

July 2025

Task Force on Climate-Related
Financial Disclosures (TCFD)

Report for the SEI Master Trust

SEI Trustees Limited

SEI MASTERTRUST



MAF ACCREDITED

Mastertrust Assurance

Developed by ICAEW (Institute of Chartered
Accountants in England and Wales)

Signatory of:



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EXECUTIVE SUMMARY

The SEI Master Trust (“**the Trust**”) is pleased to present its fourth Taskforce for Climate-Related Financial Disclosures (“**TCFD**”) report. Regulations require pension schemes to report in line with TCFD recommendations, to improve both the quality of governance and the level of actions by trustees in identifying, assessing and management climate risk. The Trust adheres to these guidelines.

Scope

This Report, covering the period 1 January 2024 to 31 December 2024 (**the “Scheme Year”**), is a collaboration between SEI Trustees Limited (“**the Trustee**”), our Investment Managers and our Investment Advisers. In assessing the impact of the Trust’s investments on climate change, we focus on what the legislation refers to as ‘Popular Arrangements’, which are essentially the Trust’s default investment options, as they are used by most members.

As a result of the adherence of the members of the National Pension Trust (“**NPT**”) to the SEI Master Trust completed in November 2024, this Report includes climate and engagement metrics for the former NPT’s popular arrangements as well as those previously reported for the SEI Master Trust. These funds include the NPT Growth Fund, NPT Consolidate Fund, NPT Retirement Fund and NPT Balanced Growth Fund. It should be noted, however, that the Trustee approved a change in investment strategy for this cohort in March 2025. NPT assets are due to be transitioned to the core SEI Master Trust fund offering (SEI Factor Allocation Global Equity, SEI Core and SEI Moderate) in late 2025, and therefore this is the first and last time this Report will cover these Funds.

The Trustee sees this Report as a key deliverable to account for how it has identified the current impacts of the Trust’s investments on climate change and in turn the impact climate change might have on the Trust’s investments. From the identified impacts, the Trustee can take appropriate actions to work to manage risk and reduce the Trust’s carbon footprint, whether that’s through its Investment Managers and their engagement with the underlying companies in which they invest and/or by adopting investment strategies that reduce climate-related risks and maximise climate-related opportunities.

Within this Report we have outlined the steps we have taken across the Trust in considering and incorporating climate-related risks and opportunities (“**CRROs**”) within the governance framework and the methods by which we will measure our impact and what we seek to achieve. To do this, we have set ourselves some goals and methods of measuring our impact. These are referred to within the Report as ‘metrics’ and ‘targets’.

Review of Trustee’s metrics and targets

The Trustee and its advisers reviewed its metrics and targets during the year and in particular debated whether the Trust should have a target for net zero carbon emissions by 2050. The

conclusion was that while the Trustee continues to recognise the impact that real-world decarbonisation may have on its members' welfare and on the long term returns of its investment portfolio, the commitment of policymakers to net zero by 2050 is not clear therefore a credible transition plan that imposes decarbonisation criteria on the portfolios run by its Investment Managers may impose non-financial constraints that could impact future returns and, consequently, member outcomes.

As a result, the Trustee reaffirmed its commitment to an engagement over exclusion policy, placing a high priority on its investment stewardship programme, supported through its relationship with Sustainalytics and Glass Lewis. This provides the Trustee with an effective means of encouraging its companies to align to net zero, thereby supporting real-world decarbonisation.

The Trustee targets a minimum number of engagements. They also recognise that engagements need to be meaningful and believe that this is best judged by seeing progress. They therefore incorporate a 'milestones met' objective within this target. We are pleased to report that good progress continues to be made with respect to engagement. Shareholder engagement and voting metrics along with case studies are detailed in the final section of this Report.

The Trustee continues to report on its other TCFD metrics including absolute emissions, emissions intensity and it measures the potential impact on the portfolio from carbon risk.

We are pleased to report that for the majority of funds, on an asset weighted basis, carbon emissions as a percentage of benchmark emissions show an improvement from last year.

It is important for the Trustee to consider an intensity metric rather than solely absolute emissions. Weighted Average Carbon Intensity ("**WACI**") provides insight into a company's carbon efficiency per dollar of revenue earned. Since WACI is an efficiency measure, it enables relative comparisons both between portfolios and among the companies held within those portfolios. The WACI of the SEI Core Fund, SEI Moderate Fund and NPT Balanced Growth Fund have materially reduced from last year. Marginal increases are seen in the WACI for the NPT Growth Fund, NPT Consolidate Fund and NPT Retirement Fund, whilst figures for SEI Factor Allocation Global Equity Fund, SEI Defensive Fund and SEI Core Fixed Interest Fund have also increased though this can be largely attributed to increases in benchmark WACI.

Due to an improvement in data quality, the Trustee is pleased to confirm the availability of sovereign bond metrics for the SEI Core, SEI Moderate, SEI Defensive and SEI UK Core Fixed Interest Fund in this year's Report. Given this is the first Report where sovereign data is available for these funds, the Trustee has also reported the relevant benchmark metrics to make a meaningful comparison. By contrast, sovereign metrics were reported in last year's NPT TCFD Report, and as a result, the Trustee has reported a year-on-year comparison for the NPT Balanced Growth Fund which displays a material reduction in carbon intensity.

Whilst there has been global support for the reduction of carbon emissions for many years, the required pace of change has often not met expectations. We have therefore sought to

identify the potential impact of three distinct climate change scenarios on the funds used within the Popular Arrangements of the Trust. The three scenarios encompass:

- An Orderly Transition, in which early, coordinated action limits temperature increases to around 1.5°C by 2100;
- A Disorderly Transition, whereby late, uncoordinated action requires abrupt changes to limit temperature increases to around 2°C by 2100;
- A Hot House Scenario, in which there is global warming of 3°C or more by the end of the century.

Under each of these scenarios we model a 'Value at Risk' ("CVaR"). This measure is designed to indicate likely worst case financial losses if these scenarios are borne out in practice. The extent of the loss varies by scenario and by fund, but it ranges from a loss of about 2.5% of the value of the assets up to almost 12%. The Trustee also recognises that there are limitations in modelling and this might materially understate the worse-case scenario. This highlights how important it is for us to manage these risks on behalf of our members and ensure the investments within our funds are climate resilient.

The analysis in this report is only as good as the data we are able to collect. We are pleased that data used for the CVaR analysis has improved from last year for the SEI Factor Allocation Global Equity Fund, the NPT Consolidate Fund and the NPT Retirement Fund. For the remaining funds that comprise the popular arrangements, data coverage has marginally decreased in comparison to last year. We hope to see improvements in the data for all of our funds in future years.

The Trustee and its advisers continue to expect that the content of subsequent TCFD reports will evolve in line with the availability of climate-related data and a growing momentum from companies as they transition their businesses to sustainable models.

INTRODUCTION

Background

This Report discloses the processes that the Trustee, in its capacity as trustee of the Trust, has put in place and actions the Trustee has taken during the Scheme Year to understand and address the risks and opportunities that climate change poses to the Trust, in line with the TCFD recommendations.

Trustees must produce and publish a report, containing the information required by Part 2 of the Schedule to the Climate Change Governance and Reporting Regulations¹, within 7 months of the end of any scheme year in which they were subject to the climate change governance requirements.

The Trustee has been subject to the TCFD recommendations from 1 October 2021 onwards. The Trustee regularly reviews its governance framework to ensure that CRROs are integrated and form part of the decision-making processes in relation to the Trust.

The TCFD recommendations are articulated around four pillars: governance, strategy, risk management, and metrics and targets. In this document the Trustee will report on each of these pillars:

- **Governance:** Disclose the organisation's governance around CRROs.
- **Strategy:** Disclose the actual and potential impacts of CRROs on the organisation's businesses, strategy, and financial planning where such information is material.
- **Risk management:** Disclose how the organisation identifies, assesses, and manages climate-related risks.
- **Metrics and targets:** Disclose the metrics and targets used to assess and manage relevant CRROs where such information is material.

¹ The Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 [SI 2021/839]

SECTION ONE: GOVERNANCE

Oversight of Climate Related Risks and Opportunities (CRROs)

The responsibility for investment strategy, decision-making and governance within the Trust rests with the Trustee. As such, the Trustee has ultimate responsibility for ensuring effective governance of CRROs and must establish and maintain oversight of CRROs. The Trustee's Investment Sub-Committee reports at least quarterly on CRROs to the main Trustee Board.

The Trustee has worked with its service providers and advisers (in particular SEI Investment (Europe) Ltd ("**SEI**") as its primary Investment Adviser and Investment Manager, and Pinsent Masons as its legal adviser) to develop and implement its TCFD framework (the "**TCFD Framework**") for the Trust. The TCFD Framework is an internal document forming part of the Trustee's ongoing governance processes and procedures in relation to the Trust, concerning the four core elements of recommended climate-related financial disclosures.

The TCFD Framework sets out: the roles and responsibilities of key stakeholders in relation to assessing and managing CRRO; the impact of CRROs on investments over time; the Trustee's approach to risk management; the Trustee's proposed approach to scenario analysis; and the metrics and targets that will be disclosed. The process of developing the TCFD Framework is a collaborative one between the Trustee and its advisers, with both parties reviewing and, where appropriate, challenging each other's input to ensure that the TCFD Framework is sufficiently considered and robust.

In line with the TCFD Framework, during the Scheme Year the Trustee:

- Received quarterly reports from the Investment Managers of its Popular Arrangements (A Popular Arrangement is one in which £100m or more of the Trust's assets are invested, or which accounts for 10% or more of the assets used to provide money purchase benefits) and engagement services, with commentary on the implementation of the Trustee's strategy policies in this area. This included details of any climate-related engagements over the period. These reports were available to all Trustee Directors but considered in detail and presented at Investment Sub-Committee meetings, where the Committee challenged its Investment Managers on the information provided to encourage continuous improvement;
- Reviewed the Statement of Investment Principles ("**SIP**") and investment strategy in conjunction with SEI in its Investment Adviser capacity (reviews are annual);
- Reviewed its CRRO risk register at the December 2024 Investment Sub-Committee meeting, and updated other relevant Trust documents (such as the annual schedule of activities and business plan) where appropriate; and
- Reviewed the TCFD Framework document at the December 2024 Investment Sub-Committee meeting with its Investment Adviser.

The Trustee recognises CRROs as a key factor to be considered alongside broader investment management, in addition to other ESG topics including corporate governance, human rights, labour and environmental standards. The Trustee believes that CRRO, along with other ESG factors, can have an impact on financial performance. Accordingly, the

Trustee is satisfied that it is appropriate for it to spend time and resources on its governance of CRROs in relation to the Trust.

The Trustee also has a climate policy set out in its SIP. As a result, the Trustee:

- Prefers 'Engagement' rather than 'Exclusion' with regards to incorporating climate related risks into an effective fiduciary framework for both self-select funds and the default strategy;
- Expects investment managers to independently consider whether exclusion or engagement is more appropriate within their investment processes and mandates;
- Is supportive of the recommendations of the Taskforce on Climate-Related Financial Disclosures;
- Supports and encourages the further development of effective and consistent climate related risk metrics to enhance the ability of all stakeholders to assess and minimise such risks;
- Does, and will continue to, partner with its investment managers to obtain clear and easily communicable climate related data on an annual basis in respect of the funds current holdings and their impact on climate change; and
- Recognises that CRROs will be subject to much further analysis and subsequent policy changes in the coming years. The Trustee is supportive of adopting an evolving policy in order to ensure all relevant developments and opportunities are captured.

