Reckitt Benckiser Pension Fund

Trustee's Report in respect of the Occupation Pension Schemes (Climate Change Governance and Reporting) Regulations 2023

https://pensioninformation.aon.com/myrbpensiondisclosure

Table of Contents

Section 1: Introduction and Chair Foreword

A foreword from the Chair of the Reckitt Benckiser Pension Fund

We have prepared this report in respect of the Occupation Pension Schemes (Climate Change Governance and Reporting) Regulations 2023 for the Fund year ending 5 April 2023.

The Trustees recognise the importance and financial materiality of climate related issues and have undertaken a significant amount of work over the 12-18 months leading up to the Fund year end in relation to sustainability. We have been provided with training by our advisors, have discussed and agreed specific sustainable investment beliefs and we have assessed the risks to the Fund using scenario analysis and a quantification of the Fund’s exposures.

The Trustees recognise the significant impact which climate change could have on the Fund, and on the Fund’s members and have set a goal for the DB assets of reaching net zero greenhouse gas emissions by 2050, with a 50% reduction in the Fund’s carbon footprint by 2030. Similar targets are being considered for the DC section and an update will be provided in next year’s report.

Within the DB section the strong funding position of the Fund has allowed the portfolio to be significantly de-risked over the last year. This is also expected to materially reduce the potential impact of climate change relative to the historic position. We will continue to engage with our investment managers and advisors to better understand the Fund’s risks and opportunities and to take action to reduce the Fund’s carbon footprint.

Notwithstanding the actions set out above the Trustees have chosen to take a proportionate approach to ensuring these factors are appropriately considered whilst recognising the relatively limited influence they have in the wider market as a result of the types of securities they hold in the portfolio.

This report has been completed on a best endeavours basis. The industry is still learning and evolving, and we expect data accuracy, completeness, and availability to improve over time.

Dr Brian Bentley

Chair of the Reckitt Benckiser Pension Fund

Introduction

The Trustees of the Reckitt Benckiser Pension Fund (hereinafter referred to as the “Trustees” and the “Fund”, respectively) present their annual report under the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 (the “Regulations”) for the year ended 5 April 2023. The principal employer of the Fund is Reckitt Benckiser Group plc.

The Fund is made up of a Defined Benefit and Defined Contribution Section. As at 31 March 2023, the Fund’s DB assets were c£970m in value and the DC assets were £423m. The DB Section also provides the facility for members to pay AVCs into the Fund to enhance their benefits at retirement.

The Fund is now subject to the requirement to produce disclosures in line with the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD), as transposed into UK law in 2021. The aim is to improve and increase reporting of climate-related financial risks and opportunities.

The TCFD framework requires disclosures in four broad categories:

- **Governance:** around climate-related risks and opportunities
- **Strategy:** the actual and potential impact of climate-related risks and opportunities on the strategy and financial plans of the scheme
- **Risk management:** how the scheme identifies, assesses, and manages climate-related risks
- **Metrics and targets:** the metrics and targets used to assess and manage climate-related risks and opportunities

This report sets out the Trustees’ approach to compliance in each of these four areas. This report covers the DB and DC Sections of the Fund.

Section 2: Governance

The oversight of climate risks and opportunities

The Trustee's key overarching investment policies (including those in relation to climate) are detailed in the Trustee's Statement of Investment Principles ("SIP") which can be found online at the following link: https://pensioninformation.aon.com/myrbpensiondisclosure

The Trustees are ultimately responsible for overseeing all matters related to the Fund, including climate-related risks and opportunities. The Trustees have therefore taken responsibility for reviewing the potential impact of climate change on the employer covenant and integrating this into broader strategy, risk management and monitoring.

