



**The National Farmers Union Mutual Insurance
Society Limited (NFU Mutual) Retirement Benefit
Scheme**

Defined Benefit and Defined Contribution Sections

**Task Force on Climate-Related
Disclosures (TCFD) Report**

13 June 2023

Table of Contents

Message from the Chair of the Trustee.....	3
Section 1 : Introduction	4
Section 2 : Governance	5
Section 3 : Strategy.....	7
Section 4 : Risk Management.....	12
Section 5 : Metrics and Targets.....	13
Appendix A: Metrics	17
Appendix B: DC scenario analysis assumptions	20

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Message from the Chair of the Trustee

Climate Change is one of the biggest challenges facing the people of the world and life in general. For many years scientists have detected an increasing proportion of greenhouse gases in our atmosphere and this process must slow down, reach stability and eventually decline if we are to avoid disastrous changes in our climate. This is a worldwide problem, and all countries must play a part in resolving it. The UK government has introduced regulations which apply to pensions schemes, principally requiring reporting to our members on the steps we are taking and on our plans. These reports also follow the international framework recommended by the Financial Stability Board's Task Force on Climate-related Disclosure (TCFD).

Accordingly, this report (referred to as a TCFD in the financial world) is the first of many reports and sets out the processes being put in place by the Trustee alongside our initial reports of progress for the period from 30 September 2022 to 31 December 2022. It is prepared in the form required by DWP regulations.

The NFU Mutual Retirement Benefit Scheme (RBS) works very closely with the Society itself. The Society has already developed a strategy and appropriate processes to assist the control of Climate Change and to mitigate its impact on the Society's financial health and how its members are affected. This is particularly important for the RBS in two respects – we rely on the Society to support the Scheme in the event of adverse circumstances and because the Scheme also relies heavily on the Society for the implementation of its investment strategies.

The Trustee must determine its own strategies in respect of Climate Change but our scrutiny of the Society's philosophy and of its practical implementation found that we are fully aligned, and our main responsibility is to monitor the performance of the Society rather than to develop a significantly different approach.

The biggest contribution that the Scheme can make to the control of Climate Change is the influence exercised through our investments. This includes the selection of companies which are following sustainable strategies and are therefore more likely to deliver longer term returns, but also by exercising votes at meetings of the companies held to encourage conformity with the targets set at the Paris Climate Change Conference in 2015. The Trustee receives regular reports on both aspects, but it must be acknowledged that the quality of carbon emission data available is at an early stage. Our TCFD reporting will use the best data available, but our investment managers are also required to consider the quality of the corporate strategies being followed by their portfolio companies rather than relying solely on the figures being published.

This Report also reflects the reliance placed on the Society's Climate Change strategy by including a summary of its plans and in future years will report how the Society is meeting its targets and developing its strategy. If the Trustee develops plans which deviate from those adopted by the Society these will be highlighted and separate reporting will be appropriate. We hope that you find this Report clear and informative. If you have any comments or questions these should be addressed to the Secretary in the first instance, and we would particularly welcome suggestions for how the Report should develop in future years.

Brian Duffin

16 June 2023

Date: _____

Signed by Brian Duffin OBE FFA, Chair of the Trustee of the NFU Mutual Retirement Benefit Scheme

Section 1: Introduction

The NFU Mutual Retirement Benefit Scheme (the “Scheme”) is now subject to the requirement to produce disclosures in line with the recommendations of the Task Force on Climate Related Disclosures (TCFD), as transposed into UK law in 2021. The aim of the TCFD disclosures is to improve and increase reporting of climate-related financial risks and opportunities.

The TCFD framework requires disclosures in four key areas:

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

This report sets out the Scheme’s approach to sustainability/net zero transition in each of these four areas for both the Defined Benefit (DB) and Defined Contribution (DC) sections.

Section 2: Governance

2.1 The Trustee's oversight of climate related risks and opportunities

The Trustee of the Scheme ("the Trustee") maintains overall responsibility for investment matters which includes sustainability and climate, and the Trustee Board establishes the approach and strategy in these areas including the Scheme's integration and assessment of climate-related risks and opportunities. The Board usually meet seven times a year.