SECTION TWO: ROLES & RESPONSIBILITIES

Key stakeholders in assessing and managing CRROs

The Trustee has established and maintained processes to satisfy itself that its service providers and advisers (excluding legal advisers) take adequate steps to identify and assess CRROs that are relevant to the Trust for the matters on which they are advising.

Other than the Trustee, the following persons have either undertaken Trust governance activities or advised and/or assisted the Trustee in connection with those activities. In respect of each person/entity, the Trustee has set out below:

- How it has satisfied itself that adequate steps are being taken to identify, assess and manage CRROs in relation to the Trust; and
- The information provided to the Trustee about CRROs faced by the Trust.

Investment Advisers

SEI is the primary Investment Adviser. The Trustee has additionally appointed Hymans Robertson and XPS Investment Consultancy for independent and/or second opinion advice as and when it believes it is appropriate to do so.

The responsibility for training the Trustee on investment issues, helping develop the Trustee's investment strategy, and advising the Trustee on key aspects of CRRO governance (e.g. metrics and targets, scenario analysis, etc.) rests with the primary Investment Adviser, SEI. This type of training is provided by the Investment Adviser on at least an annual basis. These responsibilities form part of the investment consultancy objectives set by the Trustee with their Investment Advisers. The Trustee reviews on an annual basis whether it believes that the investment consultancy objectives have been met. For the Scheme Year, the Trustee considered the services received at its September 2024 Investment Sub-Committee meeting and was satisfied that the investment consultancy objectives had been met.

SEI liaises with the Investment Managers of the funds used within the Popular Arrangement glidepath strategies to seek to ensure that CRROs are considered. A Popular Arrangement is one in which £100m or more of the Trust's assets are invested, or which accounts for 10% or more of the assets used to provide money purchase benefits (excluding assets which are solely attributable to additional voluntary contributions). They advise the Trustee on at least an annual basis on setting climate-related metrics that are achievable and reportable for the default funds used. The Trustee reviews the SIP for the Trust annually, with advice from this Investment Adviser, which incorporates the Trustee's CRRO policies set out in the Investment Advisory Agreement between the Trustee and its Investment Adviser. These policies set out the Trustee's requirements in respect of CRROs and place obligations on the Investment Adviser to deliver its advice in accordance with those requirements.

The competency framework of the Investment Consultants Sustainability Working Group (the "ICSWG") is followed to ensure appropriate competency of the Trust's investment advisers. The Trustee delegates the review of the Investment Adviser's competence to the Investment Sub-Committee who considered the performance of SEI at its November 2024

meeting and concluded that it remains comfortable with the climate competency of SEI as its Investment Adviser, noting that SEI is a member of the ICSWG. The Investment Sub-Committee carried out a review of the competencies and services provided by Hymans and XPS in its September 2024 meeting and no concerns were raised.

Investment Managers

The Investment Managers appointed and utilised by the Trustee in the Popular Arrangements over the period include SEI, State Street Global Advisors and Legal & General. In accordance with the delegation from the Trustee, the responsibility for implementing the Trustee's strategy, stock selection, voting and engagement rests with the Investment Managers and specialist ESG providers hired, managed and monitored by the Investment Managers. As part of the investment reporting to the Trustee, the Investment Managers report carbon emissions and carbon intensity metrics on at least an annual basis. Where the Investment Managers use a proxy voting service to vote in accordance with the Investment Manager's voting guidelines at annual shareholder meetings, the proxy voting service reports climate-related votes cast. Further, the engagement partner reports any climate-related engagements with company management. The Trustee relies on SEI Investment Management Corporation ("**SIMC**")'s comprehensive Investment Manager Research Function to assess Investment Managers and consider the selection of managers whose approaches to ESG issues are in accordance with the Trustee's policies. The full due diligence process for selection of Investment Managers is described in 'Section 4 – Risk Management'.

Scheme Strategists

The responsibility for design and for developing the proposition and setting the overall direction of the Trust, including CRROs and wider ESG considerations, rests with the Scheme Strategists. Amongst the Scheme Strategists' objectives for the Trust are that the Trust should be innovative and provide 'best of breed' services to members. Meeting this objective requires an ongoing review of the Trust and the availability of enhancements to the investment proposition.

CRROs and wider ESG considerations form part of the Scheme Strategists' decision-making regarding the Trust and its future development, and Scheme Strategists meet regularly with members of the SEI's Investment Management Unit, including the Investment Strategy Group and SEI's Director of Sustainable Investing Solutions, to develop and incorporate best-of-breed thinking in relation to CRROs into the Trust's investment proposition. The Scheme Strategists provide updates to proposed, in development and completed enhancements to the Trustee on at least an annual basis.

Changes to the investment proposition may arise following the annual review of the fund range and/or as a result of investment innovations brought to the Trustee by its advisers. Changes to the investment proposition are implemented and project managed by SEI on behalf of the Trustee.

Skills, knowledge and training

A selection process is in place for individual Trustee Directors that ensures that the board as a whole has the necessary skills to govern the Trust.

The Trustee Directors have continued to develop their climate-related knowledge over the year through a variety of training activities. This has been supported through quarterly Stewardship reporting provided by SEI, self-study via e-learning modules on the TCFD Knowledge Hub (tcfdhub.org), and other continuing professional development (CPD) activities. SEI, in its capacity as Investment Adviser, regularly monitors updates and changes to TCFD reporting requirements on behalf of the Trustee and provides training sessions where appropriate. For example, SEI is currently undertaking a review of the climate scenarios used in this Report, with an update due to be presented to the Trustee in late 2025.

The Trustee undertakes an annual skills audit and gap analysis to identify any particular areas where further training is required, including specific training on the most suitable and readily available metrics.

All Trustee Directors keep a training log recording all training received over the Scheme Year. As well as training provided by SEI and the Trustee's other advisers, the Trustee Directors are encouraged to attend external training sessions provided by third parties, such as industry bodies. Trustee Knowledge and Understanding ("**TKU**") in relation to CRROs and wider ESG matters forms part of the Trustee's annual self-assessment and the external assessment carried out triennially by an independent third party. This independent assessment has been completed by the Trustee's legal advisers at Pinsent Masons.

Any identified gaps will be incorporated into the Trustee's training plan with CRROs contained within the Trustee and Scheme Strategists Fit and Proper Skills matrix. All new Trustee Directors will be required to demonstrate that they have relevant experience and/or will be required to demonstrate that they have completed the requisite courses from the TCFD Knowledge Hub Online Learning session within 6 months of appointment.

Based on the above assessments no specific gaps were identified requiring specific training. The Trustee however notes that both legislation and regulation continue to develop as well as the investment philosophies of investment managers in relation to CRRO and ESG matters, and therefore continuous development is key.

SECTION THREE: STRATEGY & SCENARIO ANALYSIS

Establishing investment time horizons

The Trustee defines the short-term, medium-term and long-term as shown in the table below. Each investment time horizon relates to the time over which future distributions are expected to be withdrawn (either at retirement or post-retirement). Short-term holdings relate to investments that support distributions that are expected to be paid over the next 7 years, medium-term holdings support distributions over the subsequent 8 years and long-term holdings relate to investments that support distributions that are expected to be paid out beyond that.

The table below sets out the primary investment goal (described as 'lifestyle phase') and the investment objective pertaining to investments with different time horizons.

Horizon	Time Frame	Lifestyle phase	Investment objective
Short-term	0-7 years	Stability	Targeting an efficient level of return with a low risk of short-term loss
Medium-term	7-15 years	Stability and growth while de-risking	Targeting an efficient level of return with an intermediate level of short-term risk
Long-term	15+ years	Growth	Targeting a high level of return with a high level of short-term risk but a lower level of long-term risk

The Trustee believes that over short-, medium- and long-term time horizons the carbon emissions and intensities of investment markets (including the funds used in the Popular Arrangements) will reduce. The basis for this belief is that as countries set and implement plans to meet their commitments under the Paris Agreement, governments and companies will, in turn, reduce their greenhouse gas emissions.

SEI has identified several specific CRROs for the above investment horizons as part of its risk management system. The Trustee recognises that climate-related risks can be financially material and can impact the value of the investments the Trust holds over the short, medium and long term. Therefore, it is important that these risks and opportunities are understood and managed. As a diversified asset owner, the range of CRROs are varied and constantly evolving. Climate-related risks associated with the funds used in the Popular Arrangements are managed through shareholder engagement and proxy voting, which helps ensure companies are acting to reduce climate risks over time.

There are two main types of climate-related risks: physical risks (i.e. those relating to the physical impacts of climate change), and transition risks (i.e. risks relating to the transition to a lower-carbon economy). Physical and transition risks exhibit an inverse relationship. Rapid global efforts to reduce emissions will reduce physical risks whilst exacerbating transition

risks. Inversely, a more gradual reduction in global emissions may reduce transition risks but result in increased physical risks.

Short, medium and long-term climate-related risks

The following risks may present material financial risk to the underlying companies of the various funds used within the Popular Arrangements. The Trustee believes that for short and medium-term time horizons the investments are most exposed to transition and acute physical risks. However, over medium and long-term time horizons chronic physical risks are more significant.

Fund time horizon	Physical risk	Transition risk	Impact on Investments
<p>Short term</p>	<p>Acute risks that are event-driven, including those that result from severe weather events such as hurricanes, cyclones and floods.</p> <p>Stock price movements resulting from physical damage to real assets caused by extreme weather events.</p> <p>Severe weather events that impact companies' supply chains and increase insurance costs.</p> <p>Reduced revenue from decreased production capacity (e.g. transport difficulties and supply chain interruptions resulting from weather events).</p> <p>Increased potential liability claims where companies are deemed to have failed to adequately prepare for climate-related events, particularly in poorly adapted or high emitting sectors.</p>	<p>Policy and legal risks as regulations are brought in to address companies' behaviour towards climate change. This may result in stock price falls. For example, from the effects of write-offs, asset impairment, and early retirement of existing assets due to policy changes.</p> <p>Market and reputational risks may represent the most immediate climate-related losses that a company might face and may crystallise with little advanced warning. For example:</p> <ul style="list-style-type: none"> – reduced demand for a company's products or services due to increased demand for more environmentally sensitive offerings – prolonged reputational damage resulting in significant loss of customers – perceived exposure or poor climate response may reduce supply of capital or availability of insurance cover – inability to meet business customers' qualifying thresholds for environmental matters – societal pressure for increased regulation or taxation of key business activities – competitors who may move to decarbonise more rapidly 	<p>Potential increase in volatility and losses in company earnings and valuations as a consequence of climate shocks.</p>

<p>Medium term</p>	<p>Acute risks but also chronic risks as longer-term climate patterns begin to change.</p> <p>Write-offs and early retirement of existing assets (e.g. damage to property and assets in high-risk locations such as coastal infrastructure assets from rising sea levels).</p> <p>Gradual degradation of property and infrastructure in climate-exposed areas/regions may affect valuations over time.</p>	<p>Technology and policy risks leading to rapid product obsolescence or changes in consumer behaviour, for example:</p> <ul style="list-style-type: none"> – increased consumer uptake of electric vehicles – increased demand for energy efficiency, renewable energy, battery power storage and carbon capture practices to be utilised by organisations 	<p>Potential to see a shifts in asset prices across sectors</p> <p>Regular re-assessment of sectoral and regional exposure will be vital to manage risk and identify transition opportunities.</p>
<p>Long term</p>	<p>Chronic risks resulting from longer-term shifts in climate patterns such as sustained temperature increases that may cause higher sea levels and more regular heat waves.</p> <p>Reduced revenue and profits from decreased production capacity and increased costs resulting from, for example:</p> <ul style="list-style-type: none"> – damaged roads, buildings and transit infrastructure – reduced productivity and hours worked by staff – increased health care costs – changes in tourism destinations – reduced agriculture harvests, yields and volumes as well as unstable year-to-year production – reduced construction output – water and food scarcity increasing company input costs 	<p>Stranded asset risk resulting in the re-pricing of companies' assets (e.g. fossil fuel reserves, land valuations and securities valuations).</p> <p>Long duration assets that are physically vulnerable are at risk of being mispriced but are not yet priced into the market.</p>	<p>Impaired assets and materially impacted GDP growth feeding through to a lower return environment</p>

	<ul style="list-style-type: none"> – droughts reducing hydropower electricity production – overloaded power grids with the demand for cooling systems – regular power blackouts and falls in company production – potential for wider macroeconomic consequences, driven by pressure on water and food systems, forced migration, conflict and regional economic decline, leading to systemic risks. 		
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The impact of CRROs on Trustee strategy

The Trustee assesses the impact of the CRROs it has identified on its investment strategy on an ongoing basis.