Activities of the Trustee Board

Over the last two years, the Trustees have undertaken a number of activities designed to help it better understand the risks and opportunities associated with climate change and their possible impact on the Fund, including:

- A climate risk workshop focused on Governance and Scenario Analysis. This session was run at a Trustee meeting and explored the roles and responsibilities of various stakeholders in the Fund in relation to climate change. During the sessions the Trustees also discussed sustainable investment beliefs survey that had been circulated in advanced, focusing on areas where there was clear consensus across the board and those where views differed. Finally, the Trustees were introduced to climate change scenario analysis.

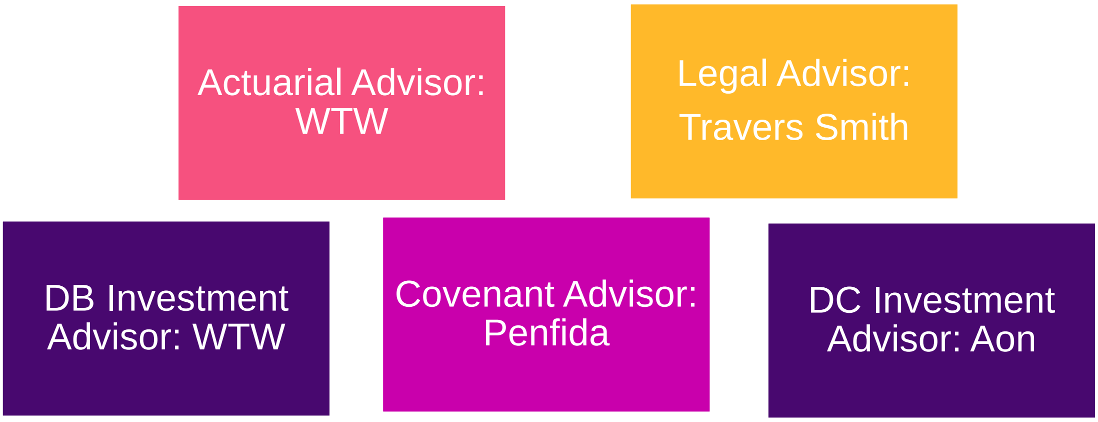
- Consideration of climate change scenario analysis and its potential impact on the assets and liabilities of the DB section of the Fund over time and the impact on asset values of the DC section. This analysis is considered in more detail later in this report.

- Replacement of the passively managed market capitalisation weighted equity fund within the Fund's DC white labelled Global Equity Fund (WEQ) with an ESG screened equity fund. The ESG-screened fund aims to target risk and return characteristics similar to that of the parent index, but maximise exposure to positive ESG factors while minimising carbon exposure. The Fund's three lifestyle strategies, including the default, invest full in the Global Equity Fund (WEQ) during the accumulation phase of members' pre-retirement journey, the Fund is also available as a self-select option for members.

- Discussion of metrics which might be used by the Trustees in assessing the Fund's exposure to climate-related risks and opportunities. The Trustees considered which metrics should be monitored over time and agreed a target for a reduction in the carbon intensity of the Fund's assets. These metrics and the target are considered in more detail later in this report.

Service providers

The Trustees' SIP sets out the roles and responsibilities of the Trustees and their advisors, including in relation to climate change and other sustainability factors. The Trustees retain ultimate responsibility for setting the Fund's policies, monitoring risks and opportunities and for managing the Fund's exposures to these.



As part of its ongoing governance processes, the Trustees periodically undertake assessments of each advisor's capabilities, including where relevant in relation to the incorporation of climate change risks and opportunities into the advice provided. In addition to this, the Trustees have set formal objectives for the Plan's DB and DC investment consultants, which incorporate the requirement to provide advice consistent with the Fund's SIP. The objectives for the DB advisor also include specific consideration of the Trustees' views on ESG issues.

The Trustees share their ESG policies with their investment managers and request that each manager confirms their alignment with these policies. The Trustees have delegated the day-to-day stewardship activities to the Fund's investment managers and expect them to engage with investee companies with the aim of protecting and enhancing the value of assets; have knowledge of the sustainable investment policies of the investee companies and exercise the voting rights in relation to the Fund's assets.

