Mercer

welcome to brighter

Analytics for Climate Transition ACT Advanced

Cambridgeshire Pension Fund

Analytics as at 30 June 2024

Chris West & Jonathan Crowther

Contents

Executive summary

Progress to date

How ACT analysis has been used to date

2021

Set targets

- Total Fund 2050 (or earlier) net zero target
- Listed equity portfolio carbon reduction targets set for 2024 and 2030, versus 2021 baseline

2022-24

Monitor progress

- Monitor progress vs. 2024 and 2030 equity decarbonisation targets

Investment manager decisions

- Helped inform decision to switch from UBS passive equity to climate aware passive mandates with UBS and Osmosis
- Supported work to allocate to timberland via ACCESS

Today

Decarbonisation

- Acknowledge achievement of 2024 target for listed equity
- Adopt corporate bonds decarbonisation target
- Adopt SBTi as additional metric

Monitoring targets & strengthening approach

- Monitor progress of listed equity and corporate bond carbon metrics, separately and combined
- Evolve approach to engagement – agree to form a “climate target list”

2025 and beyond

Scope 3

- Introduce targets when data quality / availability allows

Private markets

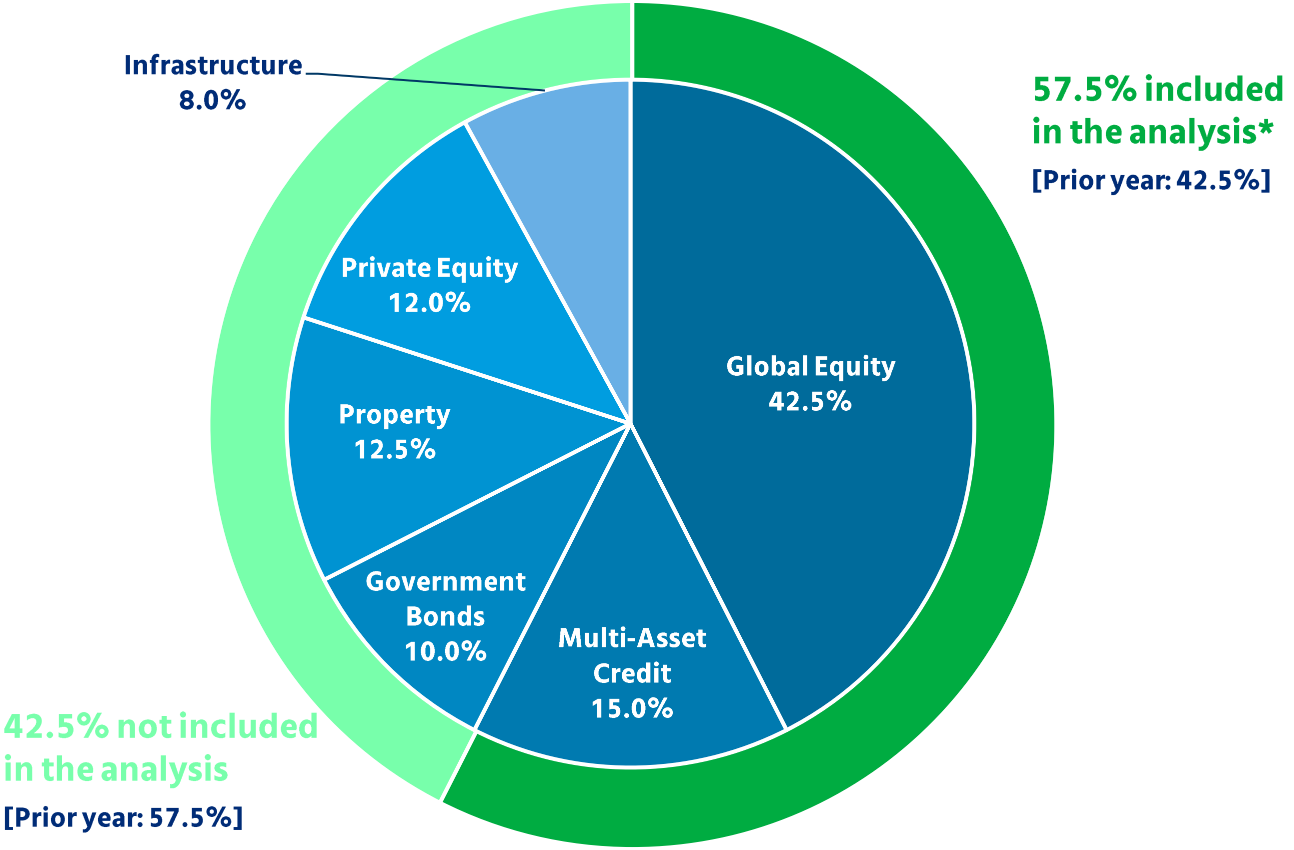
- Continue monitoring and consider net zero targets (where feasible)

New investments

- Consider further investment in sustainable / low carbon green assets and climate solutions
- Consider measuring exposure to climate solutions from 2025 and setting future targets

Portfolio asset allocation

What's included in the 2024 analysis?



