	141.4	80.8	222.4	4
Consumer Discretionary	493.9	17,990.1	386.1	651.3	4	9.7	207.4	139.3	407.5	4
Consumer Staples	477.4	7,303.4	287.1	537.6	4	15.7	477.2	217.8	607.8	4
Energy	1,694.3	22,976.2	2,279.3	3,489.3	4	559.4	4,608.5	2,234.3	2,602.4	4
Financials	120.5	3,084.6	57.1	264.0	4	6.7	307.0	58.6	289.2	4
Health Care	191.2	4,520.5	98.8	290.1	4	30.8	351.6	87.1	266.9	4
Industrials	782.0	29,417.2	885.8	1,409.0	4	183.9	1,559.6	491.4	841.0	4
Information Technology	659.4	8,100.8	94.2	336.2	4	30.2	316.0	100.3	541.8	4
Materials	468.1	7,849.1	1,198.4	2,874.3	4	217.9	1,875.1	1,786.7	3,476.4	4
Real Estate	35.3	354.6	61.9	254.2	4	1.0	5.4	18.5	261.6	4
Utilities	242.4	1,315.4	430.2	1,000.4	4	21.5	44.2	156.8	540.5	4

Results for the selected metrics continued

Bespoke default – Mott McDonald section continued

GICS Sector	LIP Bond: Absolute emissions tCO_2e shown in thousands		LIP Bond: Carbon intensity by EVIC	LIP Bond: Carbon intensity by Revenue	LIP Bond: PCAF Data Quality Score	LIP Liquidity: Absolute emissions tCO_2e shown in thousands		LIP Liquidity: Carbon intensity by EVIC	LIP Liquidity: Carbon intensity by Revenue	LIP Liquidity: PCAF Data Quality Score
	Scope 1 & 2	Scope 3	Scope 3	Scope 3	Scope 3	Scope 1 & 2	Scope 3	Scope 3	Scope 3	Scope 3
Communication Services	4.7	22.1	80.6	156.5	4	4.6	24.7	68.8	159.4	4
Consumer Discretionary	3.6	59.1	475.7	630.1	4	2.5	120.5	1,152.9	1,356.6	4
Consumer Staples	4.3	53.7	296.4	468.6	4	0.5	11.4	165.0	474.2	4
Energy	17.3	218.9	2,761.5	2,719.3	4	36.0	497.8	3,794.7	2,256.0	4
Financials	13.6	463.3	292.2	602.5	4	7.2	832.2	143.6	557.8	4
Health Care	0.2	6.5	141.5	211.8	4	3.3	26.8	230.5	403.2	4
Industrials	9.0	42.0	433.8	396.1	4	1.2	5.7	57.9	262.4	4
Information Technology	0.7	2.4	62.1	299.9	4	3.2	3.1	33.3	234.1	4
Materials	19.7	143.7	3,481.6	5,782.7	4	27.6	68.2	1,012.3	789.7	4
Real Estate	0.9	3.7	24.0	278.9	4	1.2	2.4	15.7	281.6	4
Utilities	50.9	185.9	694.5	758.2	4	89.6	290.6	745.1	635.1	4

Results for the selected metrics continued

Bespoke default – Morrisons section

GICS Sector	Morrisons Growth: Absolute emissions tCO_2e shown in thousands		Morrisons Growth: Carbon intensity by EVIC	Morrisons Growth: Carbon intensity by Revenue	Morrisons Growth: PCAF Data Quality Score	Morrison Pre-Retirement: Absolute emissions tCO_2e shown in thousands		Morrison Pre-Retirement: Carbon intensity by EVIC	Morrison Pre-Retirement: Carbon intensity by Revenue	Morrison Pre-Retirement: PCAF Data Quality Score
	Scope 1 & 2	Scope 3	Scope 3	Scope 3	Scope 3	Scope 1 & 2	Scope 3	Scope 3	Scope 3	Scope 3
Communication Services	212.6	1,928.2	52.9	152.2	4	21.6	102.3	80.6	156.5	4
Consumer Discretionary	659.2	24,012.0	386.1	651.3	4	16.8	273.6	475.7	630.1	4
Consumer Staples	637.2	9,748.1	287.1	537.6	4	20.0	248.8	296.4	468.6	4
Energy	2,261.4	30,667.1	2,279.3	3,489.3	4	80.1	1,013.9	2,761.5	2,719.3	4
Financials	160.9	4,117.1	57.1	264.0	4	62.9	2,146.0	292.2	602.5	4
Health Care	255.2	6,033.6	98.8	290.1	4	0.7	30.0	141.5	211.8	4
Industrials	1,043.7	39,264.2	885.8	1,409.0	4	41.7	194.3	433.8	396.1	4
Information Technology	880.1	10,812.4	94.2	336.2	4	3.1	11.1	62.1	299.9	4
Materials	624.8	10,476.5	1,198.4	2,874.3	4	91.2	665.7	3,481.6	5,782.7	4
Real Estate	47.1	473.2	61.9	254.2	4	4.3	17.1	24.0	278.9	4
Utilities	323.5	1,755.8	430.2	1,000.4	4	235.7	860.9	694.5	758.2	4

Results for the selected metrics continued

Bespoke default – Morrisons section continued

Blackrock Sterling Liquidity (Morrisons section)

GICS Sector	Absolute emissions tCO_2e shown in thousands		Carbon intensity by EVIC	Carbon intensity by Revenue	PCAF Data Quality Score
	Scope 1 & 2	Scope 3	Scope 3	Scope 3	Scope 3
Communication Services	-	-	-	-	-
Consumer Discretionary	5.4	398.9	1,397.4	1,717.6	-
Consumer Staples	-	-	-	-	-
Energy	-	-	-	-	-
Financials	8.6	1,327.0	98.0	561.7	4
Health Care	-	-	-	-	-
Industrials	-	-	-	-	-
Information Technology	-	-	-	-	-
Materials	-	-	-	-	-
Real Estate	-	-	-	-	-
Utilities	-	-	-	-	-

Results for the selected metrics continued

Bespoke default – L'Oreal section

GICS Sector	L'Oreal Growth Blend: Absolute emissions tCO_2e shown in thousands		L'Oreal Growth Blend: Carbon intensity by EVIC	L'Oreal Growth Blend: Carbon intensity by Revenue	L'Oreal Growth Blend: PCAF Data Quality Score	L'Oreal Diversified Blend: Absolute emissions tCO_2e shown in thousands		L'Oreal Diversified Blend: Carbon intensity by EVIC	L'Oreal Diversified Blend: Carbon intensity by Revenue	L'Oreal Diversified Blend: PCAF Data Quality Score
	Scope 1 & 2	Scope 3	Scope 3	Scope 3	Scope 3	Scope 1 & 2	Scope 3	Scope 3	Scope 3	Scope 3
Communication Services	92.6	617.3	63.7	171.8	4	4.6	21.5	40.9	133.6	4
Consumer Discretionary	251.4	5,209.8	477.7	592.1	4	0.9	20.4	124.7	293.7	4
Consumer Staples	118.6	1,611.5	431.1	460.8	4	5.0	138.4	691.1	993.3	4
Energy	540.3	4,875.7	2,988.3	2,273.2	4	0.1	1.2	4,411.6	4,595.0	4
Financials	54.9	1,058.8	66.8	307.0	4	1.1	56.9	35.1	253.4	4
Health Care	43.2	871.8	88.2	276.9	4	1.8	62.9	67.2	179.2	4
Industrials	468.4	7,007.4	432.0	675.3	4	4.4	25.3	54.1	205.4	4
Information Technology	314.7	3,643.6	220.2	364.4	4	3.5	42.4	72.1	364.5	4
Materials	3,431.4	5,453.9	1,224.8	1,495.3	4	5.2	31.0	408.4	886.3	4
Real Estate	8.7	71.2	49.2	252.5	4	0.1	3.7	20.6	237.2	4
Utilities	919.8	6,358.2	1,836.8	1,412.2	4	10.8	22.5	227.2	371.7	4

Results for the selected metrics continued

Bespoke default – L'Oreal section continued

L'Oreal Pre-Retirement Blend

GICS Sector	Absolute emissions tCO_2e shown in thousands		Carbon intensity by EVIC	Carbon intensity by Revenue	PCAF Data Quality Score
	Scope 1 & 2	Scope 3	Scope 3	Scope 3	Scope 3
Communication Services	0.1	0.6	50.3	140.1	4
Consumer Discretionary	0.3	6.4	552.1	711.4	4
Consumer Staples	0.2	3.7	387.0	665.8	4
Energy	0.8	10.2	3,167.6	2,544.3	4
Financials	0.3	24.3	163.5	571.6	4
Health Care	0.0	1.0	66.8	185.9	4
Industrials	0.5	2.4	214.6	326.7	4
Information Technology	0.1	0.6	70.7	361.8	4
Materials	0.3	4.5	2,061.8	2,705.3	4
Real Estate	0.0	0.2	19.6	251.2	4
Utilities	0.7	1.0	209.9	519.9	4