The Trustees regularly review the continuing suitability of the appointed managers and take advice from their investment advisers with regard to any changes. This advice includes consideration of broader stewardship matters and the exercise of voting rights by the appointed managers. The Trustees make use of a number of pooled funds in their portfolio which limits their ability to directly influence the specific securities that are held. Further details of the Trustees policies on the monitoring, selection and retention of its investments managers can be found in the Statement of Investment Principles.

Section 3: Strategy

Appropriately managing the risks and opportunities associated with climate change from a strategic perspective is a key part of the Trustees' role. The Trustees recognise that climate change could have a material impact on the potential success of the overarching funding strategy and therefore seeks to ensure that this matter is given appropriate consideration. To support this, the Trustees undertake climate change scenario analysis to test the resilience of the Fund's funding strategy under a range of plausible climate scenarios. Importantly, the Trustees recognise that climate change could have a material impact on the investments of the Fund, the life expectancy of the Fund's members and the support provided by the Fund's covenant. All three aspects are therefore considered as part of this analysis. This scenario analysis was undertaken for the first time in 2022. The Trustees' intention is to repeat this analysis at least every three years or sooner should there be a material change in either the Fund's circumstances or the assumptions underlying the analysis.

To appropriately assess the impact of the climate change scenario analysis, the Trustee has agreed the following time horizons over which climate risks and opportunities should be considered:

- **Short Term** – 5 years: this is representative of a member reasonably close to retirement with a short time horizon for investment, and represents an approximate timeframe in which a buy-in of the remaining DB liabilities might be achievable.

- **Medium Term** – 10-15 years: this is representative of a member in mid-career with a medium time horizon to retirement.

- **Long Term** – 30+ years: this is representative if a member in the early stages of their career with a long term time horizon to retirement.

The Trustees have identified the following categories of climate-related risks and opportunities:

Regulatory risk	Reputational risk	Transition risk	Physical risk
• Regulators are increasing pressure on pension schemes to explicitly consider climate change • **Example:** • Implementation Statement • DWP Pensions bill • Mandatory TCFD reporting	• The increasing spotlight on pension schemes and climate change increases the risk of being "named and shamed" • **Example:** • 2018 EAC report on 25 biggest UK schemes	• The indirect impact arising as a result of changes in society and economies to combat or adapt to climate change • **Example:** • **Assets:** Some industries become obsolete (e.g. coal), reinvent themselves or others emerge (electric vehicles) • **Liabilities:** Improvements in mortality from healthier lifestyles	• The direct impact arising as a result of chronic and/or acute changes in climate and extreme weather events • **Example:** • **Assets:** Damage to physical assets underpinning securities (e.g. real estate and infrastructure) • **Liabilities:** Excess deaths arising from extreme weather

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The Trustees have assessed how the categories identified are relevant to the agreed short-, medium- and long-term time horizons.

	Short Term	Medium Term	Long Term
Primary types of risk	• Regulatory • Reputational • Transition	• Reputational • Transition	• Transition • Physical
Key risk exposure	The Trustees are exposed to regulatory risks, including fines, if they do not comply with evolving regulatory requirements. The Trustees (and sponsor) are exposed to reputational risks if the Trustees' policies are misaligned with peers and/or sponsor. The Trustees are predominately exposed to transition risks through the passive equity and passive corporate bond portfolios.	The Trustees (and sponsor) are exposed to reputational risks if the Trustees' policies are misaligned with peers and/or sponsors. The Trustees are exposed to transition risks through the passive equity and passive corporate bond portfolios.	The Trustees (DB) and members (DC) may be exposed to transition risks through its holdings in various asset classes, either directly or through an insurer, (including equity, credit, property and infrastructure). The Trustees (DB) and members (DC) may be exposed to physical risk, either directly or through an insurer, through its holdings in various assets, in particular real assets including property and infrastructure. In an extreme left-tail event, exposure to, and poor management of these risks may weaken the funding position of the DB section (or strength of the insurer) and ability to meet pensioner benefits. It may also reduce the value of assets of DC members and mean they struggle to meet their financial goals in retirement. Given the long-term nature of these risks, there is a high level of uncertainty in terms of the likely effect and the potential magnitude of their impact.
Potential opportunities	Encouraging existing funds to consider and where possible reduce exposure to transition risks engage with	Encouraging existing funds to consider and where possible reduce exposure to transition risks engage	Seek assets or insurance products that purchase assets which positive ESG credentials that aim