To date, the Trustee has assessed that the impact of CRROs on the Trust’s investment strategy has not been material. This is in line with expectations at the start of the reporting period, with the overwhelming majority of the CRROs identified expected to play out over much longer timeframes. This is especially true of the physical risks associated with climate change (projected out to 2100 in the climate scenarios described further below), whilst transition risks are weighted more heavily to the next 15 years. Therefore, whilst there have not yet been material CRROs to respond to in deciding the Trust’s investment strategy, the Trustee anticipates that the impact of CRROs will increase as the Trust moves through these time horizons.

Additionally, the Trustee is aware that weaknesses have been identified in current scenario models, which likely do not adequately allow for potential tipping points, failing to highlight the potential for a material repricing of assets as markets reflect an increasing likelihood of more tipping points materialising, and the full impact of weather extremes (as opposed to average temperature increases).

Given its belief that Climate Related Risks and Opportunities (CRROs) are expected to be material to the financial performance of the Trust’s investments over the short, medium and long term, the Trustee is continuing to develop the integration of the identification and assessment of CRROs into the selection of its investment strategy. On behalf of the Trustee, SEI is carrying out more work to consider whether and how the Trust can access the green technology investment opportunity identified in the CRRO register. We anticipate that green technology investment opportunities will be private market opportunities and will be implemented in conjunction with its private market commitment having signed the 2025 Mansion House Accord.

The Trustee has also worked with SEI to explore the physical and transition risks associated with the funds currently employed by the Popular Arrangements under three climate scenarios. The funds utilised by the Popular Arrangements are as follows:

Fund	ISIN	Trust holdings as at 31/12/2024 (£M)
SEI Factor Allocation Global Equity Fund	IE00BDD7WJ18	1582.2
SEI Core Fund	IE00B62XK082	273.8
SEI Moderate Fund	IE00B61N2T25	125.7
SEI Defensive Fund	IE00B6145K75	3.1
SEI MT Sterling Liquidity Fund ¹	GB00BWDBJF10	44.8
SEI UK Core Fixed Interest Fund	IE0034297543	0.9
NPT Growth Fund	N/A ²	753.4
NPT Consolidate Fund	N/A ²	509.1
NPT Retirement Fund	N/A ²	340.7
NPT Balanced Growth Fund	N/A ²	108.9

Source: SEI and LGIM, as at 31 December 2024.

¹The SEI MT Sterling Liquidity Fund is omitted from the metrics and analysis presented in this report on the grounds that: a) it is a money markets fund, and therefore climate-related data coverage is very low; and b) the total investment in this fund by the Trust is not material in context of the Trust’s aggregate portfolio.

²NPT Growth Fund, NPT Consolidate Fund, NPT Retirement Fund and NPT Balanced Growth Fund are bespoke mandates managed only for the SEI Master Trust and comprise of a blend of State Street Global Advisors and Legal & General index funds. They therefore do not have ISINs.

The three scenarios

At the Trustee’s request, SEI has undertaken climate-related scenario analysis on the funds used within the Popular Arrangements. SEI uses third party data from MSCI and globally recognised economic and scientific models to assess the financial impact of three distinct climate change scenarios (which are based on those published by the Network on Greening the Financial System (NGFS)).

When considering these scenarios for inclusion in the report, the Trustee has considered not only the projected global average temperature rise associated with each scenario, but also the nature of the transition under that scenario. While the three scenarios set out below reflect plausible pathways, the Trustee notes that limiting global warming to 1.5°C by 2100 seems increasingly unlikely given current global policies, which may be more aligned to a hot house world.

Scenario	Description
<p>Orderly Transition</p> <p>Early, coordinated action limits temperature increases to around 1.5°C by 2100</p> <p><i>Paris Agreement targets are broadly achieved</i></p>	<p>The Orderly Transition Scenario models the early implementation of policies and technologies required to limit global warming to 1.5°C by 2100. It implies that a coordinated, global effort to reduce greenhouse gas emissions is undertaken immediately and smoothly, allowing economic actors to plan for, respond to and make the necessary investments to adapt to a changing policy and technology landscape.</p>
<p>Disorderly Transition</p> <p>Late action, requiring abrupt changes to limit temperature increases to around 2°C by 2100</p> <p><i>Paris Agreement targets are partly achieved</i></p>	<p>The Disorderly Transition Scenario models a late implementation of policies and technologies required to limit climate change, and therefore assumes that global warming reaches 2°C by 2100. It implies that policy actors are uncoordinated, and action begins later, resulting in more drastic policies and shorter time horizons to reduce emissions. It also means that the revenue-generating opportunities of low-carbon technologies are not fully realised until later years.</p>
<p>Hot House Scenario</p> <p>Global warming of 3°C or more by 2100</p> <p><i>Targets are not met, resulting in a significant impact on the global climate</i></p>	<p>The Hot House Scenario models a failed transition, in which the world does not take enhanced action to address climate change and continues towards a path aligned with existing Nationally Determined Contributions (NDCs) set under the Paris Agreement. Nationally Determined Contributions imply some additional policy implementation over current policies, as many countries are not yet on track to meet their NDCs. As a result, the world experiences very little transition risk but the physical risks of climate change are exacerbated and more uncertain. Global warming of 3°C or more is experienced by 2100.</p>

Climate value at risk (CVaR)

For each fund used within the Popular Arrangements, SEI has retained MSCI to estimate the climate value at risk (CVaR) under each of the scenarios set out above. MSCI are a global provider of research and data for the investment community. The forward-looking CVaR metric represents the aggregate, estimated financial impact of a given climate change scenario, expressed as a shock to the discounted present value of the fund under consideration. In turn, this can be understood as the potential shock to the enterprise market value of the underlying securities in the fund, which results from the scenario assumptions. In most cases this figure represents downside risk (<0%), but may, in some circumstances, reflect upside opportunity (>0%).

To provide greater context, the CVaR for a given portfolio is an aggregation of the policy risks, technology opportunities, and physical risks of each security in the portfolio. The policy and technology costs and revenues associated with each security reflect a forecast out to 2080, discounted back to their present value. The physical risk costs are forecast out to 2100, and

again discounted back to their present value. As such, future costs and revenues are less impactful than near term costs and revenues. The CVaR metrics disclosed below have been decomposed into their 'transition risk' and 'physical risk' components, and then aggregated.

The Trustee believes that analysing CVaR can help identify exposures and contributions by sector and security level. In turn this will help it focus its time and resources on the most material issues. It will allow the Trustee to review (with its advisers) whether adjustments to investment holdings should be made to limit exposures to climate-related risks and maximise exposures to opportunities.

It should be noted that CVaR is a tool intended to illustrate a range of possible outcomes, not to forecast actual future portfolio value and will not capture the worst possible downside.

Scenario assumptions and limitations

The scenarios used are based on those established by the NGFS. The NGFS climate scenarios bring together a global, harmonised set of transition pathways, physical climate change impacts and economic indicators. The Trustee recognises their limitations, but the strength of the NGFS suite of models is in their global coverage and integrated assessment of risks. SEI will be reviewing these scenarios over the course of 2025 to aim to ensure that they capture climate change risks effectively as possible.

This year CVaR metrics are calculated using the most up-to-date model MSCI offers. While significant research advances have been made recently, we recognise that care still needs to be taken in using CVaR results, particularly at the most granular levels. CVaR metrics can provide valuable insights, but there are limitations to consider when using CVaR metrics, including:

- **Uncertain Climate Models:** CVaR metrics rely on climate models to estimate future climate scenarios. However, climate models have inherent uncertainties and limitations. They may not capture the full complexity of the climate system or accurately predict regional or local climate changes, making it challenging to accurately assess the associated financial risks;
- **Limited Historical Data:** CVaR metrics require historical data to estimate the relationship between climate variables and financial losses. However, the availability of long-term, high-quality climate data is often limited, particularly for localized regions or specific sectors. This lack of comprehensive historical data introduces uncertainties into the calculations and reduces the accuracy of the risk assessment;
- **Complex Interactions and Feedbacks:** Climate risks are interconnected and often involve complex feedback mechanisms. For example, climate change impacts affect various sectors simultaneously, such as agriculture, energy, infrastructure, and insurance. CVaR metrics may struggle to capture these interdependencies accurately, potentially leading to an underestimation or overestimation of financial risks;
- **Nonlinear and Threshold Effects:** Climate change impacts are often nonlinear, meaning that small changes in climate variables could lead to disproportionately large impacts. Furthermore, some climate-related risks have threshold effects, where the risk increases significantly beyond a certain point. CVaR metrics might not fully account for these nonlinearities and thresholds, leading to an incomplete

- representation of the potential financial losses;
- Dynamic Nature of Climate Risks: Climate risks are dynamic and evolve over time due to changes in climate patterns, technological advancements, policy developments, and adaptation measures. CVaR metrics typically assume a static relationship between climate variables and financial losses, which might not capture the evolving nature of risks accurately;
 - Limited Scope: CVaR metrics generally focus on physical climate risks, such as extreme weather events, sea-level rise, and temperature changes. They may not adequately capture other climate-related risks, including transitional risks associated with the transition to a low-carbon economy or liability risks related to climate litigation and regulatory changes. Therefore, relying solely on CVaR metrics may provide an incomplete picture of the overall financial risks associated with climate change;
 - Data coverage for the CVaR metric is limited across certain asset classes, most notably government bonds and other fixed income assets. Caution is advised when interpreting the CVaR metrics for funds with data coverage that is below 80%;
 - CVaR is a tool intended to illustrate a range of possible outcomes, not to forecast actual future portfolio value;
 - The CVaR metrics are useful for comparison purposes and identifying concentrations of risk, but do not provide much insight into absolute risk levels;
 - Emphasis on Near-Term Risks: the CvaR methodology discounts risks further into the future more heavily than near-term risks. Consequently, transition risk, which is more imminent, typically receives greater weight than long-term physical risks. This reflects potential market repricing and assumed policy shocks in the near term;
 - The CVaR metric is a headline figure, representative of the potential shock to the aggregate enterprise market value of the underlying securities in the fund, which results from the climate assumptions being considered. It does not provide insight into the nature or timing of the underlying climate risks, and
 - The CVaR metric does not provide insight into the balance of climate risks and opportunities for the scenario considered.
 - Complementary Use: CvaR provides a valuable signal of potential financial risk under climate scenarios. However, it should be used alongside other forward-looking tools, engagement insights and qualitative judgments. CvaR forms only one component of the Trustee's broader climate risk management framework, rather than a standalone measure of resilience.

Data coverage

Data coverage is currently the key metric used by the Trustee for examining data quality. At this time CVaR is available for corporate equity and debt, with coverage and quality declining in parallel with company size and market maturity. The data coverage for the funds used within the Popular Arrangements is set out below. Data coverage is expressed as the proportion of the market value of the fund (as at YE 2024) for which data is available.