Results for the selected metrics continued

Bespoke default – Thomas Cook section

GICS Sector	TC Growth					TC Flexible Journey De-Risking				
	Absolute emissions tCO_2e shown in thousands		Carbon intensity by EVIC	Carbon intensity by Revenue	PCAF Data Quality Score	Absolute emissions tCO_2e shown in thousands		Carbon intensity by EVIC	Carbon intensity by Revenue	PCAF Data Quality Score
	Scope 1 & 2	Scope 3	Scope 3	Scope 3	Scope 3	Scope 1 & 2	Scope 3	Scope 3	Scope 3	Scope 3
Communication Services	123.6	947.7	54.5	154.0	4	18.1	99.0	63.6	156.5	4
Consumer Discretionary	476.5	12,378.7	577.9	695.3	4	35.0	853.2	664.6	685.5	4
Consumer Staples	433.7	5,198.1	389.5	561.9	4	35.4	409.9	336.0	519.7	4
Energy	2,654.7	28,365.5	3,431.1	3,391.8	4	151.1	1,704.2	3,441.4	3,557.4	4
Financials	228.0	2,247.7	76.8	294.4	4	43.2	784.7	242.7	440.6	4
Health Care	127.8	2,343.5	100.6	286.9	4	8.9	139.5	93.2	266.6	4
Industrials	1,410.8	13,512.1	659.8	932.2	4	108.7	778.7	539.6	757.4	4
Information Technology	475.8	4,618.6	116.9	354.1	4	21.8	232.9	117.8	352.9	4
Materials	4,516.0	14,650.2	1,594.9	2,480.0	4	270.8	1,176.6	1,995.7	3,163.1	4
Real Estate	35.9	315.0	67.0	268.9	4	3.1	25.7	54.4	277.8	4
Utilities	4,040.3	5,536.1	515.2	1,182.1	4	439.3	701.9	480.4	937.0	4

Results for the selected metrics continued

Bespoke default – Thomas Cook section continued

Blackrock Sterling Liquidity (Thomas Cook section)

GICS Sector	Absolute emissions tCO_2e shown in thousands		Carbon intensity by EVIC	Carbon intensity by Revenue	PCAF Data Quality Score
	Scope 1 & 2	Scope 3	Scope 3	Scope 3	Scope 3
Communication Services	-	-	-	-	4
Consumer Discretionary	3.0	223.8	1397.4	1,717.6	4
Consumer Staples	-	-	-	-	4
Energy	-	-	-	-	4
Financials	4.8	744.7	98.0	561.7	4
Health Care	-	-	-	-	4
Industrials	-	-	-	-	4
Information Technology	-	-	-	-	4
Materials	-	-	-	-	4
Real Estate	-	-	-	-	4
Utilities	-	-	-	-	4

Results for the selected metrics continued

The table below shows the % coverage applicable to the tables shown above

Fund Name	Scope 1 & 2 Data Coverage (Absolute Emissions)	Scope 3 Data Coverage (Absolute Emissions)	Scope 3 Data Coverage (Carbon Intensity by Revenue)
BlackRock Sterling Liquidity (Thomas Cook Section)	100%	100%	100%
BlackRock Sterling Liquidity (Wm Morrison Section)	100%	100%	100%
LIP Bond	100%	100%	86%
LIP Diversified	100%	100%	100%
LIP Global Equity	100%	100%	100%
LIP Liquidity	100%	100%	94%
L'Oreal Diversified Blend	100%	100%	96%
L'Oreal Growth Blend	99%	97%	99%
Morrisons Growth	100%	100%	100%
Morrisons Pre-Retirement	100%	100%	86%
My Future Consolidation	99%	100%	95%
My Future Cash Lump Sum	100%	100%	93%
My Future Focus Consolidation	100%	100%	95%
My Future Focus Growth - Other	98%	98%	93%
My Future Focus Growth - Standard	98%	98%	93%
My Future Growth	99%	99%	95%
MYM Future Focus Drawdown	95%	95%	92%
Stewardship Bond	100%	100%	93%
Stewardship International Equity	100%	100%	100%
Stewardship Managed	100%	100%	96%
TC Flexible Journey de-risking	98%	98%	88%
TC Growth	99%	99%	86%

Results for the selected metrics continued

Sovereign emissions (Scope 1)

Fund/Portfolio	Data as at 30 September 2022				Data as at 30 September 2023				
	Absolute	Coverage	Intensity Sovereign intensity tCO2e / PPP adjusted GDP £'m[9]	Coverage	Absolute	Coverage	Intensity Sovereign intensity tCO2e / PPP adjusted GDP £'m	Coverage	PCAF (quality score)
Standard default arrangement									
My Future Focus Growth	15,886	100%	380	100%	16,979	100%	343	100%	3.4
My Future Focus Consolidation	14,973	100%	222	100%	19,795	100%	218	100%	2.2
Alternative default arrangement									
My Future Growth	46,121	100%	264	100%	39,446	99.3%	261	99.3%	2.0
My Future Consolidation	57,833	100%	188	100%	79,543	99.9%	188	99.9%	2.0
Alternative (ethical) default arrangement									
Stewardship Managed	16	100%	140	100%	21	100%	141	100%	2.0
Stewardship International Equity	-	-	-	-	-	-	-	-	-
Stewardship Bond	4	100%	140	100%	7	100%	141	100%	2.0
Bespoke Defaults									
Mott MacDonald section									
LIP Global Equity	-	-	-	-	-	-	-	-	-
LIP Diversified	4,854	100%	256	100%	21,176	100%	294	100%	3.6
LIP Bond	938	100%	141	100%	1,734	99.9%	141	99.9%	2.0
LIP Liquidity	-	-	-	-	35	100%	141	100%	2.0

9 Carbon Intensity by EVIC figures have been represented this year in £, having been shown in $ in prior years

Results for the selected metrics continued

Sovereign emissions (Scope 1) continued

Fund/Portfolio	Data as at 30 September 2022				Data as at 30 September 2023				
	Absolute	Coverage	Intensity Sovereign intensity tCO2e / PPP adjusted GDP £'m[9]	Coverage	Absolute	Coverage	Intensity Sovereign intensity tCO2e / PPP adjusted GDP £'m	Coverage	PCAF (quality score)
Morrisons section									
Morrisons Growth	-	-	-	-	-	-	-	-	-
Morrisons Pre-Retirement	2,239	99%	196	99%	4,478	99.7%	196	99.7%	2.0
BlackRock Sterling Liquidity	-	-	-	-	-	-	-	-	-
L'Oreal section									
L'Oreal Growth	-	-	-	-	-	-	-	-	-
L'Oreal Diversified Blend	214	100%	274	100%	1,395	100%	323	100%	3.9
L'Oreal Pre-Retirement Blend	-	-	-	-	37	100%	202	100%	2.6
Thomas Cook Section									
TC Growth	286	99%	314	99%	-	-	-	-	-
TC Flexible Journey De-Risking	2,692	100%	141	100%	2,105	100%	141	100%	2.0
BlackRock Sterling Liquidity	-	-	-	-	-	-	-	-	-

Results for the selected metrics continued

Temperature Alignment

The following is a summary of the **Temperature Alignment** for the funds that make up the Standard, Alternative and bespoke default investment arrangements, comprising all popular arrangements within the Scheme.

Fund/Portfolio	Temperature Alignment Degrees Celsius							
	Data as at 30 September 2022				Data as at 30 September 2023			
	Equity and Corporate Bonds	Sovereign Bonds	Aggregate	Coverage	Equity and Corporate Bonds	Sovereign Bonds	Aggregate	Coverage
Standard default arrangement								
My Future Focus Growth	2.9	3.5	2.9	97%	2.6	3.3	2.6	96%
My Future Focus Consolidation	2.7	2.5	2.6	86%	2.4	2.9	2.7	88%
Alternative default arrangement								
My Future Growth	2.6	2.9	2.6	93%	2.2	2.8	2.3	93%
My Future Consolidation	2.4	2.3	2.4	83%	2.2	2.8	2.4	86%
Alternative (ethical) default arrangement								
Stewardship Managed	1.6	n/a	1.6	99%	1.5	2.8	1.5	91%
Stewardship International Equity	1.6	2.0	1.6	91%	1.5	-	1.5	100%
Stewardship Bond	1.6	2.0	1.7	66%	1.5	2.8	1.6	68%
Bespoke default investment arrangements								
Mott MacDonald Section								
LIP Global Equity	2.2	n/a	2.2	99%	2.2	-	2.2	100%
LIP Diversified	2.4	2.8	2.5	89%	2.1	3.6	3.1	92%
LIP Bond	2.0	2.0	2.0	69%	1.9	2.8	2.5	87%
LIP Liquidity	1.9	n/a	1.9	73%	2.0	2.8	2.2	72%

Results for the selected metrics continued

Temperature Alignment continued

Fund/Portfolio	Temperature Alignment Degrees Celsius							
	Data as at 30 September 2022				Data as at 30 September 2023			
	Equity and Corporate Bonds	Sovereign Bonds	Aggregate	Coverage	Equity and Corporate Bonds	Sovereign Bonds	Aggregate	Coverage
Morrisons Section								
Morrisons Growth	2.2	n/a	2.2	99%	2.2	-	2.2	100%
Morrisons Pre-Retirement	1.9	2.4	2.1	60%	1.9	2.8	2.3	77%
BlackRock Sterling Liquidity	2.0	n/a	2.0	77%	2.2	n/a	2.2	78%
L’Oreal section								
L’Oreal Growth	2.4	n/a	2.4	97%	2.1	-	2.1	98%
L’Oreal Diversified Blend	2.2	2.9	2.3	87%	1.5	3.8	2.5	95%
L’Oreal Pre-Retirement Blend	-	-	-	-	1.9	3.1	2.3	79%
Thomas Cook Section								
TC Growth	2.8	3.4	2.8	88%	2.4	-	2.4	97%
TC Flexible Journey De-Risking	2.7	2.0	2.4	86%	2.3	2.8	2.5	91%
BlackRock Sterling Liquidity	2.0	n/a	2.0	77%	2.2	-	2.2	78%

Conclusions/next steps

- The Trustee is pleased with the availability of data for the Scheme's popular arrangements. As can be seen, the production of climate metrics for all the Scheme's popular investment arrangements has generated a significant amount of data and the Trustee will be working with its investment advisers and investment managers to understand further the explanation behind the data, taking into the respective asset class/territory/sector allocations within the funds.