This report presents direct analysis of:

- 5 **listed equity** mandates:
  - **JO Hambro - Global Equity**
  - **Dodge & Cox - Global Equity**
  - **Longview - Global Equity**
  - **Osmosis - Core Equity**
  - **UBS - Climate Aware Rules Based**
- 2 **multi-asset credit** mandates:
  - **Bluebay - Multi-Asset Credit**
  - **M&G - Multi-Asset Credit**

As at 30 June 2024, the mandates included in the analysis cover **c. £2,720m** (based on strategic asset allocation), which correspond to **57.5%** of the whole Fund.

This contrasts with a total of **£1,816m** (42.5% of the whole Fund) included in the previous analysis as at 30 June 2023.

Source: Mercer. All data as at 30 June 2024.

Note: Analysis is carried out based on the Fund's target SAA, rather than actual allocation. This provides consistency year-on-year and better represents the Fund's intentional exposures, noting the Fund is expected to rebalance towards its target SAA over time. Results based on actual allocations will therefore differ depending on the extent to which this deviates from target.

** 49.8% after allowing for data coverage of underlying assets. See climate metrics dashboard for further detail.*

Mercer

Key findings / recommendations of 2024 analysis

Key findings:

- **Listed Equity decarbonisation is ahead of 2024 target and on track relative to 2030 target**
- **Too early to set net zero targets for private markets**

Monitor interim decarbonisation targets for listed assets

Listed Equity

- Maintain a watching brief on the suitability of 2030 decarbonisation target[a], taking into account:
  - Carbon efficiency of the portfolio relative to MSCI ACWI;
  - Overall 2050 net zero target;
  - Increased focus on portfolio alignment and climate solutions.

Corporate Bonds

- Adopt separate decarbonisation target for corporate bond mandate.

Adopt additional metrics

Assessing the alignment of assets with a low carbon transition, supported by stewardship, allows for a more holistic approach to a whole economy transition.

Continue to monitor SBTi alignment, grey to green analysis and top 10 contributors.

Measure exposure to climate solutions in 2025 and agree future target.

Implement an Engagement plan

Agreeing how to achieve targets is important, with stewardship playing a key role. Develop a more formal engagement plan for top contributors to carbon footprint within the portfolio (i.e. a “climate target list”) based on agreed criteria.

Progress Private markets disclosures

Whilst some managers responded positively to the request for portfolio carbon metrics, some were unwilling or unable to provide meaningful data.

This makes reliable aggregation at this point in time challenging.

Rather than attempting to set targets based on incomplete data, the focus at this stage should be on engaging with managers, in order to improve data coverage and quality.