In particular, data coverage for the Core, Moderate, Defensive, UK Core Fixed Interest and Balanced Growth Funds is limited. This is because fixed income assets and government bonds comprise a larger proportion of the fund holdings. As a consequence, the CVaR figures for these funds do not fully reflect all climate risks and opportunities associated with their underlying securities. We expect data coverage/quality to improve over time and this will

impact the CVaR metrics for the funds in question in future years. At this time the data coverage of five of our nine Popular Arrangements is below 80 percent and therefore we interpret the CVaR for these funds with caution. We expect this data coverage to improve with time.

Results

For each of the funds used within the Popular Arrangements, we set out below the Transition, Physical and Aggregate CVaR under each of the three aforementioned climate scenarios. The RAG colour coding is an indication of relative risk across funds and scenarios, and should not be interpreted as conveying anything about absolute climate-risk levels; it is, however, useful for identifying concentrations of risk.

Transition CVaR

Fund	Data Coverage (% MV)	Orderly Transition	Disorderly Transition	Hot House Scenario
SEI Factor Allocation Global Equity Fund	99.5%	-8.71%	-4.12%	-1.79%
SEI Core Fund	64.8%	-8.14%	-3.83%	-2.00%
SEI Moderate Fund	44.8%	-10.40%	-5.06%	-2.62%
SEI Defensive Fund	19.6%	-10.54%	-5.12%	-2.68%
SEI UK Core Fixed Interest Fund	13.5%	-3.78%	-1.69%	-0.74%
NPT Growth Fund	99.8%	-6.00%	-2.60%	-1.00%
NPT Consolidate Fund	92.6%	-6.24%	-2.88%	-1.14%
NPT Retirement Fund	91.3%	-4.24%	-1.92%	-0.74%
NPT Balanced Growth Fund	77.3%	-7.01%	-3.25%	-1.49%

Source: SEI, MSCI as at 31 December 2024.

Physical CVaR

Fund	Data Coverage (% MV)	Orderly Transition	Disorderly Transition	Hot House Scenario
SEI Factor Allocation Global Equity Fund	99.5%	-1.26%	-1.89%	-3.74%
SEI Core Fund	64.8%	-0.84%	-1.25%	-2.53%
SEI Moderate Fund	44.8%	-1.16%	-1.74%	-3.54%
SEI Defensive Fund	19.6%	-1.29%	-1.83%	-3.64%
SEI UK Core Fixed Interest Fund	13.5%	-0.61%	-0.95%	-2.74%
NPT Growth Fund	99.8%	-1.00%	-1.60%	-3.40%
NPT Consolidate Fund	92.6%	-0.82%	-1.32%	-2.84%
NPT Retirement Fund	91.3%	-0.46%	-0.72%	-1.56%
NPT Balanced Growth Fund	77.3%	-0.88%	-1.33%	-2.64%

Source: SEI, MSCI as at 31 December 2024.

Aggregate CVaR

Fund	Data Coverage (% MV)	Orderly Transition	Disorderly Transition	Hot House Scenario
SEI Factor Allocation Global Equity Fund	99.5%	-9.97%	-6.02%	-5.52%
SEI Core Fund	64.8%	-8.98%	-5.07%	-4.53%
SEI Moderate Fund	44.8%	-11.56%	-6.80%	-6.16%
SEI Defensive Fund	19.6%	-11.83%	-6.96%	-6.32%
SEI UK Core Fixed Interest Fund	13.5%	-4.40%	-2.64%	-3.48%
NPT Growth Fund	99.8%	-7.00%	-4.20%	-4.40%
NPT Consolidate Fund	92.6%	-7.06%	-4.20%	-3.98%
NPT Retirement Fund	91.3%	-4.70%	-2.64%	-2.30%
NPT Balanced Growth Fund	77.3%	-7.89%	-4.58%	-4.13%

Source: SEI, MSCI as at 31 December 2024.

Analysis

Climate-related scenario analysis allows the Trustee to develop insight into how the physical and transition risks and opportunities arising from climate change might impact the investments over time. Importantly, scenario analysis is not meant to predict the future, but rather to provide a deeper understanding of the CRROs to which funds used within the Popular Arrangements may be exposed.

Orderly Transition

In this scenario, the funds are exposed to the highest policy-related transition risks (as well as the greatest technology opportunities) relative to the other scenarios, on aggregate. This results in the highest overall Transition CVaR across our three scenarios for all funds. This is due, in part, to the discounting of future costs in CVaR modelling – near term costs and revenues are weighted more heavily than costs and revenues experienced at a future date.

For the Orderly Transition, physical risk is modelled using a mid-range forecast of the physical risks associated with climate change under a 1.5°C scenario. In this scenario, the funds will see the lowest levels of Physical CVaR associated with chronic and acute physical impacts of climate change. This is because early action slows the accumulation of carbon dioxide in the Earth’s atmosphere and achieves net zero by 2050.

Disorderly Transition

In this scenario, the funds typically experience a more moderate level of transition policy risk and technology opportunities, resulting in a more moderate overall Transition CVaR figure, relative to the Orderly Transition. This is because future costs and benefits are discounted more heavily than their near-term counterparts.

Physical risk is modelled using a mid-range forecast of the physical risks associated with climate change under a 2.0°C scenario. In this scenario, the funds are exposed to greater levels of Physical CVaR – associated with the chronic and acute physical impacts of climate change – than under an Orderly Transition, as the world experiences greater levels of warming and its resultant impacts.

Hot House Scenario

The funds are subject to the least transition policy risk and technology opportunities, relative to the other scenarios. While the use of low-carbon technologies will continue to grow, such growth occurs at a slower pace than for the Orderly and Disorderly Transition scenarios, resulting in more heavily discounted future benefits.

Physical risk is modelled using a 95th percentile forecast of physical risks associated with climate change under a 3.0°C scenario. In this case, a more aggressive physical risk model is applied because there are more unknowns. Physical risk models are continuing to evolve and the Intergovernmental Panel on Climate Change assessments paint an increasingly concerning picture of the risks associated with climate change. The estimate of physical risk in this scenario is therefore deliberately at the high-end of the spectrum. The resulting Physical CVaR is somewhat moderated by future cost discounting.

Aggregate Climate Risk

Aggregate CVaR tends to appear lowest under the Hot House Scenario and highest under the Orderly Transition. The UK Core Fixed Interest Fund bucks this trend, but data coverage for the fund is very low, and so the results may not be meaningful.

This is counterintuitive but is a consequence of the way the model incorporates the components of aggregate climate risk: transition and physical risk. Transition ‘risk’ tends to appear greatest under the Orderly Transition as a result of the cost of embracing lower carbon technologies in the short term. The model generally predicts physical risks, the material risk under the Hot House Scenario, will materialise further into the future and the CVaR methodology discounts them more heavily than the near-term costs associated with transition risk. Additionally, physical models suffer from challenges around the lack of location data of assets, challenges with modelling tipping point and the lack of robust modelling around correlation between future physical events, for example high rains leading to flooding. However, as modelled, the fall in transition risk more than offsets the increase in physical risk, in moving from the Orderly Transition to the Hot House Scenario, leading to a fall in Aggregate CVaR.

We note that the NPT Growth Fund is an exception to this trend of transition risk being more costly than physical risk. In this case, aggregate CVaR is lower in the Disorderly Scenario than the Hot House Scenario. This is likely due to the underlying fund, the SSgA World TPI Climate Transition Equity Index Fund, already being well-aligned to a transition pathway, meaning it is better insulated from abrupt policy or market shocks. This is encouraging from a carbon reduction perspective but does also highlight the importance of considering physical resilience within the portfolios.

The results of the analysis suggest that the Trust’s assets could be adversely impacted by climate risk under each of the three scenarios. At a fund level, the magnitude of this modelled impact is in the region of 2.30% to 11.80% of the fund value (depending upon the assumed future climate pathway). The impact would materialise over time. The investment strategy is expected to be more resilient to climate pathways that are more closely aligned with the Hot House Scenario (at least in the short to medium-term), because the climate risks associated with such pathways – primarily physical – are anticipated to materialise further into the future. The transition risks more heavily associated with the Orderly Transition Scenario pose more imminent challenges for the investment strategy and its resilience to them.

Transition opportunities

The Trustee believes that real world decarbonisation and a world aligned to net zero by 2050 will be in the long-term interests of members, both in terms of their welfare and on the long term returns of its investment portfolio. However, as the commitment of policymakers to net zero by 2050 is not clear, a transition plan that imposes decarbonisation criteria on the portfolios run by its Investment Managers may impose non-financial constraints that could impact future returns and, consequently, member outcomes. The Trustee therefore monitors the proportion of its holdings in popular arrangements that have a net zero target and also seeks to benefit from current opportunities to assist with transitioning to a low-carbon economy.

To contextualise this, the Trustee has reviewed the percentage of securities within the popular arrangements which are aligned to the Science Based Targets Initiative (“SBTi” – an independent verification that a transition plan is aligned to the Paris objectives) or have self-assessed Net Zero Targets. The trustee also monitors fossil fuel-based revenue exposure.

Fund	SBTI Approved Targets (Fund)	SBTI Approved Targets (Benchmark)	Net Zero Targets (Fund)	Net Zero Targets (Benchmark)
SEI Factor Allocation Global Equity Fund	42.46%	43.94%	42.63%	50.05%
SEI Core Fund	25.51%	24.83%	29.66%	26.66%
SEI Moderate Fund	19.59%	18.80%	21.43%	21.90%
SEI Defensive Fund	8.44%	8.09%	10.16%	9.68%
SEI UK Core Fixed Interest	3.99%	7.61%	11.62%	13.04%
NPT Growth Fund ¹	57.70%	--	59.20%	--
NPT Consolidate Fund ¹	49.54%	--	53.28%	--
NPT Retirement Fund ¹	42.22%	--	54.66%	--
NPT Balanced Growth Fund ¹	33.60%	--	38.76%	--

¹ Benchmark data has not been reported due to the passive index-tracking nature of the underlying investments. There is insignificant variance between the fund data and benchmark data.

Fund	Fossil Fuel Ties (Fund)	Fossil Fuel Ties (Benchmark)
SEI Factor Allocation Global Equity Fund	9.09%	12.09%
SEI Core Fund	9.22%	7.82%
SEI Moderate Fund	6.81%	7.01%
SEI Defensive Fund	3.51%	3.32%
SEI UK Core Fixed Interest Fund	1.38%	4.10%
NPT Growth Fund ¹	0.90%	--
NPT Consolidate Fund ¹	0.80%	--
NPT Retirement Fund ¹	0.64%	--
NPT Balanced Growth Fund ¹	2.34%	--

¹ Benchmark data has not been reported due to the passive index-tracking nature of the underlying investments. There is insignificant variance between the fund data and benchmark data.

The above metrics are refreshed on an annual basis. The Trustee would like to see an upwards trend of the proportion of funds being aligned with SBTi Approved Targets and Net Zero Targets, and a downwards trend for those with fossil fuel ties. Increasing allocations to companies with a net zero target would suggest:

- Increasing alignment to net zero policies globally, and/or
- Engagement with the companies held is effective, and/or
- A greater proportion of the fund’s capital is directed towards businesses which are actively decarbonising their operations, adopting renewable energy, improving energy efficiency or innovating in low-carbon technologies,

All of which the Trustee believes are beneficial in mitigating climate risks.