- There continue to be significant limitations with Scope 3 data, which is borne out by the relatively low-quality score of 4.

- The Trustee has analysed the carbon emissions associated with the underlying funds within the Scheme's popular arrangements and are comfortable with the current levels of exposure in the wider context of the investment strategy – noting that various sub-asset classes and regions such as high yield credit and emerging markets will have higher intensity in carbon emissions, and this will impact the metrics for default investment arrangements like My Future Focus that have a significant holding in these sectors. The Trustee believes such exposures are an important part of providing members with a suitable balance of investment risk and return and play an essential role in the global transition to a low carbon world.

- The Trustee is pleased to note that the Scheme's Standard and Alternative default investment arrangements, My Future Focus and My Future have experienced a level of reduction in Carbon Intensity (by Revenue) between 31 December 2019 and 30 September 2023. The Trustee also notes the continued reductions, albeit at more modest levels seen between 30 September 2022 and 30 September 2023.

- The Trustee remains supportive of Aviva's Net Zero by 2040 ambition. The Trustee continues to engage regularly through the IC and at Board level with Aviva Investors and challenges AI to demonstrate progress towards the ambition and well as its interim ambitions for 2025 and 2030 which the Trustee also remains supportive of.

7. Appendix

Appendix

Trustee Meetings Where TCFD has been Considered

IC and Board agenda time has been devoted to the discussion of matters pertaining to this Report within the following meetings held within the Scheme Year ended 31/03/2024:

Meeting	Date	Item Discussed	Outcome
Board	27/06/2023	Training from Isio covering: • the implications of the additional TCFD reporting requirements (that will impact the Scheme's TCFD reporting for the Scheme Year Ending 31/3/23) • processes and approaches adopted by other Schemes with regard to meeting their TCFD reporting obligations • feedback from tPR and key stakeholders on the TCFD Reports produced by the AMT and other Schemes	• Training received enabling better consideration of the TCFD Report for Scheme Year ending 31/03/2024
Board	27/06/2023	Training from Aviva covering: • the key factors incorporated within the Aviva Climate Model and how these impact the Climate VaR results • the key factors that influence the Carbon Intensity metrics and how these vary between different sectors and territories • the proposed actions that Aviva is taking to ensure that it meets its Net Zero commitments and how these are expected to impact the key Metrics for the Scheme	• Training received enabling better consideration of the TCFD Report for Scheme Year ending 31/03/2024
IC	06/09/2023	AMT TCFD Governance Framework & Trustee Climate Change Skills and Training Assessment	• Approved changes to AMT TCFD Governance Framework • Considered assessment of the current level of Trustee Climate Change Skills • Considered Training delivered in June 2023 and level of expertise evidenced by the Trustee within the Skills Matrix and determined no further training needed at this time.
Board	26/09/2023	AMT TCFD Governance Framework & Trustee Climate Change Skills and Training Assessment (Escalation from IC of 06/09/2023)	• Approved changes to AMT TCFD Governance Framework • Considered assessment of the current level of Trustee Climate Change Skills • Considered Training delivered in June 2023 and level of expertise evidenced by the Trustee within the Skills Matrix and determined no further training needed at this time.

Trustee Meetings Where TCFD has been Considered continued

Meeting	Date	Item Discussed	Outcome
IC	30/01/2024	• Update on progress regarding the production of the TCFD Report for the 2023/24 reporting year and the immediate next steps. • Request for the Trustee to approve a number of items/ proposals in respect of the content of the Report.	• That the Aviva Climate Risk Model (ACRM) will be re-used for the 2023/24 reporting year. • That the AMT will report on the Stewardship Lifestyle despite this not be classified as 'popular arrangement' due to the level of assets held by AMT members within it (as per the Report for Scheme Year ended 31/03/2023). • That the Trustee remains supportive of Aviva's ambition of achieving Net Zero by 2040, which was announced in March 2021 and that the Trustee still wishes to adopt Aviva's ambition as its target for My Future Focus and My Future, the Scheme's Standard and Alternative default strategies (see section 6). • That the Trustee also wishes to adopt the above ambition as its target for the Stewardship Lifestyle (a further Alternative default strategy of the Scheme). The Trustee has not previously formally adopted this target for the Stewardship Lifestyle as this was not an Alternative default when the targets were adopted for My Future Focus and My Future. • That the Trustee still does not wish to adopt Aviva's ambition as its target for bespoke default funds and that the Trustee is not setting an explicit target for these arrangements. • That the Trustee wishes to retain same metrics for Report for Scheme Year ending 31/03/2024 as were published for Scheme Year ending 31/03/2023 (see section 6). • That the Trustee requires the provision of an Assurance Paper to support their review of the Report for the Scheme Year ending 31/03/2024 detailing how the data contained within it has been sourced and modelled and the checks that have been performed • That scenario analysis (see section 4) will not be conducted by Group Finance using the Aviva Climate Risk Model (ACRM) in respect of the Scheme Year ending 31/03/2024 noting that this is a tri-annual requirement unless the investment strategy has changed significantly. Scenario analysis was conducted in respect of the Scheme Year ending 31/03/2023 due to the Strategic Asset Allocation (SAA) changes for My Future Focus as well as for My Future to ensure the Standard and Alternative defaults of the AMT remain aligned in this respect. • That Isio will produce a Risk Assessment (see section 5) for My Future Focus, My Future and the Stewardship Lifestyle noting that this is an annual requirement and must be concluded by 31/03/24. • That the Trustee does not require the use of new risk management tools to support management of climate-related risks in the scheme year ending 31/03/2024. The Report for the Scheme Year ending 31/03/2023 stated that the Trustee will engage with Aviva as well as seeking appropriate advice regarding their use should they deem it necessary to do so. • That the Trustee wishes Isio to advise on the requirement for Trustee to review timeframes for the expected materialisation of climate risks (transitional and physical) and opportunities (see section 4), identified in the Report for the Scheme Year ending 31/03/2022, determined by a blended view of the climate outlook and the Scheme's membership demographics.

Trustee Meetings Where TCFD has been Considered continued

Meeting	Date	Item Discussed	Outcome
IC	01/03/2024	Consideration of the time horizons by which the Trustee expects the risks and opportunities associated with climate change to materialise (see section 4)	That the Trustee wishes to reflect the below changes to the time horizons set out within this Report: • Change the medium-term physical risks categorisation to a medium (from low)
IC	30/04/2024	Consideration of the Risk Assessments (see section 5) for My Future Focus, My Future, and the Stewardship Lifestyle These assessments were prepared for and provided to the Trustee within the Scheme Year to which this Report relates (on 28/03/2024) which further Trustee time used for consideration of them at the meeting of the IC on 30/04/2024.	The Trustee considered these assessments and challenged Aviva regarding the actions being taken aligned to the recommendations of the Scheme Investment Adviser.
Board	27/03/2024	Proposal that the Trustee remains supportive of Aviva's ambition of achieving Net Zero by 2040, which was announced in March 2021 and that the Trustee still wishes to adopt Aviva's ambition as its target for My Future Focus and My Future, the Scheme's Standard and Alternative default strategies (see section 6) (Escalation from IC of 06/09/2023)	• The Board ratified the IC's recommendation to continue to align with Aviva Investors' net zero ambition as its target for My Future Focus and My Future, the Scheme's Standard and Alternative default strategies as well as adopting these targets for the Stewardship Lifestyle (the Scheme's Alternative, ethical default) and not to set a target for any of the Scheme's bespoke default arrangements. • The Board agreed to change the frequency of the review of the Trustee's ESG Beliefs & Policy from every 2 years to triennially to align with timeframe for the review of the Trustee's Investment Beliefs.
IC* *Whilst this is delegated to the IC as per the Climate Risk Governance Framework review took place at Board level.	27/03/2024	Measurement & Review of Climate-related Metrics (and comparison with targets)	It was noted that there was a regulatory requirement for the Trustee to discuss the data. Aviva confirmed the following headline figures to the Trustee: My Future Focus Growth - reduction in carbon intensity since baseline year was 27%. My Future Focus Consolidation - reduction in carbon intensity since baseline was 40%. It was noted that this was already in excess of the Trustee's 25% target for 2025. My Future Growth - reduction in carbon intensity since baseline year was 50% My Future Consolidation - reduction in carbon intensity since baseline year was 60%. It was noted that the latter two were approaching Aviva's 2030 net zero ambition and the Trustee's target on both a Scope 1 and 2 basis. It was noted that Aviva will report on this in 2025. Scope 3 will also come into effect for the 2030 target. The Trustee observed that the metrics showing year on year change in Weighted Average Carbon Intensity by Revenue (WACI-R) seemed generally positive but asked what had driven the large changes. Aviva confirmed that there had been various developments since the baseline reporting year: - A massive increase in actual reporting from companies, rather than using estimations. - Some portfolio management actions had taken place.