The Trustee Board receive regular training and have frequent discussions around sustainable investing and climate-related risks and opportunities with the Scheme's advisers and investment managers as deemed appropriate. Ongoing training requirements are monitored as part of the Trustee's training log to ensure sufficient trustee knowledge and understanding.

The Trustee maintains a risk register which is reviewed at least annually. The Trustee has included risks arising from climate change on the risk register and has reviewed these risks during the current scheme year.

The latest Statement of Investment Principles (the "SIP") dated 13 June 2023 for the DB section and 20 June 2022 for the DC section, explicitly covers climate change, including policies on sustainability, which form the basis for investment decisions and assessment of climate-related risks and opportunities. The Scheme's Annual Implementation Statement (last effective date 31 December 2022) details any reviews of the SIP the Trustee undertakes, and documents any changes made to the SIP over each Scheme year as a result of the review. The Implementation Statement also details the Trustee's adherence to all SIP policies and principles for both DB and DC sections as well as the approach and actions taken by the Trustee over each Scheme year to select and monitor the performance of investment managers including areas such as climate and sustainability.

The Trustee believes that sustainability factors, including climate change, affect risk and return in the medium to long-term, and as such should be considered throughout the investment process when reviewing current and new investment opportunities.

2.2 The Trustee's role in assessing and managing risks and opportunities

As detailed above, the Trustee Board has specific responsibilities to assess and manage climate-related risks.

As set out in the SIP, to the extent possible, the Trustee will delegate the responsibility to take sustainability principles into account to its investment managers and will periodically review these policies with the assistance of its investment advisor through reporting or direct engagement with its investment managers as appropriate.

The Trustee expects its advisers to incorporate assessment and consideration of climate-related risks and opportunities as part of its ongoing role. As part of the annual assessment of the investment advisers against the Investment Consultant Objectives, the Trustee evaluates its investment adviser's performance related to advice on sustainability and climate factors as part of its overall strategy considerations.

The Trustee recognises that it is acting on behalf of the Scheme's members in relation to sustainability principles, and whilst the Trustee may not specifically ask for member views, it may re-visit this from time-to-time as deemed appropriate.

The Trustee also takes advice from its actuaries regarding the extent to which climate change may affect the funding position of the Scheme. As part of the Trustee assessment of covenant this also extends to consideration of the ability of NFU Mutual Insurance Society Limited (the Society) to support the Scheme given the climate risks facing the Society.

Section 3: Strategy

3.1 Identification and assessment of climate-related risks and opportunities relevant to the Schemes

The Trustee has determined that climate change could have a significant impact on the holdings in the portfolios of both the Defined Benefit (“DB”) investment and funding strategy and Defined Contribution (“DC”) Sections investment strategy if it is not properly managed. The Trustee has determined that these risks fall into 2 categories:

- **Transition risks:** A transition risk is the indirect impact of changes in society to combat or adapt to climate change. This might include costs for business to meet new regulations or increase life expectancy due to healthier lifestyles. These impacts are likely to occur in the short and medium term.
- **Physical risks:** A physical risk is the direct impact of climate change such as flooded properties on the asset side or higher deaths due to extreme weather on the liability side. These impacts are more likely to occur in the medium and long term.

Climate change can cause a variety of risks in the short, medium and long term. Therefore, the Trustee has considered the following time frames for the DB section:

- **Short term** - 3 years: this covers the latest triennial valuation and possible short term investment changes following it.
- **Medium term** - 7 years: this covers expected changes in climate change data quality and regulations. It also takes the Scheme beyond the end of the de-risking period built into the Technical Provisions discount rate.
- **Long term** - 15 years: this is in line with the duration of the Scheme’s liabilities.

For the DC section, the Trustee has considered the risks in relation to the impact on retirement outcomes for different cohorts of Scheme members, which are expected to be much longer than the DB section:

- **Short term** - 5 years: this considers members aged around 55 who can start to draw on their pension savings, but may be expected to retire fully in at least 5 years.
- **Medium term** - 20 years: this considers members aged around 40 today who have at least 20 years until they are expected to retire.
- **Long term** - 35 years: this considers members aged around 25 today who have at least 35 years until they are expected to retire.