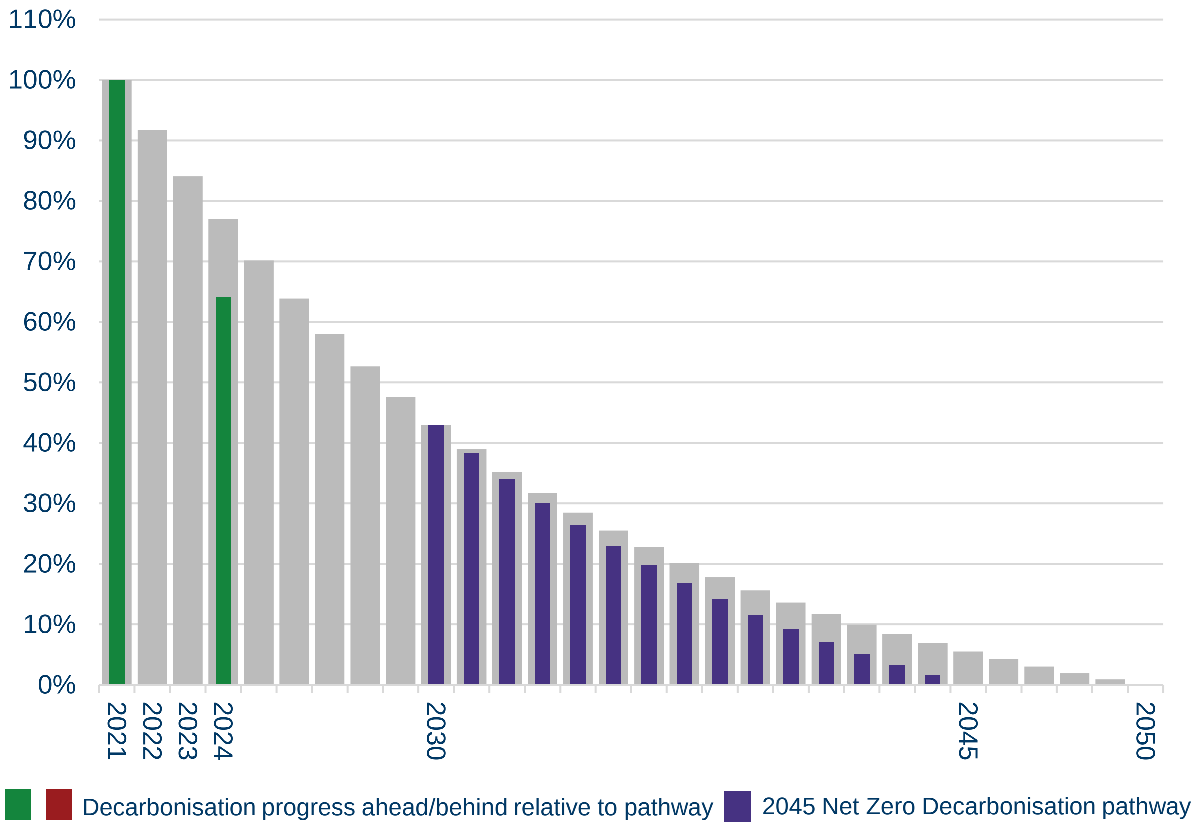
*Long-term alignment in 2050 , sourced from TPI https://www.transitionpathwayinitiative.org/

(a) See slide 14

Decarbonisation progress - Combined *(49.8% of total assets)*

Progress relative to the decarbonisation pathway

Carbon Footprint (tCO2e / $M invested) **for the listed equity and corporate bonds, relative to 2021 Baseline** - Scope 1 and 2



- The chart shows a **decarbonisation pathway** for the **Fund's listed equity** and **corporate bonds portfolio**, based on its **Carbon Footprint**, starting from a baseline as at 30 June 2021. It compares this portion of the Fund to the decarbonisation targets: a 23% reduction by 2024, a 57% reduction by 2030, and achieving net zero by 2050 or earlier.

- In relation to the June 2021 baseline, the overall Carbon Footprint of the listed equity and corporate bond portfolio has **decreased** by **c.35.8%**.
- To meet the **2030 reduction target**, the **Carbon Footprint of the listed equity and corporate bond portfolio** needs to decrease by **33%** (from 2024) by 2030.

Source: Mercer, using data from MSCI. The most recent data is based on stocklists as at 30 June 2024, using metric calculations and data feeds as at 10 September 2024, or latest available. Prior data corresponds to stocklists from prior years and is taken from previous Mercer reports. For the corporate bond portions of the multi-asset credit funds, data for 2021 is based on stocklists as at 30 June 2021, using metric calculations and data feeds as at 13 September 2024, for historical data.

Current and proposed targets

Key:
On Track
Further Progress Required
Not yet assessed

	Scope	Current Target	Proposed Target / Comment
FRONT-LOADED PORTFOLIO **DECARBONISATION** WITH A FOCUS ON MANAGING TRANSITION RISK	**Total Fund**	**Target 2050 net zero target (vs 2021 baseline)**	Incorporate corporate bonds alongside listed equities vs agreed decarbonisation pathway.
	Listed Equities	**Target 2050 net zero target with interim targets (vs 2021 baseline)**	**Maintain 2030 interim target:** The Fund's listed equity portfolio is efficient relative to the wider equity market. However, with manager changes possible following the current equity portfolio review, we recommend reconsidering interim targets in 2025.
	Corporate bonds (MAC)	n/a	**Proposal**: Adopt a 57% reduction target for the corporate bonds portfolio from 2021 to 2030. This equates to a c.41% reduction from 30 June 2024 (following the same trajectory as the listed equity portfolio).
	Private Markets	**Engage with 100% of investment managers on providing climate data for 2024 reporting.**	Engage with managers to seek **material improvement to data provision** for 2025 reporting. **Continue to explore feasibility of target setting:** Target setting on the Fund's property, infrastructure and private equity portfolios is currently not possible due to data constraints. Mercer recommends continuing to engage with managers on this point.