Explanation of Climate Metrics

Climate Value-at-Risk (VaR)

In accordance with the recommendations of the TCFD, Aviva has developed a Climate Value-at-Risk (VaR) measure which enables scenario analysis to determine the potential business impacts of future climate-related risks and opportunities.

This section sets out Aviva's approach to Climate VaR.

Climate scenarios considered

Aviva assesses the potential business impacts of future climate-related risks and opportunities under different IPCC scenarios and in aggregate[10]. The IPCC scenarios describe the effect on the energy balance of the global climate system due to changes in the composition of the atmosphere from sources like greenhouse gas emissions, other air pollutants[11] and changes in land use. The four IPCC scenarios identified in the IPCC Fifth Assessment Report (AR5) represent different Representative Concentration Pathways (RCPs) which describe the composition of the atmosphere and the impact on global warming at the end of the 21st century.

Aggressive mitigation is the only scenario where it is more likely than not that the temperature change in 2100 will be less than 2°C. Since the original AR5 report new RCPs have been developed, such as RCP1.9 which limits global warming to 1.5°C, and pathways are now being considered together with five Shared Socioeconomic Pathways[12] (SSPs). These consider socio-economic characteristics including things such as population, economic growth, education, urbanisation and the rate of technological development. In addition, scenarios can also be selected that represent early policy action or late policy action. The timing of climate action can represent orderly and disorderly transition pathways.

10 Aviva was awarded the Climate Risk Initiative of the Year 2020 by InsuranceERM. https://www.insuranceerm.com/content/galleries/insuranceermannual-awards-2020-uk-and-europe-winners/climate-risk-initiative-of-the-year-aviva.html

11 Fundamentals of Air Pollution (Fifth Edition); Daniel Vallero; 2014. https://www.sciencedirect.com/book/9780124017337/fundamentals-of-air-pollution

12 The Shared Socioeconomic Pathways and their energy, land use, and greenhouse gas emissions implications: An overview; Keywan Riahi et al.; 2017. https://www.sciencedirect.com/science/article/pii/S0959378016300681

Explanation of Climate Metrics continued

Development

Aviva developed its Climate VaR measure in conjunction with the UNEP FI investor pilot project, which developed models and scenario analysis tools to assess the potential impact on corporate bonds, equity securities and real estate of different scenarios in conjunction with MSCI[13].

MSCI calculates the impact of transition based on a range of Integrated Assessment Models' assessments of different combinations of SSPs and temperature changes:

- The AIM/CGE model[14] from the Japanese National Institute for Environmental Studies (NIES)[15]
- The IMAGE model[16] (Integrated Model to Assess the Global Environment) developed in conjunction with the PBL Netherlands Environmental Assessment Agency in partnership with the University of Utrecht
- The GCAM model[17] (Global Change Assessment Model) primarily developed by the Joint Global Change Research Institute (JGCRI) in the USA
- The REMIND model (Regional Model of Investment and Development) developed by Potsdam Institute for Climate Impact Research (specifically for the NGFS scenarios) MSCI calculates the impact of physical risk in the IPCC RCP 8.5 scenario. MSCI calculates both the expected physical impact in this scenario as well as an aggressive physical impact based on a higher 95th percentile.

While the scenarios reflect current scientific research, there clearly remains significant uncertainty regarding future climate trajectories as well as political risk with respect to implementation of the Paris Agreement and Nationally Determined Contributions (NDCs)[18].

It is also important to note that the four RCP scenarios identified in AR5 all assume a gradual path, in which temperatures slowly rise but climate policy is ramped up at varying speeds with a fairly high degree of global co-ordination. They do not consider the transition risk in a more chaotic policy environment, where there is lack of global coordination and policy action is taken too late and too suddenly.

13 For MSCI data used throughout this report: Although Aviva's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the 'ESG Parties'), obtain information (the 'Information') from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages

14 The AIM/CGE model is a multi-regional, multi-sectoral, computable general equilibrium (CGE) model.

15 The National Institute for Environmental Studies (NIES) is a Japanese research institute that undertakes a broad range of environmental research in an interdisciplinary and comprehensive manner

16 The IMAGE model is an ecological-environmental model.

17 The GCAM model is a dynamic-recursive model.

18 Intended Nationally Determined Contributions is a term used under the UN Framework Convention on Climate Change for reductions in greenhouse gas emissions that all countries that signed the UNFCCC were asked to publish in the lead-up to COP21.

Explanation of Climate Metrics continued

Time horizon modelled for different scenarios

Transition and physical risk are modelled consistently until the end of the 21st century. For physical risk, the longer-time horizon is required to capture the worst physical impacts of climate change, as these are not likely to manifest themselves until the second half of the century. If a specific use case is based on a shorter-time horizon (e.g. 15 years), the financial impacts can be assessed over this time horizon.

Risks and opportunities covered

Aviva's modelling of transition and physical risks and opportunities specifically covers the projected costs of policy action related to limiting greenhouse gas emissions as well as projected profits from green revenues arising from developing new technologies and patents. In addition, it captures acute weather impacts such as coastal and fluvial flooding and tropical cyclones, as well as chronic impacts from gradual changes in extreme heat and cold, heavy precipitation and snowfall or wind gusts. Regional sea level rise is an important input to the risk model and constitutes a key driver of coastal flooding impacts. It is important to note that the changes in acute and chronic impacts can also have a positive as well as negative effect on individual companies or instruments.

Finally, to assess the overall impact of climate-related risks and opportunities across all scenarios, the relative likelihoods or probabilities of each scenario need to be assigned. To do this Aviva considered amongst other things the current scientific analysis of the likely trajectory of emissions as well as policy commitments made by countries to reduce emissions.

Transition risks and opportunities

The financial impact of transition risks and opportunities are calculated relative to the RCP 8.5 scenario (i.e. there are assumed to be no transition costs or opportunities in the RCP 8.5 scenario, where current emissions are presumed to continue to rise at the current rate). The calculation covers both emission reduction prices and revenues from new technologies.

The following high level methodology is used to assess the potential downside risk from different transition scenarios on investments.

For both corporate bonds and equity securities the difference between the market value and the adjusted value after factoring in future climate change costs and/or revenues is measured (i.e. the impact relative to current climate conditions and emissions trajectory). To estimate the impact in a consistent way when a company has issued both shares and bonds, the Merton model is used[19]. This model enables the impact on a business as a whole to be translated into a change in value of its corporate bonds and equity securities. As both costs and opportunities are covered, the Climate VaR can be either negative or positive depending on the balance of future anticipated carbon-related costs and revenues for individual companies or instruments. MSCI has also developed a methodology for estimating the transition exposure of property assets which Aviva have used for both direct real estate and real estate-linked debt holdings. For infrastructure assets, Aviva has used the ClimateWise Transition Risk Framework to identify the key risk exposures across its portfolio of assets, taking into account how transition risks and opportunities vary by geography, sector and subsector to assess the potential impact in different climate scenarios.

19 Analysts and investors utilise the Merton model to understand how capable a company is at meeting financial obligations, servicing its debt, and weighing the general possibility that it will go into credit default

Explanation of Climate Metrics continued

Physical risks and opportunities

The financial impact of physical risks and opportunities is based on an assessment of both the expected costs in the RCP 8.5 scenario and the costs at a higher 95th percentile arising from hazards such as: extreme heat and cold, heavy precipitation and snow, coastal flooding, fluvial flooding, wind gusts, tropical cyclones, wildfire, and river low flow. Aviva use the expected costs and the costs at a higher percentile to define a distribution of physical risk outcomes for each scenario and thus capture some of the more extreme potential physical effects of climate change while using a time horizon until the end of the century to maintain consistency with transition risk.

The physical risks on investments are generally going to be driven by the exposure of the facilities (buildings, plant, infrastructure) owned or used by the company that has issued the financial instrument, their 'facilities', and the supply chain they rely on for producing their end product.

The cost is built up by mapping the facilities onto a world map, with measures that define the facility's exposure to different extreme weather hazards, and then combining this with a vulnerability function that converts the exposure and an assessment of the physical hazard impact in each scenario into an estimated monetary cost, per facility.