3.2 Describe the resilience of the Scheme’s strategy, taking into consideration different climate related scenarios including a 2°C scenario

The Trustee has carried out climate change scenario analysis in partnership with the Society. The aim of this analysis was to help the Trustee to quantify the potential effects of climate change on the Scheme’s assets and liabilities and in turn consider the impact on the investment strategy and funding strategy.

To perform the climate scenario analysis three scenarios were considered, and these are summarised in the table below. The Trustee believes that the scenarios represent useful stress tests for the

Scheme. The Trustee is aware of the limitations of the climate scenario analysis, such as the reliance on third parties for the maintenance of accurate data, validation of our assumptions, and the information available at the date of the analysis. The Trustee will give consideration to the results of the scenario analysis but note that the results will not be the sole driver of investment decisions.

	Early Policy Action	Late Policy Action	No additional policy action
Description	Transition to a net-zero emissions economy starts in 2021. Carbon trading and other policies intensify relatively gradually over the scenario horizon. Global carbon dioxide emissions (and all greenhouse gas emissions in the UK) drop to net-zero around 2050. Mean global temperature increases by 1.8°C.	Transition is delayed until 2031, at which point there is a sudden increase in the intensity of climate policy. In the UK, greenhouse gas emissions are successfully reduced to net-zero around 2050, but the transition required to achieve that is more abrupt and therefore disorderly. Mean global temperature increases by 1.8°C.	No new climate policies are introduced beyond those already implemented prior to 2021. This leads to increasing global temperatures by 3.3°C and chronic changes in the physical environment.
Temperature Rise	~1.8°C	~1.8°C	~3.3°C

DB Analysis

The analysis considered the impact on the Scheme's funding level of the market and mortality impacts individually which are summarised in the table below.

	Market Impact	Mortality Impact	Combined Impact
Early Policy Action	-4%	-3%	-7%
Late Policy Action	-6%	+1%	-5%
No Additional Policy Action	-4%	+6%	+1%

Market impact

Allows for the market impacts of climate change (i.e. on asset values and allowing for the effects of rises in yields and inflation on the liabilities). The significant falls in equity and property values in each scenario drives a fall in funding levels across all three scenarios. Although the 'No Additional Policy Action' scenario sees the greatest falls in asset values, this has been partially offset by a rise in gilt yields which increases the discount rate and therefore reducing the Scheme's liabilities. Conversely, the rise in inflation in the "Late Policy Action" serves to increase liabilities, resulting in the greatest impact on funding levels.

Mortality impact

In the “Early Policy Action” scenario, the long-term rate of mortality improvement increases due to the assumption that members adopt healthier lifestyles. The increase in life expectancies causes the funding position to fall due to higher expected benefit payments. The “Late” and “No Additional Action” scenarios see a reduction in the rate of long-term mortality improvement due to poorer economic growth (and crop failures in the “No Additional Action” scenario), causing liabilities to fall and funding levels to rise.

Covenant Impact

The Trustee has not directly assessed the covenant in relation to climate change risk during the Scheme year, including any implications on the investment or funding strategy but notes that the Society carried out a similar exercise as detailed above on the potential impact of climate change scenarios on the Society. This was an exploratory exercise to identify where material risks lie, and where further work may be required rather than a capital exercise. The mortality impacts of climate change on the Life business were also out of scope. At this time the Trustee notes no specific concerns.

Conclusions and risks and opportunities identified

The scenarios presented are designed to illustrate a plausible range of outcomes from climate change on the scheme’s funding position.

The results show that transitional and physical risks may negatively impact the scheme’s asset portfolio based on the asset holdings as at 31 March 2022. However, this does not factor in NFU Mutual’s climate change investment ambition “to deliver 50% emissions reduction in NFU Mutual’s equity and corporate bond portfolios by 2030, compared to a 2019 base year”, which could help mitigate the impact given that the full extent of these risks is not expected to be seen overnight. Further, with asset de-risking, which has been commenced by the movement of equities and property to bonds, the impact of climate change scenarios on the Scheme’s assets is likely to be reduced as bonds are expected to be less affected. The full effect of these changes will be reflected in next year’s report.