Mercer

Next steps

Key decisions and recommendations

Strengthen approach to alignment and stewardship targets, and adopt "climate target list"

Continue to evolve TCFD reporting for stakeholders, including climate solutions measurement from 2025

Targets

- Maintain a watching brief on the 2030 listed equity decarbonisation target - review in 2025 after equity review and possible manager changes concluded
- Proposed corporate bond target of 57% emissions reduction by 2030 (from 2021 baseline)
- Continue to engage with private markets managers to improve data provision by 2025

Incorporate conclusions / targets into ISS and Responsible Investment Policy

Decarbonisation Targets

(Scope 1 + 2)

Climate metrics dashboard

New metric used in 2024 analysis

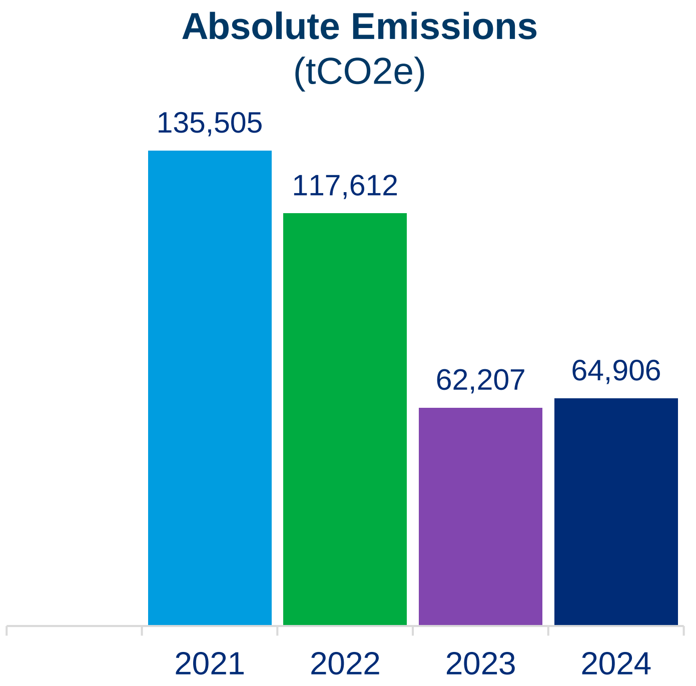
Scope 1 and 2 emissions – listed equity and corporate bonds