Approach to integrating Environmental, Social and Governance considerations including Climate Related Risks and Opportunities

The Trustee and its Investment Adviser recognises that ESG factors, including CRRO, can have a significant effect on how the Trust’s investments perform. These factors can influence an Investment Manager’s ability to seize opportunities, manage risks and meet financial goals. In the context of the Popular Arrangements, the Trustee’s Investment Adviser, through SIMC, seeks to consider ESG and sustainability factors by:

- Performing an ESG assessment as part of manager research, to develop a deeper understanding of portfolio managers’ capabilities;
- Requiring all portfolio managers to consider material financial and non-financial risks as part of their investment process;
- By conducting effective and independent risk oversight; and
- By striving to act as good stewards of assets through shareholder engagement and proxy voting.

While the Trustee believes that engagement is an effective tool for positive change, often more so than exclusion, it believes that certain activities bring an unacceptable level of risk, justifying exclusion. SIMC will exclude or divest from companies and securities issued by an entity that generates more than 10% of its annual revenue from involvement in thermal coal exploration, mining, and production, as well as services that support thermal coal production.

The Investment Adviser's engagement partners, Sustainalytics and Glass Lewis, will proactively engage with companies around sustainability risks and opportunities, in support of long-term management and the benefit of shareholders. Climate change is a key engagement priority for the Trustee, and through the engagement partner, participates in engagements related to the net zero transition, biodiversity and natural capital, and circular economy, in addition to engagement with companies on climate-related risks specific to their business. Case studies are provided in the final section of this report.

The Trustee believes that to effectively manage ESG risks and achieve favourable ESG exposure in an investment portfolio, proper management of ESG risks is crucial. Across the Popular Arrangement's equity investments, SEI's Quantitative Investment Management team operate a dynamic ESG pricing framework with the aim of achieving a better overall ESG score than the relevant benchmark. The process effectively considers all underlying ESG indicators (the "key issues" per MSCI) as a measure of risk, assesses how such risks are priced and penalises companies with exposure to key issues where inadequate compensation is offered. For example, if companies with poor product carbon footprints are deemed to be riskier, the process would penalise the allocation to such stocks as part of the stock selection process, and the portfolios would hold less or none of these companies, all else being equal.

Impact on investment strategy

The Trustee continues to monitor CRROs on an ongoing basis. The realisation of CRROs over time and future revisions to the CRRO assessment for the Trust will be important factors in determining the investment strategy for the Popular Arrangements. The Trustee has identified green technology as a climate related opportunity and is keen to integrate this view into its investment strategy as far as possible but is considering how to do this practically alongside its commitment to the Mansion House Accord.

At this point, it is difficult to state definitively how the Trust's investment strategy will evolve in response to the climate pathway that emerges. The Trustee, in collaboration with its advisors, considers a myriad of interrelated effects, and balance CRROs against other risks and issues impacting the Trust. For example, when reviewing the investment strategy, the Trustee will consider:

- The impact of the emerging climate pathway on the income or capital growth expected to be generated by different asset classes (i.e. the impact on the capital market assumptions used when forecasting investment returns);
- Opportunities arising from the transition to a low-carbon economy that could offer superior investment returns;
- Whether the implementation of the investment strategy remains appropriate (for instance increasing likelihood of a severe, Hot House scenario may warrant exclusions within the investment portfolio or enhancements to investment stewardship);
- Any demographic impacts the emerging climate pathway could have on the membership profile of the Trust (for instance, reduced expectations of longevity may mean there is less need for capital growth in the years immediately preceding retirement).

(The above list is by no means exhaustive.)

Whilst scenario analysis is not intended to provide a forecast of the future, the Trustee believes that it will continue to assist in evaluating how CRROs impact the Trust and inform investment decision making – particularly as climate data improves and the analysis becomes more sophisticated. Indeed, in future versions of this report and once scenario analysis is more rigorous, the Trustee aims to extend its modelling of climate change to individual member pension pots, projecting their growth under the climate scenarios for members of varying ages. This should bring greater context to the scenarios, helping members within the Popular Arrangements understand what they may mean for their own benefits at retirement. When analysed over multiple years, the scenarios considered (along with the metrics disclosed later in this report) should help the Trustee to:

- Identify new/emerging CRROs and concentrations of risk;
- Assess the likelihood and severity of CRROs impacting the Trust, over different time periods and for different climate pathways;
- Explore risk mitigation options and any associated secondary effects;
- Determine whether the Popular Arrangements investment glidepaths remain appropriate given the Trust's member profile; and
- Determine whether the implementation of the investment strategy needs to be adapted.

SECTION FOUR: RISK MANAGEMENT

Identifying and managing Climate Related Risks and Opportunities: How the Trustee identifies and assesses climate-related risks

The Trustee understands that it must:

- Establish and maintain processes that enable it to identify, assess and effectively manage climate-related risks which are relevant to the Trust; and
- Ensure that management of climate-related risks is integrated into its overall risk management of the Trust.

Investment Sub-Committee (“ISC”)

The ISC, which is a Trustee sub-committee:

- monitors operational investment risk and opportunities including CRRO;
- supports the Trustee in setting and reviewing its investment beliefs, including in respect of CRRO;
- Makes recommendations to the Trustee about new funds having regard to CRRO; and
- Reports at least quarterly on CRROs to the main Trustee Board.

During the Scheme Year the ISC had discussed and agreed actions in respect of the following CRROs:

- Reporting to be enhanced to reference the impact on investment strategy in relation to CRROs under different scenarios;
- Scope 3 emissions to be referenced, where available;
- Annual shareholder engagement targets were reviewed and increased; and
- CRRO register to include opportunities referenced in the report

CRRO Risk Register

The Trustee has prepared a specific CRRO Risk Register, which it has included as an Appendix to this Report. Risks have been prioritised based on materiality, likelihood and financial impact. Sections of the Risk Register have been regularly reviewed at Trustee meetings during the Scheme Year and CRRO risks were specifically reviewed in November. As part of the annual review the Trustee’s Investment Adviser highlighted those climate related risks most relevant to the Trust, of which the top three downside risks were:

1. That there is a failure by third party providers in supplying data on shareholder voting, shareholder engagements, carbon emissions or carbon emissions intensities.
2. There is a fundamental failure in the integration of financially material considerations around CRROs in the Trustee’s investment strategy and fund choices in the Popular Arrangements.
3. Trustee’s appointed Investment Managers do not keep abreast of developments in this area.

As an output / outcome of using the CRRO Risk Register, the Trustee has identified controls, which it has put into place to manage climate-related risks. In respect of the top three downside risks these controls are as follows:

1. The Investment Manager is responsible for sourcing climate-related shareholder voting, company engagement and carbon emissions data provision services. Performance is monitored, tested and challenged as necessary.
2. The Trustee monitors that CRROs are sufficiently considered in the funds used in the Popular Arrangements by monitoring the climate-related engagements, shareholder voting and portfolio positioning being undertaken by the Investment Manager and the specialist providers. The Investment Adviser ensures that consideration of CRRO is integral to the investment strategy advice that is provided to the Trustee.
3.
 - a) The Trustee carries out a triennial review on all Investment Managers, with managers' ESG capabilities assessed.
 - b) Triennial reviews will specifically explore managers' approach to CRRO and establish whether it is to be considered best of breed.
 - c) The Trustee has the power to change or appoint additional Investment Advisers if required.

The Trustee's primary Investment Adviser also provided recommendations as appropriate relating to any Trustee actions arising, such as advising the Investment Manager of its climate-related ESG priorities via the annual ESG survey issued by SEI. The review of all risks relating to the ongoing governance of the Trust forms part of the Trustee's decision-making process and is recorded accordingly in its meeting minutes.

Statement of Investment Principles (SIP)

The Trust has a SIP that sets out the Trustee's investment objectives, its policies on financially material factors (including environmental, social and governance factors) and how it implements these for the Trust as a whole. The SIP also includes details of all investment options used within the Popular Arrangements/available to members as individual 'self-select' options.

The Trustee has, in consultation with SEI European Services Limited, the Founder of the Trust, amended the SIP to incorporate the Trustee's policy on identifying, assessing and managing CRROs in relation to the Trust. The Trustee reviews the SIP at least annually and whenever there is any material change in investment policy.

Due diligence

The Trust's investment offering provides access to a range of Investment Managers within a risk-controlled framework, ensuring sufficient choice whilst keeping the selection process straightforward for members. Fundamental to the investment proposition is SEI's 'Manager of Manager' fund range, which facilitates manager changes within the fund without out of market exposure or the costs associated with transitions, white labelling or blending.

Manager research is the foundation of SEI’s approach to investment management. Over three decades, SEI has developed this capability to provide its clients with access to skilled managers and diversified investment products through a multi-manager selection.

SEI has incorporated an in-depth analysis of each of its managers’ sustainable investing capabilities into its manager research process. Every firm and investment strategy considered for selection undergoes an ESG due diligence review and receives an ESG score of strong, moderate, limited, or weak. These propriety ESG ratings are one of many factors available to SEI’s portfolio management team when selecting managers for SEI funds that are used by the Trust. Once a manager’s ESG rating is established, it forms part of a broader thesis, which includes, among other measures, a number of ratings with regard to such areas as firm, people, philosophy, and process that ultimately help inform the decision on whether to hire or shortlist the manager. Where the Trustee selects third party managers recommended by SEI (rather than using SEI funds), these ESG factors also form considerations for the Trustee.

The degree to which ESG considerations affect SEI’s or the Trustee’s decisions varies and is considered on a case-by-case basis. SEI set no minimum ESG score a firm or strategy must meet to be selected for an SEI fund that does not have an express sustainable investing mandate. Equally the Trustee has no minimum requirement where it invests directly. However for mandates with a dual financial and sustainability objective, such as sustainable self select options, a minimum ESG rating across both the firm and strategy ESG assessments is required. To meet the minimum target, a strategy must achieve at least a Moderate Firm and Moderate Strategy rating, or a Strong Strategy rating irrespective of firm rating.

SEI’s ESG evaluation of managers are based on the following factors:

Firm Assessment

- **Profile:** Assess the manager’s commitment to sustainable investing by evaluating the breadth and longevity of its sustainable investment practices at both the firm and product levels, and help identify firms that have long believed in sustainable investing and have fully built aspects of their business to support it.
- **Resources:** Evaluate how well-resourced the manager is to achieve their sustainable investing goals. We view this as the bridge between the manager’s words and its actions.
- **Practices:** Assess how the manager integrates sustainable investing into their investment process, from investment decision-making to stewardship. This helps to distinguish true sustainable investing from “greenwashing” or presenting false integration of sustainable investing practices to attract clients.
- **Controversies:** Assess whether the manager has been involved in any high-level controversies related to its business conduct or sustainability practice in recent past.

Active Strategy Assessment

- **Investing:** Analyse the strategy’s integration of ESG factors, taking into account the

degree of materiality in affecting investment decisions and portfolio construction, quality of data and analytics employed, and alignment across the strategy's investment team.

- Stewardship: Evaluate the strategy's approach to stewardship, focusing on reporting capabilities and the intensity and thoughtfulness of issue engagement.

Passive Strategy Assessment

- Stewardship: Evaluate the strategy's approach to stewardship, focusing on reporting capabilities and thoughtfulness of issue engagement.
- Sustainable Construction: Evaluate the sustainability credentials of the underlying index being tracked by a passive manager.

In addition to the SEI fund range, members have access to funds managed by additional 'external' fund managers, including a range of Passive, Factor-based, Active, UK Property and Ethical investment options. In June 2024, the Trustee approved a review of the self-select fund range, including an enhancement of the sustainable, impact and socially responsible fund range, provided by managers such as Lazard, State Street Global Advisors, Montanaro and Royal London Asset Management. The Trustee formally reviews each of these managers every three years and more frequently if required.