The mortality impacts of climate change are highly uncertain and there are a wide range of drivers which could reduce or increase life expectancy. The indirect impacts of climate change on mortality (such as member’s diets and exercise habits) have the potential to drive significant changes in mortality rates. Industry research in this area is relatively new, and the mortality assumptions in each scenario have been based on the very limited data available in the public domain and hence a large degree of judgement is required in estimating impacts. The Trustee will continue to monitor industry developments with a view to enhancing the sophistication of the scenarios over time, including work with the Scheme’s advisors.

DC Analysis

For the DC section of the Scheme, we have undertaken climate scenario analysis based on similar principles as for the DB section of the Scheme. For the DC section of the Scheme we have relied on the approach established by our DC advisor meaning the precise modelling approach and assumptions about the future are slightly different than for the DB section. However, since the headline approach is similar we are comfortable that this approach is reasonable for the purpose of this year’s reporting.

The key difference in approach is that the climate stresses within the DC analysis relies on assumptions about future market volatility under different scenarios, from which an assessment of the potential impact on members can be assessed.

The following table sets out how each of the climate scenarios used in the analysis are defined:

	Early Policy Action	Late Policy Action	Minimal Policy action
Description	Transition to a net-zero emissions economy starts in 2021. Carbon trading and other policies intensify relatively gradually over the scenario horizon. Mean global temperature increases by 2°C or just below.	Transition is delayed until 2027, at which point there is a sudden increase in the intensity of climate policy. The transition is more abrupt and therefore disorderly. Mean global temperature increases by 2°C or just below.	Little policy action for many years. Some responses to environmental damage begin in 2032. This leads to increasing global temperatures by more than 2°C and chronic changes in the physical environment.
Temperature Rise	At or below 2°C	At or below 2°C	Above 2°C

The following table sets out the results of the climate scenario analysis for different cohorts of DC section members. It should be noted that these are all stressed scenarios, and therefore generally reveal a 'worse' position relative to central expectations about future retirement outcomes:

Impact on retirement outcomes for different climate stresses	Short term (expected retirement in at least 5 years)	Medium term (expected retirement in at least 20 years)	Long term (expected retirement in at least 35 years)
Early Policy Action	0%	-2%	+2%
Late Policy Action	0%	+2%	-1%
Minimal Policy Action	0%	-3%	-3%

More information about the methodology to support our analysis is included in Appendix B. Please note that this analysis covers the DC Section's default arrangement, subject to the assumptions set out in Appendix B.

For instance, for Scheme members aged around 40 who are expected to retire in at least 20 years, a delayed transition is expected to reduce their projected pot at retirement by 2%.

In general, older Scheme members are expected to be relatively well shielded from wider market disruptions caused by emerging transition and physical climate risks. This is because they are invested across a range of markets, providing diversification. Conversely, younger Scheme members will be more exposed to a delayed climate transitions because the timing of transition and physical climate risks will be borne when they have accumulated sizeable levels of retirement savings.

We have concluded that strategic asset allocation decisions could impact real-world climate risks and opportunities for Scheme members, and consequently their long-term retirement outcomes. In the short to medium term, we believe that there is substantial scope to make progress through more traditional building blocks such as equities and bonds.

We believe that climate risks and opportunities will be better managed through implementation decisions, which could improve financial outcomes within asset classes, and effective stewardship, and engagement, with underlying companies to drive real world changes.

In future years the Trustee will consider whether to align the climate scenarios and modelling approach for both the DB and DC sections of the Scheme.

Section 4: Risk Management

4.1 Processes for identifying, assessing and managing climate risks

The Trustee recognises climate change as a risk which cuts across the majority of the other risks faced by the Scheme, in that those risks may be impacted by the effects of climate change.

The Trustee board reviews climate risks on an ongoing basis. This includes regular reviews of the risk register, IRM risk framework and regular reporting from its investment manager and advisors on climate risk. As part of this, the Trustee receives regular training on climate risk from its advisers and investment managers.