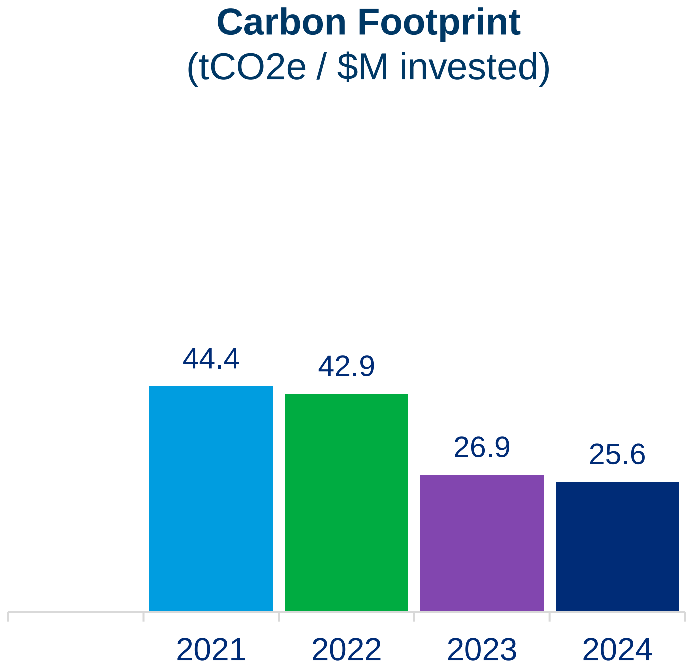
Asset Class	Mandate	WACI (tCO2e / $M sales)		Carbon Footprint (tCO2e / $M invested)		Absolute Emissions (tCO2e)		Implied Temperature Rise (ºC)		SBTi Targets	Allocation Weight
		Metric	Coverage	Metric	Coverage	Metric	Coverage	Metric	Coverage		
Listed equity	**Dodge & Cox** - Global Equity	**101.0**	96.7%	**55.2**	96.7%	**24,763**	96.7%	**2.4°C**	96.7%	**29.6%**	7.5%
	JO Hambro - Global Equity	**105.1**	93.8%	**30.3**	92.4%	**13,582**	92.4%	**2.5°C**	90.3%	**32.0%**	7.5%
	Longview - Global Equity	**12.0**	97.6%	**4.6**	97.6%	**2,044**	97.6%	**2.0°C**	97.6%	**57.9%**	7.5%
	Osmosis - Core Equity	**35.4**	99.6%	**14.0**	99.6%	**5,027**	99.6%	**2.2°C**	99.6%	**54.5%**	6.0%
	UBS - Climate Aware Rules Based	**46.0**	99.4%	**23.3**	99.1%	**19,490**	99.4%	**2.3°C**	99.3%	**46.7%**	14.0%
	MSCI ACWI	**120.3**	99.8%	**46.7**	99.6%			**2.5°C**	99.7%	**43.4%**	
Total listed equity		**58.6**	**97.6%**	**25.6**	**97.3%**	**64,906**	**97.4%**	**2.3°C**	**97.0%**	**44.2%**	**42.5%**
Corporate bonds	**Bluebay** - Multi-Asset Credit - Corporate Bonds portion	**99.1**	84.3%	**84.0**	78.8%	**16,486**	78.8%	**2.5°C**	72.2%	**16.2%**	3.3%
	M&G - Multi-Asset Credit - Corporate Bonds portion	**72.2**	88.7%	**49.2**	62.8%	**11,895**	63.1%	**2.1°C**	61.0%	**26.2%**	4.1%
Total corporate bonds		**84.2**	**86.7%**	**64.8**	**70.0%**	**28,381**	**70.1%**	**2.3°C**	**66.0%**	**21.7%**	**7.3%**
Total equity and corporate bonds		**62.4**	**96.0%**	**31.3**	**93.3%**	**93,287**	**93.4%**	**2.3°C**	**92.4%**	**40.9%**	**49.8%**

Source: Mercer, using data from MSCI. All data is based on stocklists as at 30 June 2024, using metric calculations and data feeds as at 10 September 2024, or latest available. An overview of these metrics is provided in the Appendix. Allocation weights represent the strategic asset allocation for that mandate or, for mixed mandates, the actual allocation to corporate bonds within the mixed mandate (c.43.7% and c.54.2%, respectively for Bluebay and M&G).