For both corporate bonds and equity shares, the difference between the market value and the adjusted value after factoring in aggregated facility costs and/or revenues is measured. The costs and/ or revenues to a business are measured relative to an assessment of physical risks under current conditions as these are assumed to be already factored into the market value. This business impact is then translated into a change in the value of its corporate bonds and equity securities using the Merton model.

Aviva recognises that the current approach does not, for example, capture the impact on companies' supply chains nor necessarily demand for its products and services or potential mitigating impact of insurance. For example, in the case of a major car manufacturer their real assets will mainly include their factories and machinery and possibly their dealerships.

Their supply chain will be broad, complex and potentially geographically diverse and if disrupted it could adversely impact companies' costs and/or revenues. Aviva will continue to work internally and with external partners to develop best practice in this area. For directly held real estate assets, real estate loans and infrastructure assets, Aviva use the same approach described above. For directly held real estate the impact is carried directly against the property valuation. For real estate loans, Aviva assess the physical climate change risk impact by running the stressed property value through its debt valuation models.

For sovereign bonds, the impact on the market value of a security is measured by assessing how a sovereign's rating could change as a result of the occurrence of different extreme weather hazards in each scenario. The following climate-related factors may impact sovereign debt: exposure and vulnerability to climate change; readiness and adaptation; ability to raise money for mitigation and post-disaster repair; ability to raise money via taxation and debt; reliance on foreign aid and support of the International Monetary Fund and other supra-national bodies. To assess a sovereign's vulnerability to climate change and readiness, the Notre Dame University's Notre Dame-Global Adaptation Initiative (ND-GAIN)[20] measure for country climate change risk has been used. Aviva notes that the assessment of sovereign debt is difficult because sovereigns are exposed to climate change via several vectors: government buildings and government-owned infrastructure, cost of emergency relief to areas affected by climate-related disasters, aid and rebuilding costs and the cost of acting as insurer of last resort. So, the ND-GAIN[21] data has been used to help support expert judgements about the appropriate stresses to apply to different sovereign bonds in modelling at this stage. Aviva will continue to work internally and with external partners to develop best practice in this area.

20 Certain information ©2021 MSCI ESG Research LLC. Reproduced by permission
21 https://gain.nd.edu/our-work/country-index/

Explanation of Climate Metrics continued

Aggregation of climate-related risks and opportunities

Aviva aggregate all the component parts of exposure to derive an aggregate view of the impact of climate-related risks and opportunities, using an approach that is motivated by its approach to modelling operational risk. This approach, which has been developed in conjunction with Elseware, a risk management and quantification expert consultancy, uses a Bayesian Network[22] methodology. The attraction of this approach is that Aviva can combine a set of beliefs, expert judgements, internal data and external data to assess the potential impact of these risks, on an aggregated basis. Aviva can then determine an overall Climate VaR for each scenario.

The impact distributions of each climate scenario are then combined to give a fully aggregated result across all four scenarios. This final step of aggregation uses the assigned likelihood given to each scenario taking into consideration amongst other things the current scientific analysis of the likely trajectory of emissions as well as policy commitments made by countries to reduce emissions.

Total GHG emissions

It is widely believed that carbon dioxide (CO2) emissions are the primary driver of climate change. In order to avoid the worst impacts of climate change, there is a global ambition to significantly reduce CO2 emissions which is captured in the Paris Agreement. Carbon dioxide is not the only Greenhouse Gas, the Kyoto Protocol identified seven greenhouse gases which trap heat in the atmosphere and contribute to climate change. These are carbon dioxide (CO2), methane (CH4), nitrous oxide N2O, hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF6), and nitrogen trifluoride (NF3).

Greenhouse gases have very different warming effects: one tonne of methane does not have the same impact on warming as one tonne of CO2. The Aviva climate model utilities the MSCI 'greenhouse gas emissions' data. This data is provided as CO2-equivalents (CO2e), where the carbon dioxide equivalents (CO2e) convert the warming impact of the full range of greenhouse gases into a single metric. However, this data is only available for equity and corporate bond asset classes.

Carbon footprint (Carbon intensity by EVIC) and Carbon intensity by revenue

While Total CO2e emissions provide an absolute measure of the carbon emissions produced by an organisation or investment portfolio, they are not scaled. Total CO2e emissions will be directly related to the size of an organisation or an investment portfolio. Scaling of Total CO2e emissions enables comparison because it provides a perspective on the relative efficiency of an organisation or investment portfolio.

The two most popular scaling methods are to calculate the total of CO2e emissions per million dollars of enterprise value including cash (EVIC) or per million pounds sterling of revenue. The Aviva climate model provides both measures, although carbon intensity by EVIC was introduced for the 2021 Climate reporting cycle and therefore is not available as part of the baseline metrics. Given that CO2e emissions represent the numerator in both carbon intensity calculations, the calculations are limited to MSCI CO2e data for Equity and Corporate Bond asset classes held by the default investment portfolios.

22 Probabilistic graphical model that represents a set of variables and their conditional dependencies via a directed acyclic graph

Explanation of Climate Metrics continued

Temperature Alignment

Aviva use portfolio warming potential metrics to assess credit, equity, real estate, green infrastructure and sovereign bond investments' alignment with the Paris Agreement target. This is based on the alignment of each company within the portfolio to the sectoral greenhouse gas emission intensity needed for each sector to make its contribution to reach the Paris Agreement target.

The portfolio warming potential methodology captures Scope 1, 2 and 3 emissions and a cooling potential element, to capture avoided emissions based on low carbon patents and revenues, as well as company-reported decarbonisation targets to provide a forward-looking perspective[23].

The portfolio warming measure covers Aviva's most material exposures:

- Aviva uses MSCI analysis to provide warming potential temperatures for its equity, corporate bond and property investments.
- Aviva has derived portfolio warming potential temperatures for sovereign exposures based on an analysis of individual governments' climate actions and how they compare against the Paris Agreement target, taking into account independent analysis conducted by organisations such as Climate Action Tracker[24].
- The warming potential for green infrastructure assets is based on internal analysis.

23 Scope 3 emissions data is largely estimated. To account for this, Aviva has applied a credibility weighting to the Scope 3 element contribution to its overall warming potential. The sensitivity of its overall warming potential to the credibility weighting applied is ±0.2°C

24 The Climate Action Tracker is an independent scientific analysis tracking government climate action since 2009. https://climateactiontracker.org/ countries/uk/

Glossary

Climate-related Financial Terminology

Active Ownership
Actively engaging with the managers and boards of directors of investee companies on business strategy and execution, including specific sustainability issues and policies. It is seen as a means of reducing investment risk, enhancing long term shareowner value, or both.

Biofuel
Biofuel is a fuel produced from organic matter or waste through contemporary processes that is used as an alternative to fossil fuels

Carbon capture and storage (CCS)
Technology that captures carbon dioxide before it is released into the atmosphere by industrial processes. It captures, transports and then permanently stores CO_2.

Carbon footprint
In a portfolio context - the value of shares held over company market cap, multiplied by total carbon emissions for the company, to give emissions “owned”.

Carbon intensity
An entity’s carbon emissions, typically divided by its revenues, though the denominator can also be square metre, per employee, unit of production, etc.

Carbon neutral
The amount of carbon released is offset by a reduction in emissions or a removal of carbon. These carbon savings could come in the form of carbon credits that do not represent removals of carbon from the atmosphere, but instead emissions that have been reduced from a business as usual baseline. These types of carbon credits are not technically ‘removals’ which they would need to be to conform with the IPCC definition.

Carbon offsetting
Compensating for emissions by paying for equivalent carbon removal by others.

Carbon removal
The process of removing carbon dioxide from the atmosphere and locking it away for decades, centuries, or millennia. This could slow, limit, or even reverse climate change. Examples include nature-based solutions such as reforestation or capturing and sequestering carbon from biofuel or technology-based solutions such as carbon capture and storage from an industrial process or direct air capture.

Climate crisis
This is a term describing global warming and climate change, and their consequences. The term has been used to describe the threat of global warming to the planet, and to urge aggressive climate change mitigation.

Climate transition
The transition to a low carbon world.

CO_2e
Stands for CO_2 equivalent. There are a number of greenhouse gases which warm the earth at different intensity levels such as water vapour, carbon dioxide (CO_2), methane (CH4), nitrous oxide (N2O), hydrochlorofluorocarbons (HCFCs), ozone (O3), hydrofluorocarbons (HFCs),and perfluorocarbons (PFCs). Rather than providing metrics for each gas they are converted into CO_2e for reporting.

COP
Conference of the Parties
The COP is the decision-making body of the UN Convention on Climate Change (UNFCC) which meets annually with government, public and private organisations and officials who are involved in addressing climate change.
https://www.unccd.int/convention/conferenceparties-cop

Divestment
The act of dissociating or selling assets and securities due to behaviour not aligned with ESG values, or as a way to display strong commitment to ESG and responsible investing practices.