The Trustee, in conjunction with its investment adviser, monitors and assesses the activities of the Scheme's investment managers with respect to climate-related risks and opportunities based on quarterly reporting.

The Trustee monitors the carbon exposure of the portfolio using a range of metrics including total carbon emission and carbon intensity, as a proxy for climate risk, and portfolio alignment with the objective of the Paris agreement. In addition to this, the Trustee also undertakes scenario testing to understand the potential impact of climate risk on the DB and DC Scheme sections' projected financial position, taking into account potential impacts on both assets and liabilities as well as on expected member outcomes. Finally, the Trustee undertakes a qualitative assessment of the potential impact of different climate scenarios on the Society's business, which will be provided on a regular basis.

The Trustee also receives annual updates from the Society on its ability to meet its obligations to the Scheme. These include updates regarding the resilience of the Society to the challenges of climate change, both in terms of physical and transition risks. The Trustee looks to meet with the Society on an annual basis to discuss the Society's business plans and can use this opportunity to gain further information from the Society regarding its resilience to climate change, as required.

The Trustee has delegated the day-to-day ESG integration and stewardship activities (including voting and engagement) to the investment managers of the Scheme. Where investments are held in pooled funds the Trustee has limited scope to directly influence the voting approach taken by the investment managers but looks to regularly engage and understand their approach. Where investments are held in internally managed funds held directly with the Society the Trustee has greater scope to influence the voting approach taken by the investment manager. The Trustee receives stewardship reports from its managers on a yearly basis, which include any specific climate change-related items.

4.2 Integration of climate into the overall risk management framework of the scheme

Climate risk is considered among other significant financial risks listed in the Scheme's SIP and it is considered as part of the Scheme's investment strategy. The Trustee require the incorporation of climate risks and opportunities into their investment process, thereby integrating climate change into traditional financial analysis. Both mainstream risks and climate-related risks are discussed by the Trustee who continually engages with the investment managers on such issues.

The Trustee will prioritise the assessment and management of climate-related risks and opportunities as part of their wider approach to risk management and governance. For example, climate risk is included in the Scheme's risk register, and monitored on a holistic basis alongside other risks identified by the Trustee and their advisors.

Section 5: Metrics and Targets

5.1 Metrics used by the Trustee to assess climate-related risks and opportunities in line with its strategy and risk management process

The Trustee is required to set a variety of climate change metrics in order to comply with the legislation. Currently, these are:

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

As this is the first year in which the regulations apply, the Trustee is only required to consider Scope 1 and Scope 2 emissions, rather than additionally including Scope 3 emissions. These terms mean:

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

Scope 3 emissions are significantly more difficult to calculate than scope 1 or scope 2 emissions for any given entity. It is also the case that, for some assets, even scope 1 and scope 2 emissions are difficult to calculate.

The Trustee uses best endeavours to make as full a disclosure as it can, subject to overriding constraints of reasonable time and cost for doing so. The methodologies for calculating the metrics have been set out by the Department for Work and Pensions and the Trustee has therefore aligned with the guidance but recognises that methodologies are expected to evolve over time and are currently not fully agreed on across the industry. The Trustee is working actively with its investment managers to improve the quality of the data supplied for these purposes over time.

The Trustee has agreed to report on the following metrics:

Metric	Definition	Rationale
Total Carbon Emissions (“tCO₂e”)	An ‘absolute emissions’ metrics which gives a measure of carbon emissions attributable to the Scheme. This is calculated in line with the GHG protocol methodology and currently includes only Scope 1 and 2 emissions.	Determined by the regulator.