Progress versus the baseline

Total listed equity



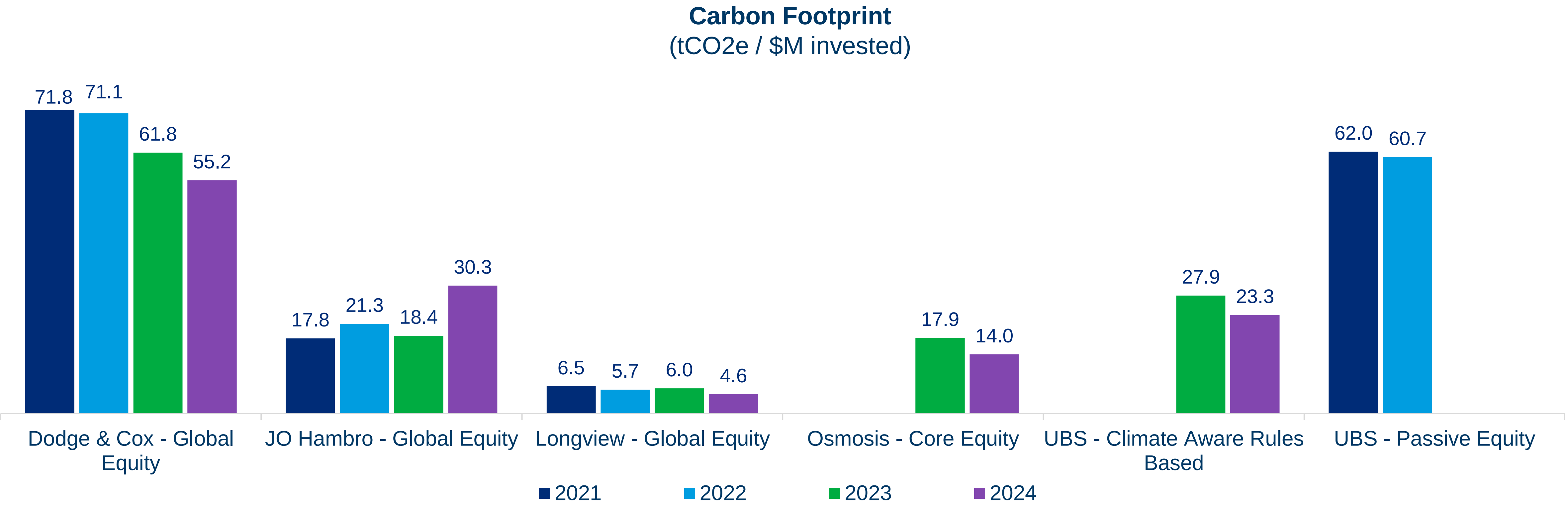


Source: Mercer, using data from MSCI. The most recent data is based on stocklists as at 30 June 2024, using metric calculations and data feeds as at 10 September 2024, or latest available. Prior data corresponds to stocklists from prior years and is taken from previous Mercer reports.

- The Fund's Listed Equity portfolio **decreased** by **42.4%** on a Carbon Footprint basis, from June 2021 to June 2024. The Weighted Average Carbon Intensity (WACI) **decreased** by **43.7%** in the same period, and the Absolute Emissions **decreased** by **52.1%.**
- The Fund's changes to its passive equity portfolio **led to significant decreases observed across all metrics** in 2023.

Progress versus the baseline

Listed equity by mandate



Source: Mercer, using data from MSCI. The most recent data is based on stocklists as at 30 June 2024, using metric calculations and data feeds as at 10 September 2024, or latest available. Prior data corresponds to stocklists from prior years and is taken from previous Mercer reports.

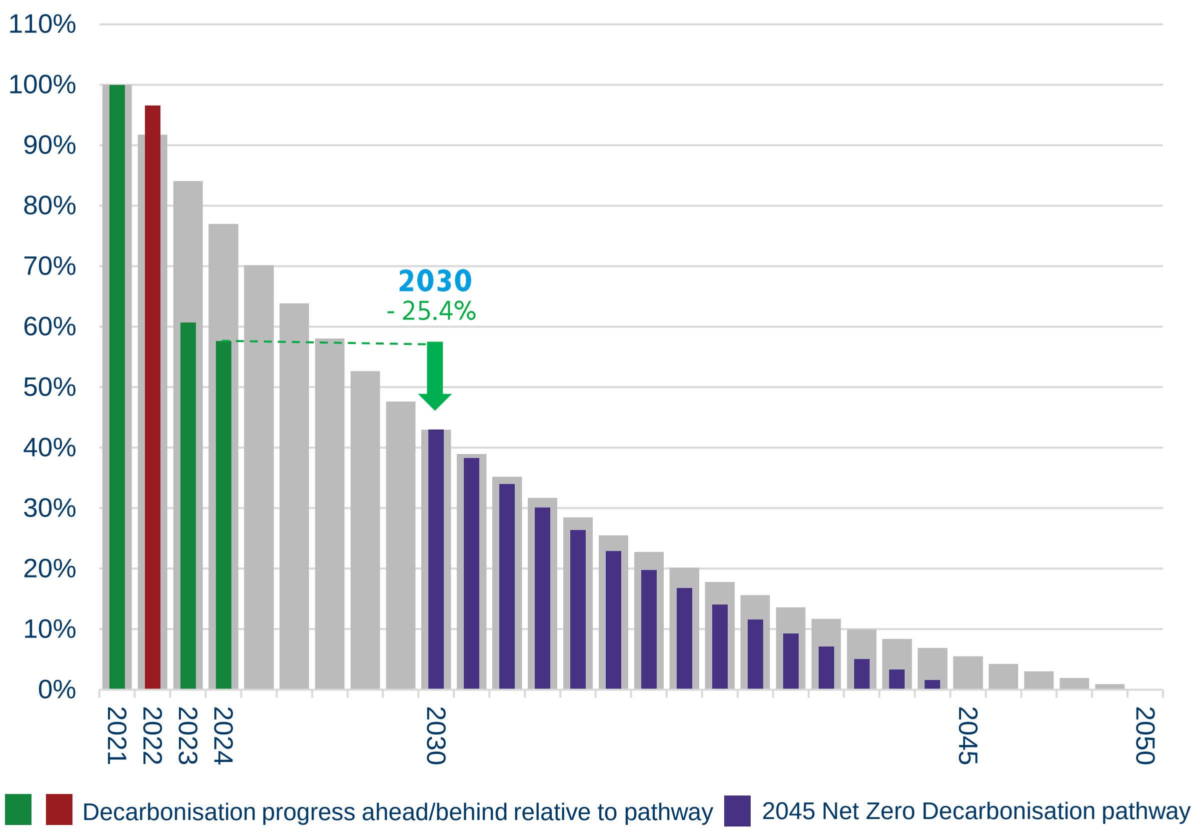
- The Dodge & Cox Global Equity mandate is the most carbon intensive mandate by some margin (noting its value style bias) but has shown a **material improvement** over recent years. The mandate has experienced a **decrease** in its Carbon Footprint of c.23% (or 16.6 tCO2e per $M invested).
- The JO Hambro - Global Equity mandate witnessed an **increase** in its Carbon Footprint, with a rise of **c.70.2%** over the three year period.