	companies to develop a strong transition plan.	with companies to develop a strong transition plan.	to reduce the impacts of physical risk.

Scenario Analysis

The Trustees have carried out climate change scenario analysis in partnership with its investment, actuarial and covenant advisors. The aim of this analysis was to help the Trustees understand and quantify the potential effects of climate change on the Fund's assets, liabilities and covenant and, where required, identify possible actions to address the risks and opportunities presented.

As part of this analysis, the Trustees considered four separate scenarios that could be taken to meet, or fail to meet, the temperature rise target agreed as part of the Paris Agreement. The Paris target is to limit global temperature rises to well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius. The scenarios differ in the size of the physical risks, based on the resulting temperature impacts, but also in the size of the transition risks. In the view of the Trustees, the four scenarios selected reflect an appropriate range of plausible decarbonisation pathways, and are relevant in the context of the Fund's journey and funding plans. The Trustees recognise that there is the potential for more extreme outcomes than reflected in the chosen scenarios.

	Lowest Common Denominator	**Inevitable Policy Response**	**Global Coordinated Action**	**Climate Emergency**
Description	A 'business as usual' scenario where current policies continue with no further attempt to incentivise further emission reductions.	A delay in meaningful action but a rapid shift in policy in the mid/late 2020s. Policies are implemented but not in a very co-ordinated manner.	Policy makers agree on and immediately implement policies to reduce emissions in a globally co-ordinated manner.	An immediate, ambitious and coordinated response in which aggressive policy is pursued and more extensive technology shifts are achieved.
Temperature rise vs pre-industrial levels	3.5ºC	2.0ºC	2.0ºC	1.5ºC
% of Renewable energy by 2050	30-40%	80-85%	65-70%	80-85%
Transition risk level (shorter term)	Low	High	Low – Medium	Medium – High
Physical risk level (Medium-longer term)	High	Low – Medium	Low	Low

Below, the Trustees have illustrated the impact of the climate change scenarios on both the Fund's DB funding position and on projected DC asset values. The key results from the climate scenario analysis are outlined below. The Trustees have considered these over a timeframe that is consistent with the Fund's medium-long term time horizon (c.20 years). The Trustees recognise that assuming such climate scenarios are priced in gradually, year by year, is an unrealistic expectation and in practice this is likely to be far less linear. The Trustees have therefore assessed a one-off shock which seeks to illustrate the impact if climate change was to be reflected instantaneously. This assumes that markets immediately price in the transition and physical risks over the next 20 years and that the market initially overreacts to this news in struggling to price in the actual impact. Whilst this is potentially unrealistic, the Trustees think this helpfully stress tests the assumptions made in the analysis and helps consider how robust the funding strategy might be. The Trustees also recognise the uncertainty in the underlying assumptions and that, in reality, the shocks experienced could be larger.