Carbon Footprint (tCO₂e / £ invested)	An 'emissions intensity' metric which gives a measure of how many tonnes of CO ₂ emissions each million invested causes.	It provides a direct measure of absolute emissions, which ultimately impact global outcomes and provides a simple comparable measure across portfolios.
Percentage of assets with approved Science based targets ("SBTi")	A 'portfolio alignment' metric which is a forward-looking measure of the percentage of assets with targets validated by the Science-Based Targets Initiative.	It provides a consistent verification of a company's alignment to the Paris agreement. At this stage the Trustee believes other methodologies are insufficiently robust due to the high sensitivity to the chosen methodology and assumptions.
Data coverage/quality	A measure of the proportion of the Scheme's assets for which the Trustee has high quality audited data, proxied data, or no data at all.	The Trustee believes it is to monitor this as climate metrics are at an early stage and data is currently limited. It also believes that improved data quality and coverage is an area that the Trustee can most influence its investment managers and improvements would allow better decision making on future carbon metrics.

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

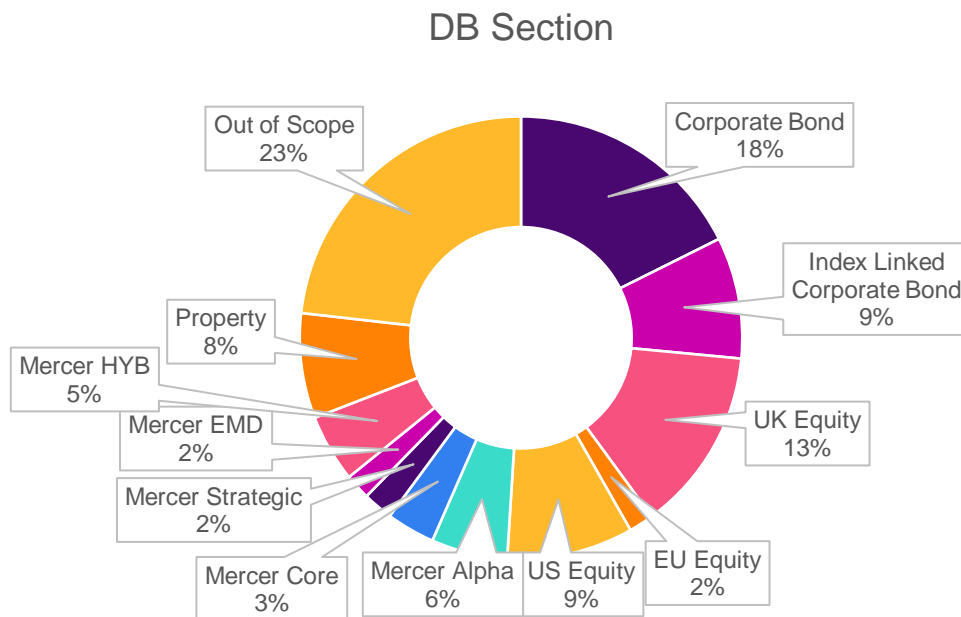
As of 31 December 2022, the following data on the metrics has been collected (with further detail provided in Appendix A). All data has been provided by the Scheme's investment manager:

	DB	DC
Total Carbon Emissions – Scope 1	65,263.7 tonnes CO ₂ e	13,300.5 tonnes CO ₂ e
Total Carbon Emissions - Scope 2	9,961.2 tonnes CO ₂ e	2,813.2 tonnes CO ₂ e
Carbon Footprint – Scope 1	70.8 tonnes CO ₂ e/£M	59.3 tonnes CO ₂ e/£M
Carbon Footprint – Scope 2	10.8 tonnes CO ₂ e/£M	12.3 tonnes CO ₂ e/£M
Percentage of assets with approved Science based targets.	39.1%	33.1%

Data Quality and coverage	57.8%	88.2%
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The data and metrics set out above have been gathered for the purpose of assessing and understanding the Scheme’s current position with regard to climate risk exposure. It is recognised that the change in climate metrics over time is likely to be a more valuable measure of the change in climate risk exposure, than the absolute value. Since this is the Trustee’s first year reporting in line with TCFD requirements, the metrics provide a baseline for assessing trends and changes in climate risk exposure in future years.