Decarbonisation progress – Listed Equity

In line/below target pathway
Above target pathway

Progress relative to the decarbonisation pathway

Carbon Footprint (tCO2e / $M invested) **for listed equity, relative to 2021 Baseline** - Scope 1 and 2



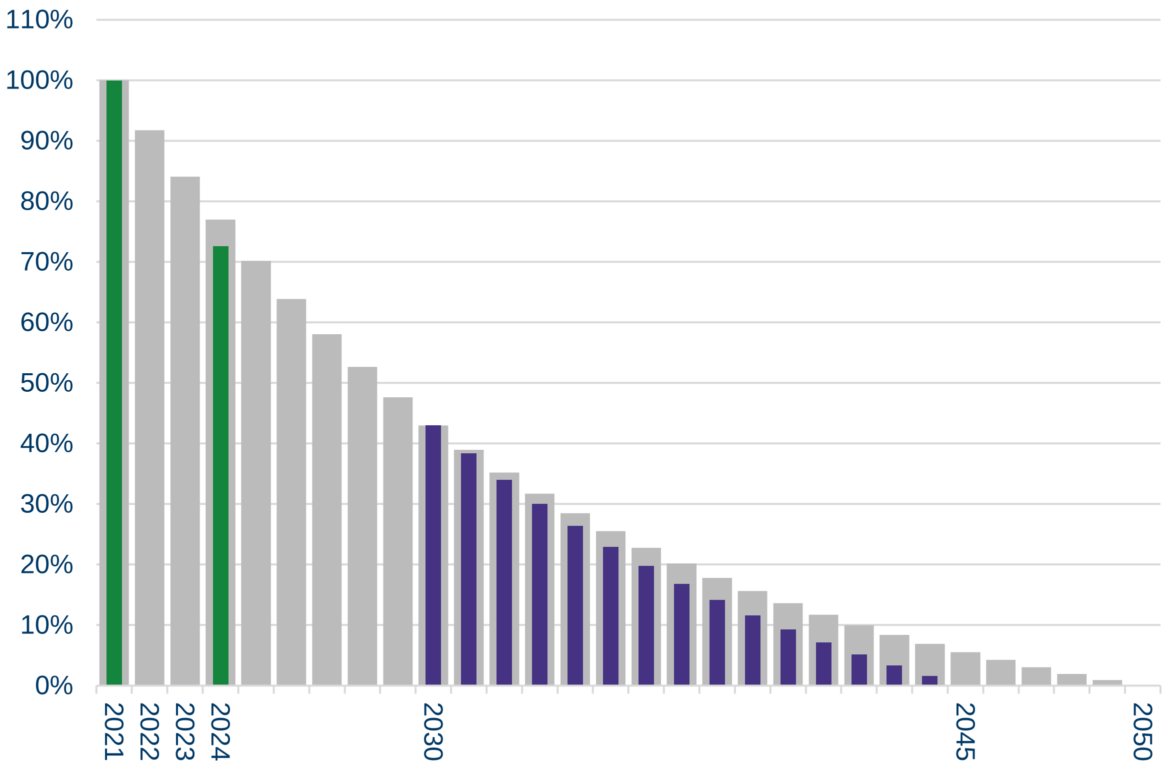
- The chart shows the agreed decarbonisation pathway for the Fund's listed equity portfolio, based on its **Carbon Footprint**, starting from a baseline of 30 June 2021. It compares this portion of the Fund to the decarbonisation targets: a 23% reduction by 2024, a 57% reduction by 2030, **and achieving net zero by 2050 or earlier**.
- From the June 2021 baseline, the overall Carbon Footprint of the listed equity portfolio has **decreased** by **42.4%**. This indicates that the Fund has **successfully achieved the reduction target set for 2024**. To meet the 2030 reduction target, the Carbon Footprint of the listed equity portfolio needs to decrease by c.25% by 2030.
- Changes to the passive equity portfolio in 2023 accelerated the reduction. :
- The listed equity portfolio demonstrates **significant carbon efficiency** compared to the broader market (**45.3%** lower vs MSCI ACWI), with Longview - Global Equity and Osmosis - Core Equity being the most carbon efficient mandates.
- Dodge & Cox - Global Equity and JO Hambro - Global Equity are the mandates with the **highest carbon intensity** within the listed equity portfolio.