In some climate scenarios, our modelling process implies reduced life expectancies (relative to other scenarios and/or schemes' central mortality assumptions) and therefore a relative reduction in the Fund's liabilities. This is a plausible potential outcome arising from the negative impacts of increasing climate change. This can suggest a relative improvement in the expected funding position for the Fund even when combined with associated reductions in the value of the Fund's assets (given their low-risk nature). However, it is important to recognise that an assessment of what is in the best interests of the Fund and its members is a much broader question than the impact on funding level alone. Key considerations may be a reduction in the quality (and length) of members' lives, and the quality of the environment that they will retire into. Consequently, the results of any such modelling should not be assumed to reflect any complacency or acceptance (either implicit or explicit) that the Trustees consider global inaction or business-as-usual with respect to climate change to be in the best interests of the Fund or its members. The Trustees believe that climate change is a systematic risk of unprecedented scale and severity. Actions to address it are a collective priority, given the risks it presents to pension schemes, the ongoing resilience of the savings universe, and the planet as a whole.

DB Section

Below we show the asset and liability shocks (i.e. the impact on asset and liability values in the case where the impact of the climate scenarios over 20 years is priced in immediately) for the DB section of the Fund based on the portfolio that was in place and asset value as at 30 September 2022 and an estimate of the Fund's self-sufficiency liabilities at that date.

Scenario	Asset Shock (£m)	Liability Shock (£m)	Increase in Deficit (£m)	Change in funding level
Least Common Denominator	-£36m	-£62m	-£25m	3%
Inevitable Policy Response	-£87m	-£31m	£56m	-6%
Global Coordinated Action	-£36m	£39m	£75m	-7%
Climate Emergency	-£65m	-£8m	£58m	-6%

The Trustees have also engaged with the Sponsor and considered how the Sponsor could be impacted under the above climate scenarios considered with assistance from the Trustees' covenant advisor. In their TCFD assessment, the company recognised transition risk as being particularly material for their business noting an accelerated transition could cause disruption as movement

towards more sustainable products in the market could increase competition, However, they have mitigation strategies in place that they feel will be effective in a more phased policy approach. They noted that physical risks are expected to become more significant over the longer term.
The Trustees recognise that the company's climate related targets align directionally with their own.

As a result of the combined analysis, the Trustees' assessment is that climate change poses significant risks for the Fund's assets and liabilities, with the funding level dropping by up to 7% in the climate scenario shocks (noting these shocks are not exhaustive and the actual position could be worse). Notwithstanding this, the Trustees note that the strong funding position of the Fund and the strength of the employer covenant are such that members' benefits would be expected to be paid in full following a stress event of this nature.

Since the date of this analysis, the Fund has undertaken further de-risking following the strong funding position identified following the completion of the 2022 Actuarial Valuation. This is expected to further mitigate the risks identified above. The Trustees are currently reviewing the Fund's investment strategy in light of improvements in the funding position and will consider climate-related risks as part of this.

DC Section

Below we show similar analysis for the DC assets based on the default strategy for a typical recent joiner and a typical member who is close to retirement. Returns are based on WTW's 30 September 2022 investment model and the table below shows the expected change in member's pot size at retirement should the impact of the climate scenarios on the assets materialise over the long-term relative to the base case modelled.

Drawdown Focused Lifestyle (default) Impact on expected pot size	Recent joiner	Pre-retirement
Base Case	0%	0%
Least Common Denominator	-12%	-1%
Inevitable Policy Response	-11%	-7%
Global Coordinated Action	-9%	-2%
Climate emergency	-8%	-4%

This shows that, for all four climate scenarios, the fund value at retirement is expected to be worse than the base case for both recent joiners and members close to retirement. Due to their long time horizon and increased exposure to the asset classes that we would expect to be most impacted, recent joiners see a much larger percentage impact on their expected pot size than mid-late career members approaching retirement.

As noted earlier, the Trustees intend to update this analysis at least every three years and will be testing annually whether this needs to be done more frequently, including if there have been material changes to the scenarios used or the Fund's funding strategy.

Section 4: Risk Management

Climate change is a key risk and opportunity and therefore receives particular attention as part of the Trustee's ongoing risk management processes. The Trustee thinks about how it integrates climate into this in three ways:

Governance

The Trustees consider their sustainable investment beliefs and policies when making investment decisions. In their selection and monitoring of asset managers, the Trustees give consideration to their sustainable investment polices and practices. Investment managers are provided with a copy of the Fund's SIP and their voting and engagement activities are documented in the Fund's annual Implementation Statement.