Please note that 23.2% of the DB assets as at 31 December 2022 were invested in asset classes such as; money market funds, sovereign bonds, UK government bonds, UK index-linked government bonds, High Yield Bonds and Emerging Market Debt non-corporates. Information on these funds is not available and therefore they have been excluded from the metrics above. For the DB Section, where carbon emissions data was provided but not with 100% coverage, the total financed carbon emissions have been calculated based on a pro-rata approach to reflect 100% of assets. For the Mercer Emerging Market Debt (EMD) and Mercer High Yield Bond (HYB) funds any pro-rating has been capped at the maximum amount the fund can invest in corporates with government bonds excluded.



The total financed carbon emissions for the DC section have been calculated based on the value of assets for which data is available for the Mixed DC funds. Where carbon emissions data was provided at an asset class level, but not with 100% coverage, we have pro-rated to reflect 100% of the assets. The percentage of assets with approved science-based targets relates to NFU Mutual funds only.

5.3 Targets used by the Trustee to manage climate-related risks and opportunities and performance against target.

The Trustee has agreed to align to the Society’s net zero target and ambition with the aim of reducing greenhouse gas emissions from the Scheme’s equity and corporate bond portfolio to net zero by 2050 and a 50% emissions reduction by 2030. This includes equities and corporate bonds held directly and those held indirectly within the Mercer funds.

This will be monitored via the Scheme's carbon footprint invested measure, given this is not sensitive to the size of the Scheme's assets, using scope 1 and scope 2 carbon emissions and excluding sovereign bonds. The Trustee believes that scope 3 and sovereign bond exposures remain highly estimated and will lead to significant amounts of double counting. This is the first disclosure of TCFD metrics so it will be used as the baseline measurement date against which the Trustee measures progress.

Appendix A: Metrics

The metrics and data in this Appendix have been provided by the Scheme's investment managers.

The following tables set out a breakdown of the data provided by the Scheme's investment managers as at 31 December 2022. The data reported is for the portion of the fund which is owned by the Scheme. For the DB Section, where carbon emissions data was provided but not with 100% coverage, the total financed carbon emissions have been calculated based on a pro-rata approach to reflect 100% of assets. For the Mercer Emerging Market Debt (EMD) and Mercer High Yield Bond (HYB) funds any pro-rating has been capped at the maximum amount the fund can invest in corporates with government bonds excluded. The total financed carbon emissions for the DC section have been calculated based on the value of assets for which data is available for the Mixed DC funds. Where carbon emissions data was provided at an asset class level, but not with 100% coverage, we have pro-rated to reflect 100% of the assets.

DB

	Total Carbon Emissions (scope 1) tCO2e	Total Carbon Emissions (scope 2) tCO2e	Carbon Footprint (scope 1) tCO2e/£M	Carbon Footprint (scope 2) tCO2e/£M	% of assets with approved SBTi	Data Coverage (Total Carbon Emissions)
Corporate Bond	9,843.4	1,159.7	60.6	7.1	31.8	50.4
Index Linked Corporate Bond	2,127.0	946.2	26.0	11.6	81.8	40.3
UK Equity	9,360.7	2,119.2	75.6	17.1	47.7	97.1
EU Equity	1,116.3	188.3	66.9	11.3	61.4	100.0
US Equity	2,623.4	567.2	30.8	6.7	40.8	97.6
Mercer Alpha	3,405.8	824.9	66.5	16.1	23.6	96.1
Mercer Core	3,967.4	864.7	121.5	26.5	12.6	96.8
Mercer Strategic	1,320.4	391.0	65.2	19.3	26.4	99.0
Mercer EMD*	15,312.2	2,011.8	889.6	116.9	0.2	6.2
Mercer HYB**	16,187.1	888.3	355.6	19.5	10.1	53.7
Property	0.0	0.0	0.0	0.0	Not available	100.0

DB – Data Coverage

	Coverage (%)	Reported (%)	Estimated (%)
Corporate Bond	50.4	46.6	3.8
Index Linked Corporate Bond	40.3	40.3	0.0
UK Equity	97.1	92.6	4.5
EU Equity	100.0	96.8	3.1
US Equity	97.6	85.4	12.2
Mercer Alpha	96.1	77.1	19.0
Mercer Core	96.8	69.9	26.9
Mercer Strategic	99.0	77.4	21.6
Mercer EMD*	6.2	4.7	1.5
Mercer HYB**	53.7	28.9	24.8
Property***	100.0	0.0	100.0

*For calculation purposes, the Trustee has capped the EM Debt fund with 35% of its valuation contributing to emissions. This reflects that maximum amount the Scheme will invest in corporates through this vehicle and the fact that government bonds are outside the scope of the Trustee's 2030 and 2050 ambitions.