The Trustee specifically requests an assessment of each manager's approach to ESG issues. Furthermore, the Trustee receives quarterly updates from SIMC highlighting whether there has been any variance from its original assessment of the provider, including all of the fundamental characteristics and its ESG rating. There were no notable changes over the reporting period.

Vendor management

When procuring any third-party services the Trustee has requested that all potential suppliers are asked about their CRRO planning and compliance and business continuity planning as part of its provider selection process. This forms part of the Trustee's decision-making process for shortlisting and selection. CRRO planning and compliance and business continuity planning is also to be included in any subsequent benchmarking review process post-appointment.

The Trustee did not procure any new third-party services during the Scheme Year.

Scheme calendar

The Trust's annual calendar has been updated and includes the following:

- Annual TCFD report, incorporating:
 - An assessment of the climate risks facing the Popular Arrangements;
 - A review of the Trustee's CRRO governance framework; and

- A qualitative assessment of the CRROs associated with the funds contained in the Popular Arrangement (i.e. metrics for the funds and their benchmarks, and a review against targets);
- Triennial climate-related scenario analysis review and interim annual reports (climate Value at Risk – CVaR); and
- Investment strategy review (quarterly), including a review of the metrics and performance analysis.

The review intervals for the items recorded on the Trust's annual calendar are for business as usual operations. In the event that a material change occurs, the Trustee will instigate one or more reviews of the various items as it believes to be appropriate.

Identifying, assessing, and managing climate-related risks and integrating them into the Trustee's risk management processes

The Trustee is early in the journey towards long-term management of CRROs. As such, establishing effective governance structures, tools and processes for *identifying* CRROs has been central to the Trustee's ability to *manage* CRROs.

Building on the processes described above, the Trustee seeks to use climate-related metrics (described in Section 5) and Scenario Analysis (described in Section 3) to monitor the effectiveness of its risk management activities going forward. Over time, the Trustee will look for metrics such as carbon footprint, total emissions and WACI to decline.

The Trustee will also monitor trends in the results of climate-related scenario analysis, while recognising that the quality of climate change models will evolve over time and therefore comparison of scenario analysis results across time frames may not be appropriate. For example, new physical risk models may take into account new scientific projections about interrelated impacts and positive feedback loops. Meanwhile, transition risk models are expected to evolve to take into account climate science, the pace of policy change, progress towards country-level goals, and technological advances.

For investment funds that exhibit multi-year trends towards rising climate risk, the Trustee and its advisers will engage with the funds' portfolio manager(s) to understand what is driving that trend (e.g. macroeconomic trends, changes to portfolio strategy, or investments in specific securities). The Trustee recognises that not all investments in carbon intensive companies are misaligned with the management of CRROs; for example, heavy emitters with ambitious science-based targets or with low-carbon products and solutions are likely to play an important role in the transition to a low-carbon economy.

Recognising that most climate-related metrics are backwards facing and may not fully capture forward-looking plans, the Trustee believes that proactive and collaborative engagement with companies is critical to the long-term management of CRROs. The Trustee maintains oversight of the Investment Manager's shareholder engagement activity, monitoring action and progress through the Core Process Metrics defined in Section 5. Through its involvement in collaborative engagement activity during the Scheme Year, the Trustee has assessed that the Investment Adviser and Manager are contributing to the long-term management of CRROs

at investee companies through improvements in climate change governance, greenhouse gas mitigation, and disclosure practices. Enhanced disclosure, in particular, will lead to the continued improvement of climate-related data that will, in turn, improve the quality of the Trustee's selected metrics and scenario analysis.

SECTION FIVE: METRICS & TARGETS

Metrics used by the Trustee to assess CRROs

The Trustee selected the following metrics to monitor climate risks. It reviewed them during the year and agreed they remain appropriate:

- 1) One absolute emissions based measure: Total Carbon Emissions;
- 2) Three intensity emissions based measures: WACI, Greenhouse Gas (GHG) Intensity and Carbon Footprint;
- 3) Implied Temperature Rise; and
- 4) Additional measures: two engagement metrics (specified below) and proxy voting data.

Given the importance the trustee places on engagement, it has set its target based on its engagement metric.

Core Outcome Metrics

Absolute: Total Carbon Emissions in tCO₂e

This measures the total greenhouse gas emissions attributable to a portfolio and is expressed as tonnes (t) of carbon dioxide (CO₂) equivalent (e) – i.e. tCO₂e. ‘Carbon dioxide equivalent’ is a standard unit for counting greenhouse gas emissions regardless of whether they are from carbon dioxide or another gas, such as methane. For each holding within a portfolio, its associated total carbon-equivalent emissions can be prorated according to the investor’s ownership share – this metric is the sum of these prorated amounts. In other words, this metric represents the sum of the carbon emissions attributable to the investor’s ownership share in each of the securities that make up the portfolio/fund.

This metric gives a sense of the scale of the carbon emissions associated with each fund holding in the Popular Arrangements and the potential reduction in emissions required to assist the transition to a net zero economy.

The Total Carbon Emissions data associated with the funds used in the Popular Arrangements is shown below. To be clear, the tCO₂e figures are not representative of the total emissions associated with each fund; rather, they represent the emissions associated with the Trust’s holding in each fund.

Please note that metrics are currently not produced for the SEI MT Sterling Liquidity Fund (invested within the Popular Arrangements at the point that members might be expected to withdraw tax-free cash) due to a combination of poor data coverage and the lack of an established methodology for calculating such metrics for money market funds. Following a review of the Default Investment Option completed in December 2024, the Trustee approved a change to the glidepath whereby the 25% allocation to the SEI MT Sterling Liquidity Fund will be removed. This is due to be implemented in September 2025, and therefore there will be no need to report on this fund in future iterations of this Report.

The tables below also set out the ‘data coverage’ for each of the funds in question, which is the key metric for examining data quality at present. Coverage for each of the funds is expressed as the percentage of the fund’s total market value for which there is appropriate data, meaning that the coverage figures take into account the relative size of the underlying security positions. The Trustee is mindful of the lack of coverage in certain areas of the market, in particular, fixed income and government bonds. The Trustee expects that over the coming years, data quality will likely improve. Where data coverage is limited (<80%), we advise caution when interpreting the results.

The total carbon emissions data for the funds used within the Popular Arrangements and their respective benchmarks is shown below. (The RAG colour coding used in the tables below is an indication of relative data coverage across the funds; it should not be interpreted as conveying anything about the absolute level of data coverage.) Whilst Total Carbon Emissions appear to have increased over the reporting period, this can largely be attributed to significant asset inflows into the Popular arrangements – namely the SEI Factor Allocation Global Equity Fund and SEI Core Fund – driven by consolidation activity. When accounting on an asset-weighted basis, most funds in these arrangements showed improvements in both Scope 1 & 2 and Scope 3 metrics.

Fund	Fund Coverage (% MV)	Scope 1 and 2 Carbon Emissions (tCO ₂ e)	Benchmark Coverage (% MV)	Scope 1 and 2 Carbon Emissions (tCO ₂ e)
SEI Factor Allocation Global Equity Fund	99.5%	114,197.22	99.7%	87,787.93
SEI Core Fund	70.3%	36,052.53	65.6%	45,297.79
SEI Moderate Fund	48.9%	16,276.77	51.5%	12,675.20
SEI Defensive Fund	23.4%	660.29	23.8%	503.05
SEI UK Core Fixed Interest Fund	19.9%	4,866.71	25.0%	8,461.46
NPT Growth Fund ¹	99.8%	18,241.94	--	--
NPT Consolidate Fund ¹	92.6%	26,694.86	--	--
NPT Retirement Fund ¹	91.3%	17,958.90	--	--

NPT Balanced Growth Fund ¹	78.6%	3,334.91	--	--
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Fund	Fund Coverage (% MV)	Scope 3 Carbon Emissions (tCO ₂ e)	Benchmark Coverage (% MV)	Scope 3 Carbon Emissions (tCO ₂ e)
SEI Factor Allocation Global Equity Fund	85.5%	1,236,495.51	91.4%	692,872.25
SEI Core Fund	58.0%	268,941.90	54.1%	380,526.79
SEI Moderate Fund	40.6%	115,106.61	42.9%	94,283.22
SEI Defensive Fund	19.4%	4,494.39	19.4%	3,643.44
SEI UK Core Fixed Interest Fund	16.7%	34,164.97	22.7%	65,365.57
NPT Growth Fund ¹	99.8%	197,646.11	--	--
NPT Consolidate Fund ¹	92.4%	176,400.04	--	--
NPT Retirement Fund ¹	91.2%	107,241.25	--	--
NPT Balanced Growth Fund ¹	78.5%	26,719.58	--	--

Source: SEI, MSCI. As at 31 December 2024. We have expressed in tCO₂e.

¹ Benchmark data has not been reported due to the passive index-tracking nature of the underlying investments. There is insignificant variance between the fund data and benchmark data.

Intensity: WACI

This is a key (backward-looking) metric for measuring a fund's exposure to carbon intensive assets, expressed in tonnes of CO₂e per million pound of sales. This metric provides a broad indication of how heavily a portfolio's underlying holdings are involved in the emission of greenhouse gases. As this metric is standardised it can be readily used for comparative purposes. For a given fund, the WACI is calculated as the weighted average of the carbon intensities of the underlying holdings, whereby the weights are the percentage allocations to each holding. This metric can be used across equities and corporate bonds.

The WACI data for the funds used within the Popular Arrangements and their respective benchmarks is shown below.

Fund	Fund Coverage (% MV)	Scope 1 and 2 Weighted Average Carbon Intensity (tCO ₂ e / £M sales)	Benchmark Coverage (% MV)	Scope 1 and 2 Weighted Average Carbon Intensity (tCO ₂ e / £M sales)
SEI Factor Allocation Global Equity Fund	99.6%	104.96	99.8%	142.30
SEI Core Fund	70.9%	102.27	66.1%	91.53
SEI Moderate Fund	49.6%	102.05	52.1%	98.19
SEI Defensive Fund	23.8%	103.32	24.1%	95.78
SEI UK Core Fixed Interest Fund	20.5%	52.73	25.4%	76.40
NPT Growth Fund ¹	99.9%	55.70	--	--
NPT Consolidate Fund ¹	92.9%	84.48	--	--
NPT Retirement Fund ¹	91.8%	90.48	--	--
NPT Balanced Growth Fund ¹	78.8%	86.26	--	--

Source: SEI, MSCI. As at 31 December 2024. We have expressed in tCO₂e / £M sales.

¹ Benchmark data has not been reported due to the passive index-tracking nature of the underlying investments. There is insignificant variance between the fund data and benchmark data.

The WACI for the SEI Core, SEI Moderate and NPT Balanced Growth Funds have decreased year-on-year. Marginal increases are seen in SEI Defensive, NPT Growth Fund, NPT Consolidate and NPT Retirement. WACI has also increased for the SEI Factor Allocation Global Equity Fund year-on-year, however this can partially be attributed to increases in the WACI of the benchmark, as the fund's WACI has increased in a similar proportion to the benchmark.

Intensity: Carbon Footprint

Carbon Footprint tells the Trustee how many tonnes of CO₂e emissions were produced by a particular portfolio for each million pound invested. For the funds used within the Popular Arrangements, the Carbon Footprint is measured the same way as Total Carbon Emissions

(above) but scaled per £M invested in the fund. This metric may facilitate comparison across sectors, portfolios and companies and is therefore useful for internal and external purposes.

A drawback of this metric is that increasing security prices can result in falling carbon footprints, without a commensurate fall in carbon emissions. In addition, the metric does not capture differences in the size of companies, nor the carbon efficiency of their production processes etc. relative to other companies within the same industry.