Following the review of the DB investment strategy during the Fund year, the Fund's exposure to equities has significantly reduced. This has reduced the exposure and influence of the Fund to climate related issues, although a large allocation to corporate bonds remains. In the DC section, the Trustees have replaced the market capitalisation weighted equity fund within the default strategy, and the alternative lifestyle strategies, with an ESG screened fund with the aim of providing some protection against the financial impacts of exposure to climate change.

The scenario analysis shown earlier in this report demonstrates how the Trustees are considering the impact of climate change holistically across funding, investment and covenant. The Trustees also engage with the sponsor to better understand the potential impact on the sponsor and its ability to continue to support the Fund.

Top-down

The climate change scenario analysis shown in the previous section, provides the Trustee with a holistic overview of the potential impacts of climate change and how they may affect the DB section's funding strategy (across assets, liabilities, and covenant) and the DC section's projected pot sizes at retirement. This is an important risk management tool for a top-down risk and opportunity assessment.

Bottom up

The Trustee also conducts an annual review of their investment consultants (by assessing performance relative to their strategic objectives) and underlying investment managers (through data collected for input into the implementation statement, for the assessment of the Fund's exposure to climate-related risks using the agreed metrics below and through reporting provided by the managers). The Trustees have been reassured by the information they have collected and the resulting assessments they have made to date.

The Trustees believe that engagement is the most effective tool in the management of risks for individual companies. The day-to-day role of engaging with companies is delegated to the Fund's investment managers. As noted above the Trustees receive reports from these managers and assesses them for consistency with Trustees' own views and objectives.

Section 5: Metrics and Targets

Introduction and overview

A key facet of the Trustees' ongoing monitoring and management of climate change is having good data on the Fund's exposure in this area. Although there are limitations with some of the metrics presented and the completeness of data, the Trustees still have a strong belief that these can helpfully inform the ongoing monitoring and management of the Fund. The Trustees consider metrics across the Sustainable Investment spectrum, but the focus within this statement is those in climate change. The metrics disclosed have been selected from the following categories:

- An absolute emissions metric
- An emissions intensity metric
- An alignment metric
- One additional climate change metric

It is also important to be clear which emissions are captured within the above metrics and therefore the Trustees have referred to the categories of emissions as follows:

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

Due to the nature of the emissions, scope 3 emissions are significantly more difficult to calculate than scope 1 or scope 2 emissions for any given entity. It is also the case that, for some assets, even scope 1 and scope 2 emissions are difficult to calculate. The Trustees have included Scope 1 and 2 emissions within the metrics displayed in this report but will review the case for including Scope 3 emissions in future reports.

The Trustees have not collected data or calculated metrics for that portion of the Fund relating Additional Voluntary Contributions (AVC). These assets comprise approximately 0.4% of the combined DB and DC portfolio as at 5 April 2023 and, accordingly, the Trustees consider this a reasonable and proportionate approach, given the minimal impact that these would have to the overall data and metrics collected and calculated for the remainder of the Fund's assets.

Overview of analysis

The following table details the rationale for choosing these metrics

Metric	Definition	Rationale
Total Carbon Emissions ("tC02e")	An 'absolute emissions' metrics which gives a measure of carbon emissions attributable to the Fund. This is calculated in line with the	Determined by the regulator