**For calculation purposes, the Trustee has capped the High Yield Bond fund with 85% of its valuation contributing to emissions. This reflects that maximum amount the Scheme will invest in corporates through this vehicle and the fact that government bonds are outside the scope of the Trustee's 2030 and 2050 ambitions.

***Emissions for the Property fund are zero for Scope 1 and 2 emissions as emissions relate to those produced by underlying tenants, which are captured under scope 3 emissions.

DC

	Total Carbon Emissions (scope 1) tCO ₂ e	Total Carbon Emissions (scope 2) tCO ₂ e	Carbon Footprint (scope 1) tCO ₂ e/£M	Carbon Footprint (scope 2) tCO ₂ e/£M	% of assets with approved SBTi	Data Coverage
<i>NFU Mutual funds</i>						
UK Equity	426.2	85.8	37.9	7.6	42.1	96.8
International	1,139.5	243.6	66.2	14.1	32.7	98.5
Fixed Interest	25.9	3.5	63.5	8.5	19.8	49.3
Index Linked	-	-	-	-	-	-

Property	3.9	7.9	0.7	1.5	45.7	99.4
Deposit	-	-	-	-	-	-
Mixed 40-85% Shares	3,240.7	663.9	53.7	11.0	31.4	84.0
Mixed Max 100% Shares	7,289.3	1,551.5	53.0	11.3	34.3	92.6
Mixed 20-60% Shares	162.2	30.7	67.5	12.8	27.6	72.1
<i>Legal & General funds</i>						
Over 15 Year Gilts	-	-	-	-	-	-
UK Equity	358.6	76.6	108.6	23.2	-	90.8
Global 50:50 Equity	654.1	149.7	91.3	20.9	-	93.4

DC – Data Coverage

	Coverage (%)	Reported (%)	Estimated (%)
<i>NFU Mutual funds</i>			
UK Equity	96.8	85.7	11.1
International	98.5	81.4	17.1
Fixed Interest	49.3	45.7	3.6
Index Linked	-	-	-
Property	99.4	85.2	14.2
Deposit	-	-	-
Mixed 40-85% Shares	84.0	72.0	12.0
Mixed Max 100% Shares	92.6	78.9	13.7
Mixed 20-60% Shares	72.1	64.1	8.0
<i>Legal & General funds</i>			
Over 15 Year Gilts	-	-	-
UK Equity	90.8	n/a	n/a
Global 50:50 Equity	93.4	n/a	n/a

Appendix B: DC scenario analysis assumptions

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

In short, their approach draws on stochastic analysis of future potential outcomes, with emphasis on pathways demonstrating different levels of market volatility/disruption during periods aligned with the climate scenarios defined in the main report.

A few assumptions were made for members invested for different periods of time. These are outlined below.

Member assumptions	Short term (expected retirement in at least 5 years)	Medium term (expected retirement in at least 20 years)	Long term (expected retirement in at least 35 years)
Member age	55	40	25
Salary	£60,000	£40,000	£24,000
Starting pension pot	£50,000	£30,000	£0
Contribution rate (employee plus employer)	20%	20%	20%
Expected retirement age	60	60	60

Salary is expected to increase in line with Consumer Price Inflation (CPI) plus 1% each year. Projected pot amounts are in real terms, allowing for inflation expressed in terms of CPI.

The main limitation is that the future is unknown, and as for any forward-looking modelling, requires assumptions to be made. These assumptions may or may not be borne out in practice, so the outputs from this analysis should not be relied upon as an exact assessment of potential member impacts which could be better or worse than indicated. This limitation cannot be removed, but managed over time by monitoring.

No data was missing for the purpose of the scenario analysis.