The Carbon Footprint data for the funds used within the Popular Arrangements and their respective benchmarks is shown below.

Fund	Fund Coverage (% MV)	Scope 1 and 2 Carbon Footprint (tCO ₂ e / £M invested)	Benchmark Coverage (% MV)	Scope 1 and 2 Carbon Footprint (tCO ₂ e / £M invested)
SEI Factor Allocation Global Equity Fund	99.5%	68.08	99.7%	52.33
SEI Core Fund	70.3%	41.66	65.6%	50.08
SEI Moderate Fund	48.9%	50.28	51.5%	40.29
SEI Defensive Fund	23.4%	51.08	23.8%	39.86
SEI UK Core Fixed Interest Fund	19.9%	17.34	25.0%	30.14
NPT Growth Fund ¹	99.8%	24.20	--	--
NPT Consolidate Fund ¹	92.4%	52.40	--	--
NPT Retirement Fund ¹	91.2%	52.60	--	--
NPT Balanced Growth Fund ¹	78.5%	30.63	--	--

Source: SEI, MSCI. As at 31 December 2024. We have expressed in tCO₂e / £M invested.

¹ Benchmark data has not been reported due to the passive index-tracking nature of the underlying investments. There is insignificant variance between the fund data and benchmark data.

Given the weaknesses of the measure outlined above, and changes to the availability of data, the Trustee is hesitant to draw firm conclusions from these results. However, when comparing with the data published in last year's Report, the carbon footprint for the majority of the funds in the Popular Arrangements has fallen. To assist with drawing more meaningful conclusions, the Trustee will look to publish a time series graph displaying the yearly changes in Carbon Footprint in next year's Report.

Intensity: Greenhouse Gas Intensity

Greenhouse gas (GHG) intensity, which is measured by total carbon emissions divided by nominal GDP, tells the Trustee how efficiently an economy uses carbon-based resources to generate economic output. This metric is used primarily in the context of sovereign

(government bonds) to analyse a country’s climate-related risks and the progress towards achieving climate goals.

Fund	Fund Coverage	Scope 1 and 2	Benchmark Coverage	Scope 1 and 2
	(% MV)	Greenhouse Gas Intensity (tCO ₂ e / £ GDP Nominal)	(% MV)	Greenhouse Gas Intensity (tCO ₂ e / £ GDP Nominal)
SEI Core	25.4%	268.13	29.2%	234.64
SEI Moderate	44.5%	227.31	44.1%	244.94
SEI Defensive	69.1%	199.84	73.4%	212.00
SEI UK Core Fixed Interest Fund	76.5%	142.23	73.0%	142.94

Source: SEI, MSCI. As at 31 December 2024. We have expressed in tCO₂e / £ GDP Nominal

As mentioned earlier within the Report, this is the first iteration where sovereign data for the SEI fund range has been of sufficient quality to publish. The results in the table above display the risk-rated nature of SEI Core, SEI Moderate and SEI Defensive. SEI Core allocates a higher proportion of its assets to Emerging Market Debt than SEI Moderate and SEI Defensive. Generally speaking, countries in emerging markets tend to have higher GHG intensities, such as China, Brazil and India. This therefore means that the GHG Intensity figure is higher as you move up the risk spectrum. Despite this, caution should be taken when drawing conclusions given the data quality.

Although benchmark data has been provided, next year’s Report should prove more insightful given a year-on-year comparison can be performed.

Fund	2024 Coverage	Scope 1 and 2	2023 Coverage	Scope 1 and 2
	(% MV)	Greenhouse Gas Intensity (tCO ₂ e / £ GDP Nominal)	(% MV)	Greenhouse Gas Intensity (tCO ₂ e / £ GDP Nominal)
NPT Balanced Growth Fund	100.0%	158.30	97.8%	184.00

Source: SEI, MSCI. As at 31 December 2024. We have expressed in tCO₂e / £ GDP Nominal

By contrast, the NPT has historically been able to publish sovereign data. The table above displays the GHG intensity for the fund in 2024 versus 2023. The Trustee is pleased to confirm not only that data quality has improved but the GHG intensity has reduced for 2024.

Implied Temperature Rise and Proportion Aligned

Implied Temperature Rise is a measure calculated by models that indicates the level of warming that the world would experience if the fund’s emissions were replicated at a global scale. The calculation uses an aggregated budget approach that compares the sum of financed emission budget overshoot against the sum of financed carbon emission budgets for

the underlying portfolio holdings. The total fund carbon emission over/undershoot is then converted to a degree of temperature rise using the science-based ratio approach of Transient Climate Response to Cumulative Carbon Emissions (TCRE). The allocation base used to define a fund’s financed stake is Enterprise Value including Cash (EVIC).

For the funds used within the Popular Arrangements, these metrics are set out in the table below. (Benchmark data for the Implied Temperature Rise is not available.)

Fund	Fund Coverage (% MV)	Fund Implied Temperature Rise (°C)
SEI Factor Allocation Global Equity Fund	99.5%	2.43
SEI Core Fund	70.1%	2.61
SEI Moderate Fund	48.9%	2.56
SEI Defensive Fund	23.0%	2.71
SEI UK Core Fixed Interest Fund	20.4%	2.22
NPT Growth Fund	99.8%	2.10
NPT Consolidate Fund	92.6%	2.26
NPT Retirement Fund	91.3%	2.18
NPT Balanced Growth Fund	77.3%	1.97

Source: SEI, MSCI. As at 31 December 2024.

Shareholder engagement metrics and target

The Trustee is a strong advocate of investment stewardship as an effective way to enact change and ensure companies in the portfolio are adequately managing Climate Related Risks and Opportunities. The Trustee reports the following three metrics relating to engaging with companies on CRRO: companies engaged on CRRO and companies achieving milestones on CRROs.

Engagement metrics
Companies Engaged on CRRO
This is the number of engagements with companies held by the Investment Manager on CRRO: the Investment Manager will (via their specialised climate engagement partners) assess the key climate risks & opportunities in the portfolio holdings and proactively engage. The number of such engagements will be measured.
Companies achieving milestones on CRRO
The number of engagement milestones achieved on climate-related issues: companies are targeted for engagement and progress is logged, recording examples of positive change (‘milestones’) over each year. The number of milestones achieved each year will be measured.

Shareholder engagement is the primary method for affecting changes in corporate behaviour, rather than excluding stocks and disengaging with climate-related issues, hence this being the primary target for the Trust.

The targets were set by the Trustee in collaboration with its lead Investment Adviser. The Trustee’s primary climate-related targets for the Scheme Year, and performance against these during the Scheme Year, were as follows:

Shareholder Engagement metrics	Number reported over reporting period	Annual Target
Companies Engaged on CRRO	233	200 or more
Companies achieving milestones on CRRO	77	40 or more

Source: Data reflects all of SEI's climate change engagement activity for funds in the Popular Arrangements for YE 31 December 2024.

Based on the above data, the Trustee again exceeded its targets during the Scheme Year and will consider in 2025 whether these should be made more stretching.

Shareholder voting policy

Shareholder voting is used in conjunction with engagements to affect meaningful change in corporate behaviour. The table below sets out SEI's shareholder voting data (with respect to CRRO issues) for the funds used within the Popular Arrangements. SEI, as Investment Manager, uses a proxy voting service for all of its UCITS funds (including all those made available by SEI within the Trust) which votes on behalf of the funds in accordance with proxy voting guidelines established by SIMC. The Trustee has confirmed that SIMC's voting guidelines are consistent with the Trust's voting policy. The Trustee will report upon compliance with this policy.

The Trustee has reviewed and disclosed the climate-related voting metrics from the Investment Managers, which show that a high level of climate and environmental votes have been exercised (excluding shareholdings in jurisdictions where vote blocking inhibits voting).

Fund Name	No. of resolutions eligible to vote	Resolutions voted	Resolutions voted for management	Resolutions voted against management	Resolutions abstained and did not vote
SEI Factor Allocation Global Equity Fund	14,081	97%	89%	9%	2%
SEI Core Fund	41,224	95%	90%	9%	1%
SEI Moderate Fund	38,147	96%	90%	9%	1%
SEI Defensive Fund	7,366	96%	88%	11%	1%
NPT Growth Fund	16,476	99%	93%	7%	0%
NPT Consolidate Fund	16,487	100%	97%	3%	0%
NPT Retirement Fund	16,487	100%	97%	3%	0%
NPT Balanced Growth Fund	35,761	100%	79%	20%	0%

Source: Data reflects all of SEI's UCITS Proxy Voting activity for YE 31 December 2024 for the funds included in the table. No votes were cast in relation to the SGMF UK Core Fixed Interest Fund, given it is a fixed income fund. For funds with prefix "NPT", data was sourced from the respective underlying investment managers, State Street Global Advisors and Legal & General.

Disclosure of emissions data (Scope 1, 2 and 3) and related risks

The Trustee has disclosed the metrics above using Scope 1, 2 and 3 emissions data, where relevant. Scope 1 and 2 are those emissions that are owned or controlled by a company,

whereas Scope 3 emissions are a consequence of the activities of the company but occur from sources not owned or controlled by it. Scope 3 emissions include the indirect emissions from sources connected to a business, such as suppliers or distributors.

At present, Scope 3 data is still not widely available, but expected to improve over time, which in turn will provide information that is more meaningful.

The information for the above metrics is obtained via SEI's third party independent data provider. Using an independent, competitively sourced data provider brings confidence that the Trustee is using good quality, unbiased market data.

Given the nature of Scope 1 and 2 versus Scope 3 emissions, the Trustee deemed it appropriate to disclose and analyse the carbon metrics along these lines. This layer of granularity should provide greater insight and help the Trustee make more informed decisions.

Data limitations and keeping metrics under review

The limitations we face today are not necessarily limitations we will face in the future, as this is an area that is changing rapidly, with research organisations continually developing new metrics and companies generating better data.

The Total Carbon Emissions, WACI and Carbon Footprint are all backward-looking metrics. While useful to measure for the companies held in portfolios, they do not consider these companies' projected carbon emissions. Moreover, they do not consider targets and business plans that companies may have put in place to reduce future carbon emissions. Consequently, the Trustee considers forward-looking carbon emissions metrics as well as backward-looking ones as far as practical.

The Trustee annually reviews its metrics to ensure that the selection of metrics and targets is appropriate in light of the evolving regulatory landscape and Trusts investments.

The Trustee will also review data as it becomes more complete and meaningful; one can therefore expect the metrics used to evolve over time.

Using the metrics/targets to enact strategy decisions

The Trustee monitors climate-related metrics and targets through the Trust's investment reports. This creates Trustee discussion around CRROs over short-, medium- and long-term time horizons. It also allows the Trustee to determine if CRROs are being appropriately acted upon, and to adapt default glide path design and fund selection if it wishes to change the implementation of its strategy on CRROs.

Targets used by the Trustee to manage CRROs and performance against targets

The Trustee uses targets to track its climate-related metrics and to manage CRRO. The Trustee sets meaningful targets that are in line with its investment and climate objectives. The Trustee is taking a measured approach to setting climate-related targets and will continue to review how it can use additional quantitative analysis and recognised industry frameworks to

allow it to set meaningful climate-related targets. The Trustee is of the view that its approach to stewardship, including engagement and voting activities, is part of its effort to have meaningful real-world climate-related impacts.

The Trustee set targets for its Popular Arrangements and, on an annual basis, continues to review those targets and measure performance of the metrics against the targets. The Trustee will periodically determine whether the climate-related targets should be retained or replaced.