Glossary continued

Engage and divest
Engagement is where shareholders seek to influence firm behaviour through direct engagement, filing shareholder proposals and voting at AGMs.
Divestment is where shareholders sell a firms' shares, typically because engagement has failed to influence the firm's behaviour, or the firm does not meet the investor's minimum ESG standards

Environmental Factors
The "E" in ESG, environmental factors include things like climate impact and environmental challenges and opportunities, such as energy use, waste production & management, climate change, pollution, etc.

Environmental, Social, and Governance (ESG)
A term typically used in an investment context to denote the non-financial aspects of a company's performance that are key contributors to its bottom line. Environmental (e.g., pollution), Social (e.g., labour standards) and Governance (e.g., board diversity and accountability) are the three factors commonly used to measure the sustainability and social impact of a firm.

ESG Integration
Explicitly including environmental, social, and governance factors during the investment process, specifically with the goal of long-term performance growth and risk mitigation.

Ethical investments
Ethical investing refers to the practice of using one's ethical principles as the primary filter for the selection of securities investing. Ethical investing depends on an investor's views. Ethical investing gives the individual the power to allocate capital toward companies whose practices and values align with their personal beliefs. Choosing an investment based on ethical preferences is not indicative of the investment's performance.

Global Warming Potential (GWP)
From a climate science perspective, GWP was developed to enable a comparison of warming impacts of different greenhouse gases.

Greenhouse gases (GHG)
Gases including carbon dioxide and methane that trap some of the heat the earth radiates back out into space, leading to the earth being warmer than it otherwise would be.

Greenwashing
Falsely claiming or exaggerating sustainable characteristics or environmental benefits provided by a fund, business practice or company.
"Rainbow-washing" is the same idea, with regards to use of the Sustainable Development Goals.

IPCC
Intergovernmental Panel on Climate Change (https://www.ipcc.ch/) This Is the United Nations body for assessing the science related to climate change.

Negative emissions technologies
Technologies that enable carbon to be removed from the atmosphere e.g., machines that capture carbon dioxide from the air and sequester it.

Net Zero Asset Owner Alliance
A United Nations convened group of 33 institutional investors who have committed to transitioning their investment portfolios to net-zero greenhouse gas emissions by 2050. https://www.unepfi.org/net-zero-alliance/

Net Zero company
This target covers all 'Scopes 1, 2 and 3' carbon emissions (including investment, insurance, operations, supply chain)

Net Zero target
A firm target to make Net Zero GHG emissions by a specific date, at which point having sought to reduce the emissions as much as possible, any GHG which continues to be released into the atmosphere is balanced by an equivalent amount being removed by offsetting through carbon removals.

Paris Agreement
A legally binding international treaty on climate change, to limit global warming. It was adopted by 196 Parties at COP 21 in Paris in December 2015 and entered into force on 4 November 2016.

Paris Agreement target
This is a 1.5°C target set by the global Paris climate change deal in 2015 to limit the damage wreaked by acute events such as extreme weather and chronic events such as sea level rise.

Glossary continued

Physical Risks	Physical risks are outcomes from disruptive events like extreme weather that have a direct impact on society and the economy.
Renewable Energy	Energy attained from perpetual, unending sources, such as collection of energy with solar panels or wind turbines.
Science Based Targets Initiative (SBTi)	This is a collaboration between United Nations Global Compact, CDP (a global disclosure system), World Resources Institute and Worldwide Fund for Nature. It supports companies to set emission reduction targets in line with the decarbonisation required to limit global temperature increases to 1.5°C. https://sciencebasedtargets.org/
Scope 1 emissions	Scope 1 emissions are greenhouse gas emissions that a company is directly responsible for, such as emissions from on-site burning of fossil fuels or emissions from fleet vehicles
Scope 2 emissions	Scope 2 emissions are greenhouse gas emissions from sources that a company owns or controls, such as the generation of electricity, heat, or steam purchased from a utility provider.
Scope 3 emissions	Scope 3 emissions are greenhouse gas emissions from sources a company doesn't own or control but are related to its operations value chain, such as employee commuting or contracted solid waste and wastewater disposal. For Aviva, this includes investments and insurance activities (customer value chain emissions).
Sustainability	"All activity that can be considered as taking account of profit, people and the planet (also known as the 'triple bottom line'). A more formal definition is "meeting the needs of the present without compromising the ability of future generations to meet their needs"
Sustainable Development Goals	These are 17 global goals designed to be a "blueprint to achieve a better and more sustainable future for all". They were set in 2015 by the United Nations and are meant to be achieved by 2030. Many firms use them to orient their sustainability action.
TCFD	Task Force on Climate-related Financial Disclosures (https://www.fsb-tcfd.org/) The Financial Stability Board created the TCFD to improve and increase reporting of climate-related financial decision useful information. Governments are encouraging firms to make disclosures aligned to the TCFD framework to enable investors to compare them and allocate capital accordingly. The UK Government made TCFD reporting mandatory for all listed companies and large asset owners in 2022.
Transition Activities	Refers to activities that facilitate the transition to a carbon-neutral economy.
Transition Risks	Transition risks relate to risks associated with moving towards a less polluting, green economy.
UNGC	The United Nations Global Compact is a non-binding United Nations pact to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation https://www.unglobalcompact.org/
UNPRI	The United Nations Principles for Responsible Investment is an international network of investors working together to implement its six aspirational principles, often referenced as "the Principles". https://www.unpri.org/

Glidepaths and Scenario Analysis for Bespoke Default Investment Arrangements

Scenario Analysis

The Climate Value-at-Risk scenario analysis compares a plausible range of outcomes (5th to 95th percentile) from the Climate VaR scenario analysis for four different temperature rise (TR) scenarios; a 1.5°C TR, a 2.0°C TR, 3.0°C TR and a 4°C TR.

The blue section shows the range of outcomes (5th to 50th percentile) that have the least impact on VaR. The grey section shows the range of outcomes (50th to 95th percentile) that have the most impact on VaR. The vertical line represents zero impact.

The joining point between the blue and grey sections is the median outcome value.

Key for Graphs

	Shows the range of outcomes (5th to 50th percentile) that have the least adverse impact on VaR
	Shows the range of outcomes (50th to 95th percentile) that have the most adverse impact on VaR
TR1.5	Climate VaR scenario analysis based on 1.5°C Temperature Rise
TR2	Climate VaR scenario analysis based on 2°C Temperature Rise
TR3	Climate VaR scenario analysis based on 3°C Temperature Rise
TR4	Climate VaR scenario analysis based on 4°C Temperature Rise

Glidepaths and Scenario Analysis for Default Investment Arrangements continued

Default investment arrangement for Mott MacDonald Section

1. Glidepath

The current respective portfolio allocations that apply at different lifestages within the default investment arrangement for the Mott MacDonald Section are as follows:

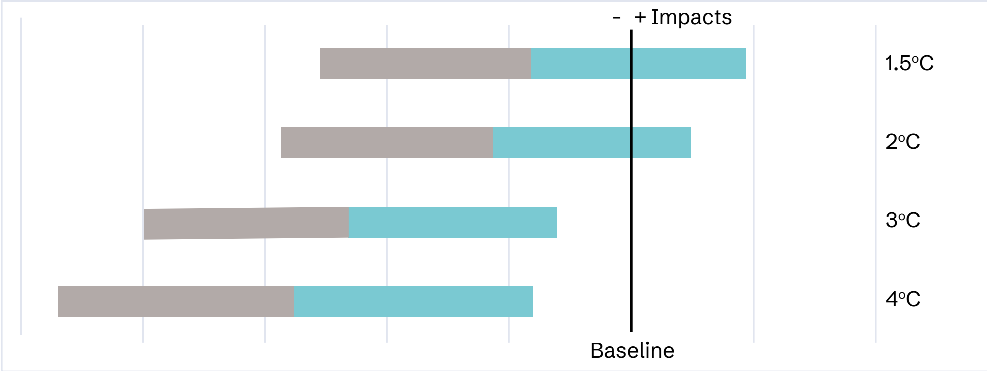
Number of Years before member reaches Selected Retirement Date (SRD)	% Allocation to LIP Global Equity fund	% Allocation to LIP Diversified fund	% Allocation to LIP Bond fund	% Allocation to LIP Liquidity fund
More than 30 years	100%	0%	0%	0%
30 years	100%	0%	0%	0%
25 years	89%	11%	0%	0%
20 years	77%	23%	0%	0%
15 years	66%	34%	0%	0%
10 years	55%	45%	0%	0%
5 years	44%	50%	6%	0%
0 years	15%	50%	10%	25%

2. Climate VaR Scenario Analysis for each of the funds in the Glidepath

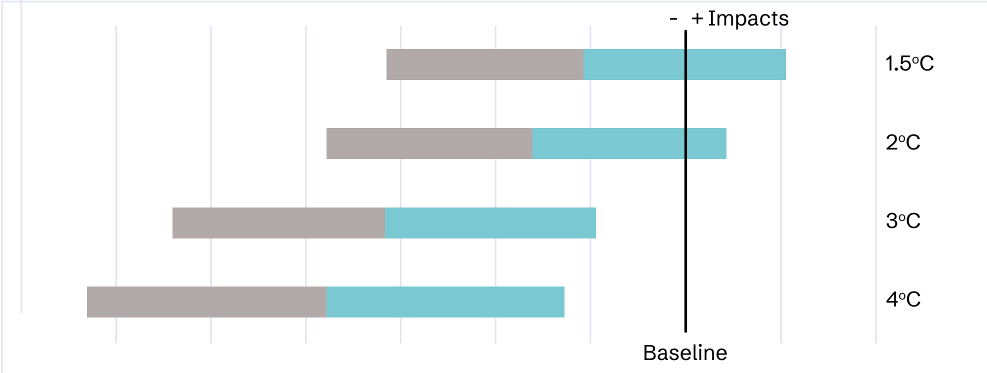
The Climate VaR for the individual funds within the default investment arrangement for the Mott MacDonald Section is shown opposite.