	Greenhouse Gas (GHG) protocol methodology and currently includes only Scope 1 and 2 emissions. The underlying emissions data has been sourced from MSCI and, in line with the protocol, includes all the major GHG gases with a conversion into carbon emissions equivalent quantities. We have used each entity's enterprise value, including cash (EVIC) to attribute carbon emissions.	
Carbon Footprint (tCO2e / $ invested)	An 'emissions intensity' metric which gives a measure of how many equivalent tonnes of carbon emissions each million invested causes. This uses a comparable methodology as the total carbon emissions referenced above for underlying data and emissions attribution for companies.	It provides a direct measure of absolute emissions, which ultimately impact global outcomes and provides a simple comparable measure across portfolios of different sizes
Percentage of assets with approved Science based targets ("SBTi")	A 'portfolio alignment' metric which is a forward-looking measure of the percentage of assets with targets validated by the Science-Based Targets Initiative.	It provides a consistent verification of a company's alignment to the Paris agreement, and an ability for the Trustees to assess the proportion of the portfolio invested in assets consistent with the Paris goals.
Climate Focussed Engagement	Percentage and number of climate-focussed engagements undertaken by managers on behalf of the Fund	This is consistent with the Trustees' view (as set out in their Sustainable Investment Beliefs) that engagement is their preference over exclusion.

DB Section

The Trustees have selected 31 March 2022 as the baseline for setting their target.

	31 March 2022
Total Carbon Emissions ("tCO2e")	37,723 tonnes
Carbon Footprint (tCO2e / $m invested)	96.8 tonnes
% of assets with approved Science based targets (SBTi)	30.6%
Climate Focussed Engagements	915 (29%)

Notes:

1. All data provided by investment managers unless otherwise stated.
2. LDI assets and the buy-in have been excluded from the table above.
3. Data for the property and infrastructure funds is as at 31 December 2021. Data for the equity funds is as at 31 December 2022. Asset allocation is as at 5 April 2022.
4. Data includes scope 1 and 2 emissions.

Metrics for the LDI assets have been provided separately below.

	31 March 2022
Total Carbon Emissions ("tCO2e")	56,863 tonnes
Carbon Footprint (tCO2e / $m invested)	72 tonnes

Notes:

1. Data provided by investment manager using the position as at 31 March 2022 and 2019 government bond emissions data.
2. Data includes scope 1 and 2 emissions.
3. Metrics are based on the portfolio including leverage.

DC Section

	31 March 2022
Total Carbon Emissions ("tCO2e")	42,483.82 tonnes
Carbon Footprint (tCO2e / $m invested)	101.8 tonnes
% of assets with approved Science based targets (SBTi)	31.8%
Climate Focussed Engagements	6,106 (45%)

Notes:

1. All data provided by investment managers unless otherwise stated.
2. Gilt and cash funds have been excluded (approximately 3.5% of DC Section assets as at 31 March 2022).
3. Data includes scope 1 and 2 emissions.

Data quality

In calculating absolute emissions and carbon footprint, the Trustees were able to obtain data on c90% of the DB portfolio, excluding liability driven investments (LDI) and the buy-in, and 97% of the DC assets. All the underlying carbon emissions data has been sourced from the managers directly. CO2e represents a single unit of measurement for total greenhouse gas emissions (often referred to as CO2 and equivalents) and includes the seven gases mandated under the Kyoto protocol.

Targets

As referenced, the Trustees have also identified carbon footprint as the metric on which to set a target. This target is to reduce the Fund's DB Section's carbon footprint (scope 1 and 2 emissions) by 50% by 2030 and to achieve net-zero by 2050. This will be measured from a baseline of 31 March 2022, and the Trustees intend to report progress against this objective in next year's report. The Trustees intend that this goal will be achieved through engagement (with the Fund's underlying managers and companies invested in), strategic changes (investing in assets with lower climate risk) and also as a result of the 'free-rider' effect. This recognises that although the Trustees have and will take positive actions, the Trustees won't be able to achieve this goal alone and will require the continued collaboration of the global community to combat climate change.

The Trustee are considering extending the carbon footprint metrics noted above to the DC section. An update on this will be provided in next year's report.

Going forward

The Trustees are continuing to monitor the evolving climate measurement landscape with the expectation that the robustness of the metrics will improve over time. We look forward to sharing updates on our progress in monitoring and managing climate risks and opportunities over time.