Other targets

While the engagement target is the Trustee's primary target, for the funds used in the Popular Arrangements, the Trustee targets reductions in WACI, Carbon Footprint and Carbon Emissions over rolling three-year periods which are in line with the reductions in the benchmarks that broadly reflect the investment strategies of these funds. WACI, Carbon Footprint and Carbon Emissions are expected to reduce, as described in the section on short-, medium- and long-term time horizons, due to shareholder engagement and government policies. The methodology used takes account of how changes in fund data compare with changes in the respective benchmark data over the rolling three-year period. The Trustee is collating appropriate benchmark data to enable measurement over that period. With the addition of the former NPT funds to the Popular Arrangements for this Report, and the expectation that these assets will be transitioned to the SEI Master Trust Default Investment Option in late 2025, the Trustee has taken the decision to delay publishing the three-year fund and benchmark data until next year's Report, once a consolidated investment proposition is achieved. Given the risks surrounding reducing carbon emissions and the Trustee's focus on investment stewardship and proactive engagement as an effective tool for managing CRRO, the Trustee's short-, medium- and long-term ambitions are to:

- Reduce the impact of the Trust's investments on global warming;
- Harness climate-related opportunities to generate investment returns for our members; and
- Invest Trust assets in a manner that minimises members' exposure to climate risk.

The intersecting and cross-industry nature of CRROs means that climate considerations must be actively managed in the portfolio and cannot simply be addressed by disinvesting from certain sectors or business activities.

The Trustee will continue to use best endeavours to report WACI, Carbon Footprint and Carbon Emissions dependent on the data available from data providers.

Climate-related opportunities

The efforts to mitigate and adapt to climate change will likely result in new opportunities, such as through resource efficiency and cost savings, the adoption and utilisation of low-emission energy sources, the development of new products and services, and the building of resilience along the supply chain. Climate-related opportunities will vary depending on the region, market and industry in which an organisation operates.

One way that climate-related opportunities are captured in the Popular Arrangements is through members’ long-term growth fund, the SEI Factor Allocation Global Equity Fund. The Investment Manager of the fund takes into account ESG factors when constructing the investment portfolio, although it should be noted that such factors are not the primary driver of security selection/weighting.

The ESG factors aim to measure features that may affect companies in the form of additional unanticipated costs or opportunities over long-term horizons, such as:

- climate change;
- pollution;
- human capital;
- social opportunities;
- corporate governance; and
- corporate behaviour.

In doing so, the Investment Manager may make adjustments to the exposure of the fund to a particular security based on the security’s ESG rating, with a higher weighting being given to securities that are rated highly for their overall sustainability performance.

Engagement case studies

In 2024, approximately 30% of shareholder engagement cases across SEI’s investment strategies were focused on climate change.

Case study: German chemical company’s ESG management	
Company	K+S AG
Engagement Programme	Material Risk – Carbon and Community Relations
Objectives	K+S is encouraged to provide investors with consistent ESG disclosures and robust performance management across all material ESG issues. Additionally, the company should disclose a comprehensive climate transition plan with a clear decarbonization roadmap.
Outcomes	K+S is a German agricultural chemical company which mainly produces fertilizer and salt and also works in waste disposal and recycling. K+S operates in an energy-intensive industry, facing significant challenges in aligning with Germany’s net-zero emissions target by 2045. The transition from fossil fuels to electrification and renewable energy demands substantial investments in energy efficiency, combined heat and power systems, and low-carbon technologies. Sustainalytics initiated engagement with K+S in May 2020, beginning with an introductory call that explored the company’s environmental management, GHG emissions, environmental impact of fertilizers, community relations, and business ethics. Sustainalytics reports that K+S linked its ESG performance metrics to executive pay in 2023, introducing three new sustainability goals with equal weight in the long-term incentive plan for the board of executive directors. K+S has also updated and

	<p>increased the ambition of its interim 2030 and 2040 emissions reduction targets, aiming for climate neutrality by 2045 in alignment with Germany's net zero commitment. According to Sustainalytics, the company provided reasonable insights into its net zero strategy, reduction trajectory, and key decarbonization levers. K+S also published a Negative Declaration Hazardous Waste document in 2024, outlining its waste management approach and monitoring via environmental data management software. Sustainalytics reports that the company is progressing steadily in the execution and implementation phase of its climate and broader sustainability strategy, delivering measurable outcomes and enhanced disclosures aligned with established reporting standards. In response to this meaningful progress, Sustainalytics resolved this engagement in Q4 of 2024.</p>
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Case study: Net zero journey for Finnish utilities company	
Company	Fortum Oyi
Engagement Programme	Thematic – Net Zero Transition
Objectives	Address and minimize indirect emissions to achieve carbon neutral and net zero targets.
Outcomes	<p>Fortum is a state-owned energy company from Finland. The company operates power plants, including co-generation plants, and generates and sells electricity and heat. Sustainalytics began engaging with Fortum through its net zero program in Q4 of 2023. Fortum aims to achieve carbon neutrality across Scopes 1, 2, and 3 by 2030 and plans to cease all coal-based energy production by the end of 2027. Currently, approximately 98% of the electricity that the company generates is renewable. Fortum has also outlined a strategy to achieve net zero emissions in its European operations by 2035. In Q1 of 2024 Fortum announced it has established a green finance framework to further integrate its sustainability ambitions into its financing. Sustainalytics states that while the company is a leader in the net zero transition for its sector, challenges persist, particularly in mitigating carbon emissions from district heating production in Finland and electricity and heat production in Poland, where Fortum's influence is indirect.</p> <p>Sustainalytics states that addressing these indirect emissions remains pivotal, requiring collaborative efforts across the supply chain to navigate their complexity effectively. Additionally, a deeper understanding of the practical implementation of the green finance framework is deemed essential for Fortum to leverage its role in financing the transition towards net-zero emissions. By continuing to focus on reducing indirect emissions and embracing sustainable finance mechanisms, Fortum is positioned to enhance its sustainability endeavors and expedite its journey towards a net zero transition.</p>

Signature of Chair

This Report was approved by the Trustee on 26 June 2025 and signed on its behalf by:

Allan Course
Chairperson of SEI Trustees Limited

APPENDIX: REGISTER OF CRROs

A. KNOWLEDGE AND UNDERSTANDING						
	RISK	IMPACT (1=LOW, 5=HIGH)	LIKELIHOOD (1=LOW, 5=HIGH)	CONTROLS	OVERALL RATING (1-8: Green / 9-16: Amber / 17-25: Red)	COMMENTS
1.	Key persons, such as Trustee Directors and Scheme Strategists, do not have sufficient knowledge and understanding to be able to identify, assess and manage CRROs in relation to the Trust.	4	1	<ul style="list-style-type: none"> Trustee Directors [and Scheme Strategists] have completed training provided by the TCFD Hub. New Trustee Directors [and Scheme Strategists] are required to complete this training within 6 months of appointment. CRROs included as part of the Trustee's annual training programme. All Trustee Directors and Scheme Strategists are required to maintain and demonstrate CPD appropriate to their role and responsibilities and complete an Annual Skills Assessment. Trustee's and Scheme Strategists' Annual Skills assessment updated to incorporate ESG and CRROs specifically. Independent Triennial Review of the Board to consider whether 	4	

				TKU is sufficient to manage CRROs in relation to the Trust.		
2.	Trustee's appointed Investment Managers do not keep abreast of developments in this area.	5	1	<ul style="list-style-type: none"> Trustee carries out Triennial Review on all Investment Managers, with managers' ESG capabilities assessed. Triennial Reviews will specifically explore managers' approach to CRROs and establish whether they are considered best of breed. The Trustee has the power to change or appoint additional Investment Advisers if required. 	5	

B. INVESTMENT PERFORMANCE AND GOVERNANCE						
	RISK	IMPACT (1=LOW, 5=HIGH)	LIKELIHOOD (1=LOW, 5=HIGH)	CONTROLS	OVERALL RATING (1-8: Green / 9-16: Amber / 17-25: Red)	COMMENTS
1.	There is a fundamental failure in the integration of financially material considerations around CRROs in the Trustee's investment strategy and fund choices in the Popular Arrangements.	5	1	<p>The Trustee ensures that CRROs are sufficiently considered in the funds used in the Popular Arrangements by monitoring the climate-related engagements, shareholder voting and portfolio positioning being undertaken by the specialist providers and the Investment Manager</p> <p>The Investment Adviser ensures that the consideration of CRROs is integral to the investment strategy advice that is provided to the Trustee.</p>	5	
2.	There is a failure by third party providers in supplying data on shareholder voting, shareholder engagements, carbon emissions or carbon emission intensities.	4	3	The Investment Manager has processes in place to ensure that (a) best-in-class specialist providers are selected to supply climate-related shareholder voting, company engagement and carbon emissions data provision services, and (b) performance is monitored, tested and challenged as necessary. The Investment Manager will monitor these services and if standards are insufficient will select a different service provider	12	<i>This is the third year in which this data is being requested and so the Trustee anticipates that there could be difficulty obtaining all the data required as the industry adjusts. This will be kept under close monitoring and alternative providers can be sought if required.</i>

	OPPORTUNITY	IMPACT (1=LOW, 5=HIGH)	LIKELIHOOD (1=LOW, 5=HIGH)	CONTROLS	OVERALL RATING	COMMENTS
1.	<p>The opportunity to invest in:</p> <ul style="list-style-type: none"> - companies involved in the manufacture/distribution of 'green technologies', for which there is likely to be heightened demand in the future; and/or - companies that could benefit as an end-user of such technologies, through cost savings/increased productivity etc. <p>Such opportunities could have a positive impact on the investment performance of the Trust's assets.</p>	3	3	n/a	9	<i>Cell shaded green to reflect opportunity (i.e. upside risk).</i>

C. REPORTING AND COMPLIANCE						
	RISK	IMPACT (1=LOW, 5=HIGH)	LIKELIHOOD (1=LOW, 5=HIGH)	CONTROLS	OVERALL RATING (1-8: Green / 9-16: Amber / 17-25: Red)	COMMENTS
1.	Trustee Directors do not produce annual TCFD Report in accordance with legislative requirements/timescales.	4	1	<ul style="list-style-type: none"> The provision of the TCFD report has been added to the Trustee's Scheme Calendar. The provision of the report will be considered within the Risk and Operations Sub-Committee The Trustee's TCFD Framework Agreement provides the starting structure for the TCFD and some of the intended content. TCFD will be considered and developed at each Risk and Operations Sub-Committee with progress reported at main Trustee meetings to ensure that it is provided well within legislative requirements/timescales. 	4	

D. OPERATIONS, COSTS AND SUPPLIERS						
	RISK	IMPACT (1=LOW, 5=HIGH)	LIKELIHOOD (1=LOW, 5=HIGH)	CONTROLS	OVERALL RATING (1-8: Green / 9-16: Amber / 17-25: Red)	COMMENTS
1.	The Trust's operations are directly impacted by climate-related physical risks, e.g. extreme weather.	4	1	<ul style="list-style-type: none"> The Trustee assesses all significant vendors' Business Continuity prior to appointment through SEI's Vendor Management Team, and on at least an annual basis thereafter. The Trustee also assesses SEI's Business Continuity testing annually as the Trust provider. 	4	
2.	The cost of running the Trust increases as a result of the additional activities required to identify and assess CRRO.	2	1	<ul style="list-style-type: none"> The Scheme Funder has provided a commitment to the Trustee through its Deed of Agreement to meet all costs arising from the Trust. The Scheme Strategists and Funder update the Trust's Business Plan at least annually taking account of factors that could impact the cost of operating the Trust. Budgets are agreed at least annually between Scheme Strategists and Funder, with additional resources provided by the Scheme Funder to meet any increase in costs and to further develop the Trust as required. 	2	