The information in Section 1 above can be utilised to determine what the respective impact would be for different age cohorts of members at different lifestages within the glidepath.

LIP Global Equity fund

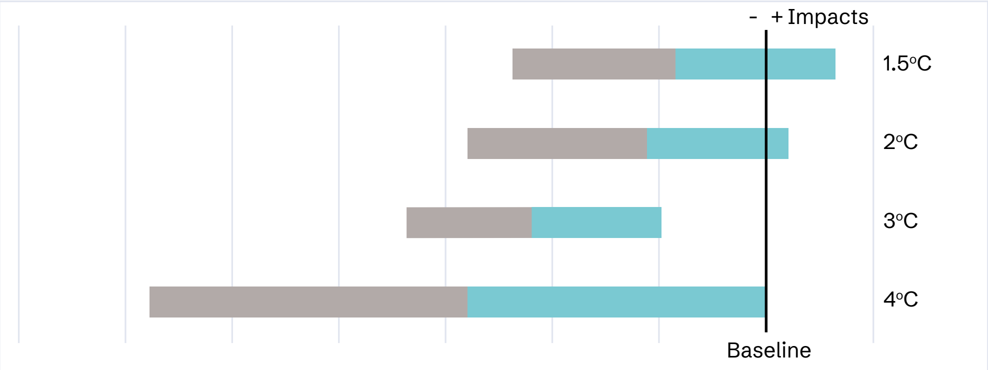


LIP Diversified fund

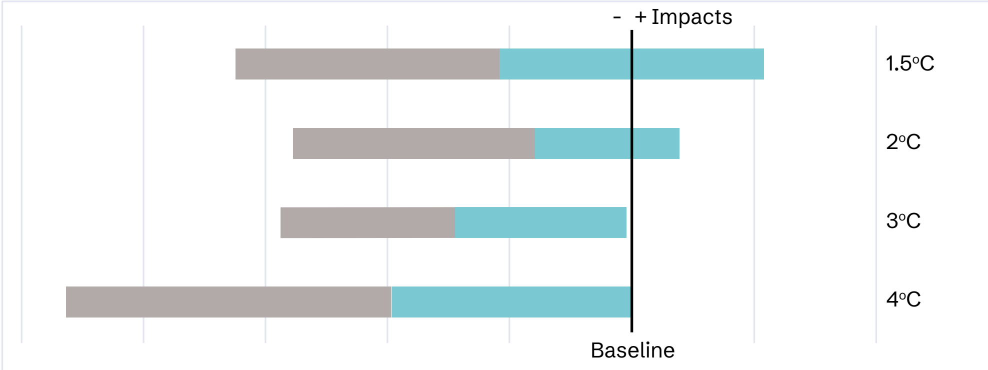


Glidepaths and Scenario Analysis for Default Investment Arrangements continued

LIP Bond fund



LIP Liquidity fund



Glidepaths and Scenario Analysis for Default Investment Arrangements continued

Default investment arrangement for Wm Morrison Section

1. Glidepath

The current respective portfolio allocations that apply at different lifestages within the default investment arrangement for the Wm Morrison Section are as follows:

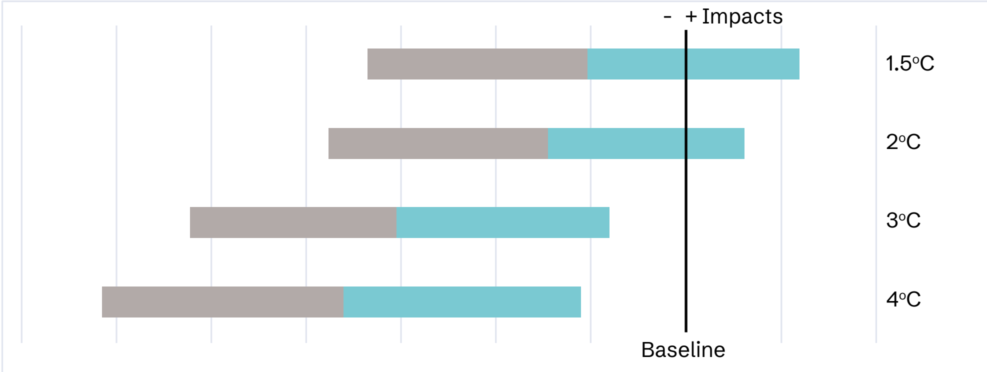
Number of Years before member reaches Selected Retirement Date (SRD)	% Allocation to Morrisons Growth fund	% Allocation to Morrisons Pre-Retirement fund	% Allocation to BlackRock Institutional Sterling Liquidity fund
More than 15 years	100%	0%	0%
15 years	100%	0%	0%
10 years	75%	25%	0%
5 years	50%	50%	0%
0 years	0%	0%	100%

2. Climate VaR Scenario Analysis for each of the funds in the Glidepath

The Climate VaR for the individual funds within the default investment arrangement for the Wm Morrison Section is shown opposite.

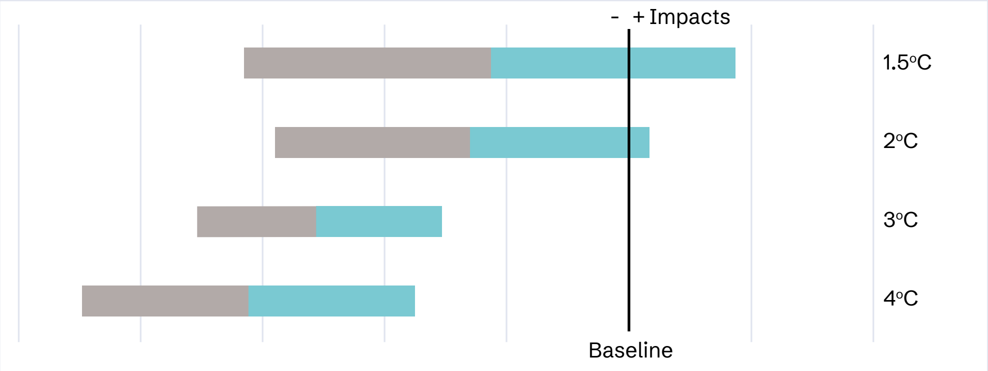
The information in Section 1 above can be utilised to determine what the respective impact would be for different age cohorts of members at different lifestages within the glidepath.

Morrisons Growth fund

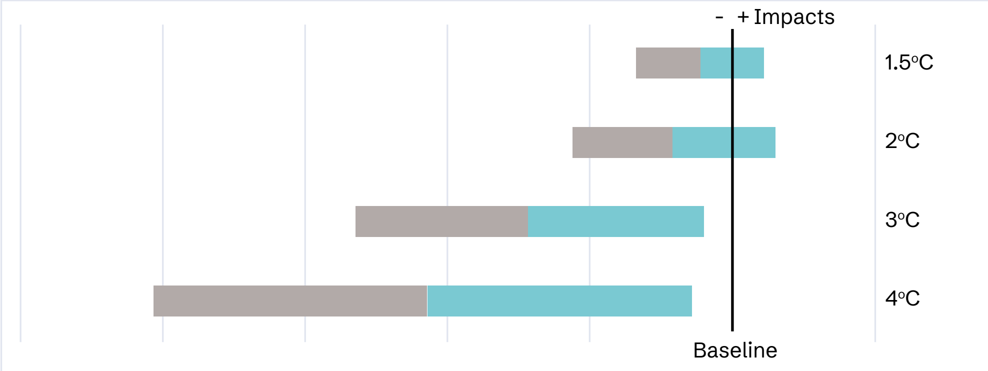


Glidepaths and Scenario Analysis for Default Investment Arrangements continued

Morrisons Pre-Retirement fund



BlackRock Sterling Liquidity fund



Glidepaths and Scenario Analysis for Default Investment Arrangements continued

Default investment arrangement for L'Oréal Section

1. Glidepath

The current respective portfolio allocations that apply at different lifestages within the default investment arrangement for the L'Oréal Section are as follows:

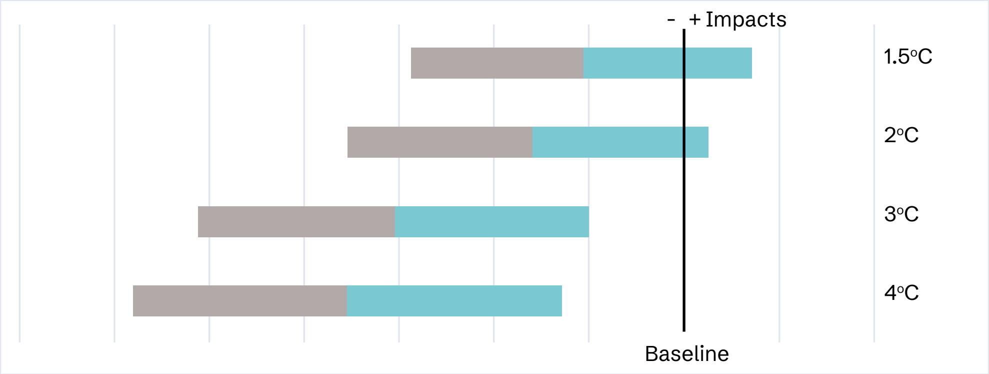
Number of Years before member reaches Selected Retirement Date (SRD)	% Allocation to L'Oréal Growth fund	% Allocation to L'Oréal Diversified fund	% Allocation to My Future Cash Lump Sum fund
More than 20 years	100%	0%	0%
20 years	100%	0%	0%
15 years	69%	31%	0%
10 years	37%	63%	0%
5 years	6%	94%	0%
0 years	0%	0%	100%

2. Climate VaR Scenario Analysis for each of the funds in the Glidepath

The Climate VaR for the individual funds within the default investment arrangement for the L'Oréal Section is shown opposite.

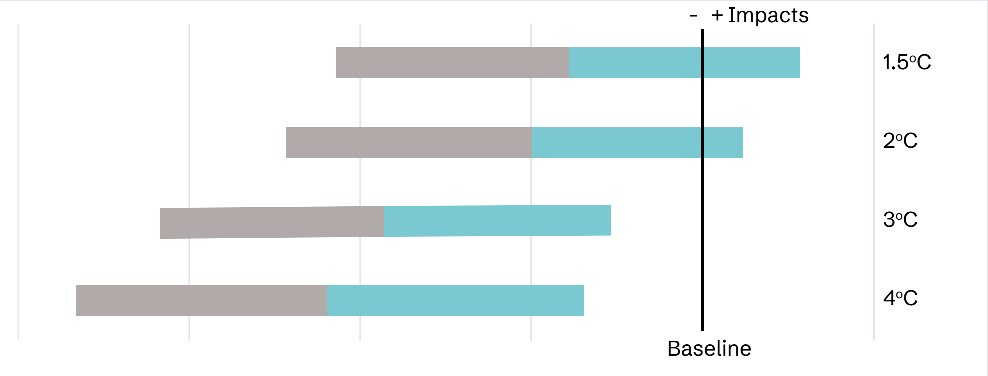
The information in Section 1 above can be utilised to determine what the respective impact would be for different age cohorts of members at different lifestages within the glidepath.

L'Oréal Growth Blend fund

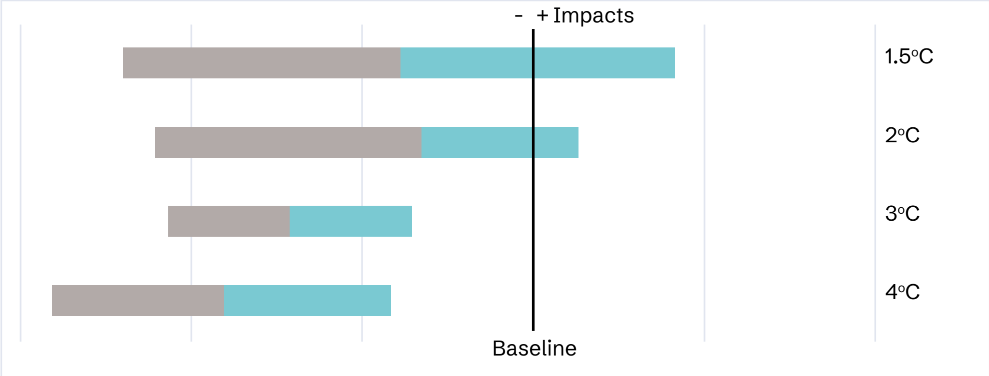


Glidepaths and Scenario Analysis for Default Investment Arrangements continued

L'Oréal Diversified Blend fund



L'Oreal Pre-Retirement Blend Fund



Glidepaths and Scenario Analysis for Default Investment Arrangements continued

Default investment arrangement for Thomas Cook Section

1. Glidepath

The current respective portfolio allocations that apply at different lifestages within the default investment arrangement for the Thomas Cook Section are as follows:

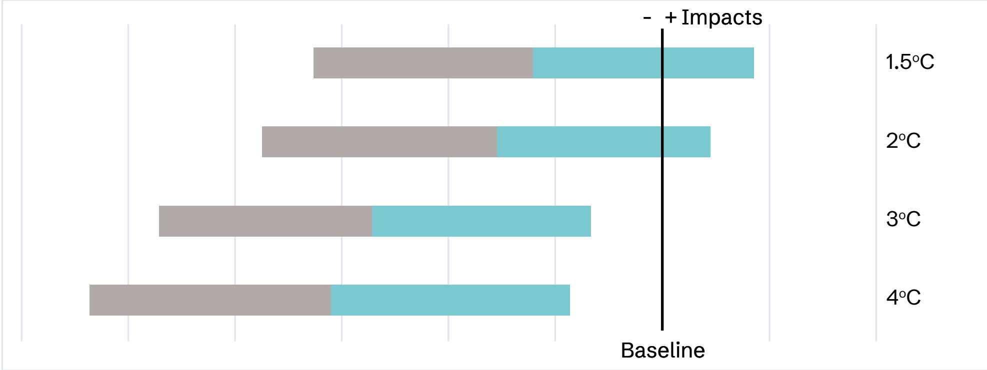
Number of Years before member reaches Selected Retirement Date (SRD)	% Allocation to TC Growth fund	% Allocation to TC Flexible Journey De-risking fund	% Allocation to BlackRock Sterling Liquidity fund
More than 8 years	100%	0%	0%
8 years	100%	0%	0%
6 years	75%	25%	0%
4 years	50%	45%	5%
2 years	25%	60%	15%
0 years	0%	75%	25%

2. Climate VaR Scenario Analysis for each of the funds in the Glidepath

The Climate VaR for the individual funds within the default investment arrangement for the Thomas Cook Section is shown opposite.

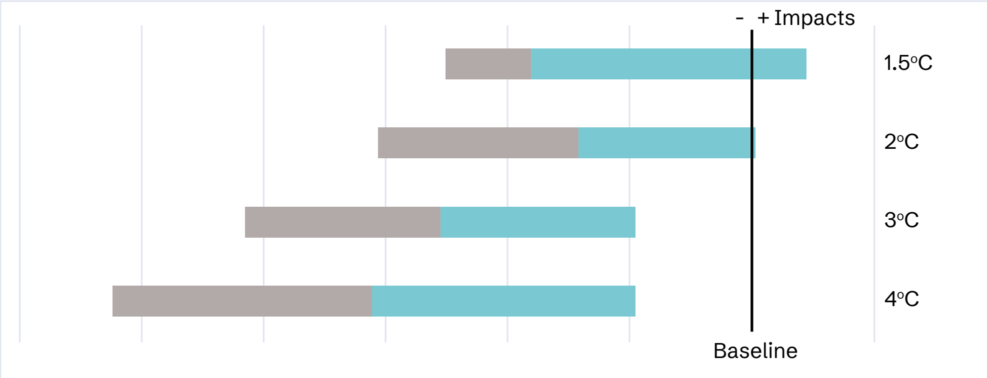
The information in Section 1 above can be utilised to determine what the respective impact would be for different age cohorts of members at different lifestages within the glidepath.

TC Growth fund

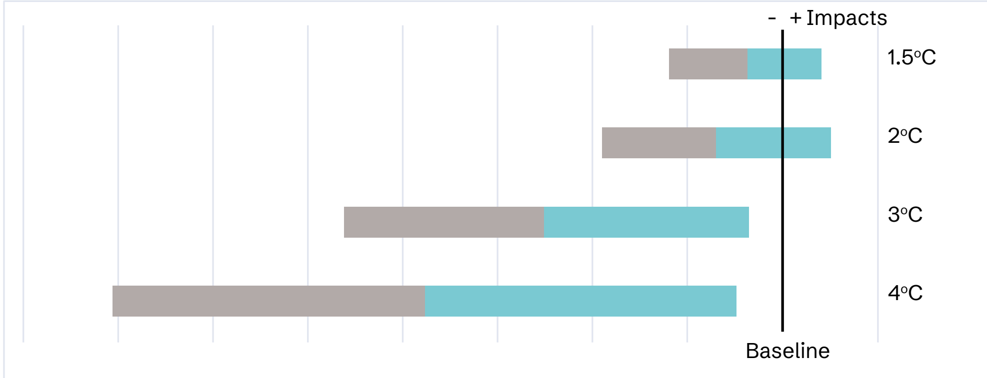


Glidepaths and Scenario Analysis for Default Investment Arrangements continued

TC Flexible Journey De-risking fund



BlackRock Sterling Liquidity Fund



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