Source: Mercer, using data from MSCI. The most recent data is based on stocklists as at 30 June 2024, using metric calculations and data feeds as at 10 September 2024, or latest available. Prior data corresponds to stocklists from prior years and is taken from previous Mercer reports.

Decarbonisation progress – Corporate bonds (MAC)

Proposed progress for MAC relative to the decarbonisation pathway

Carbon Footprint (tCO2e / $M invested) **for corporate bonds, relative to 2021 Baseline** - Scope 1 and 2



Decarbonisation progress ahead/behind relative to pathway
2045 Net Zero Decarbonisation pathway
2050 Net Zero Decarbonisation pathway

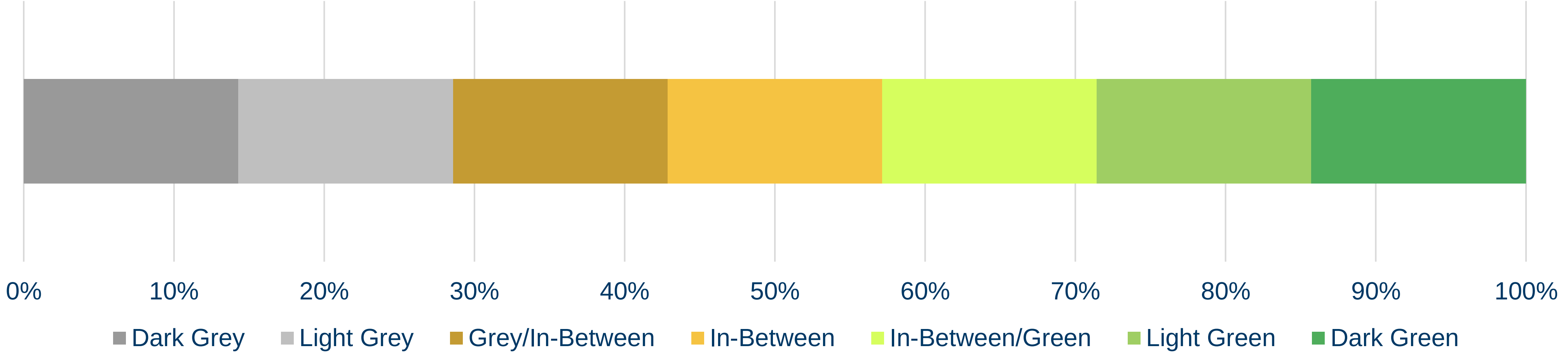
- The chart shows a proposed decarbonisation pathway for the Fund's corporate bonds portfolio, based on its Carbon Footprint, starting from a baseline as at 30 June 2021*.
- It assumes the same decarbonisation pathway as for the listed equity portfolio for illustrative purposes, i.e. it compares this portion of the Fund to the decarbonisation targets: a 57% reduction by 2030, and achieving net zero by 2050 or earlier.
- In relation to the June 2021 baseline, the overall Carbon Footprint of the corporate bond portfolio has **decreased** by **c.27.4%**. To meet the **2030 reduction target**, the **Carbon Footprint of the corporate bond portfolio** needs to decrease by **41% by 2030**.

Source: Mercer, using data from MSCI. The most recent data is based on stocklists as at 30 June 2024, using metric calculations and data feeds as at 10 September 2024, or latest available. Data for 2021 is based on stocklists as at 30 June 2021, using metric calculations and data feeds as at 13 September 2024, for historical data.
*Mercer has increased its coverage over the year in order to extend the analysis to the corporate bonds portion of the Multi-Asset Credit mandates. The adjusted 2021 results can be found on slide 29.

Alignment

The ACT spectrum

- The ACT spectrum provides an indication of climate transition capacity across the portfolio.



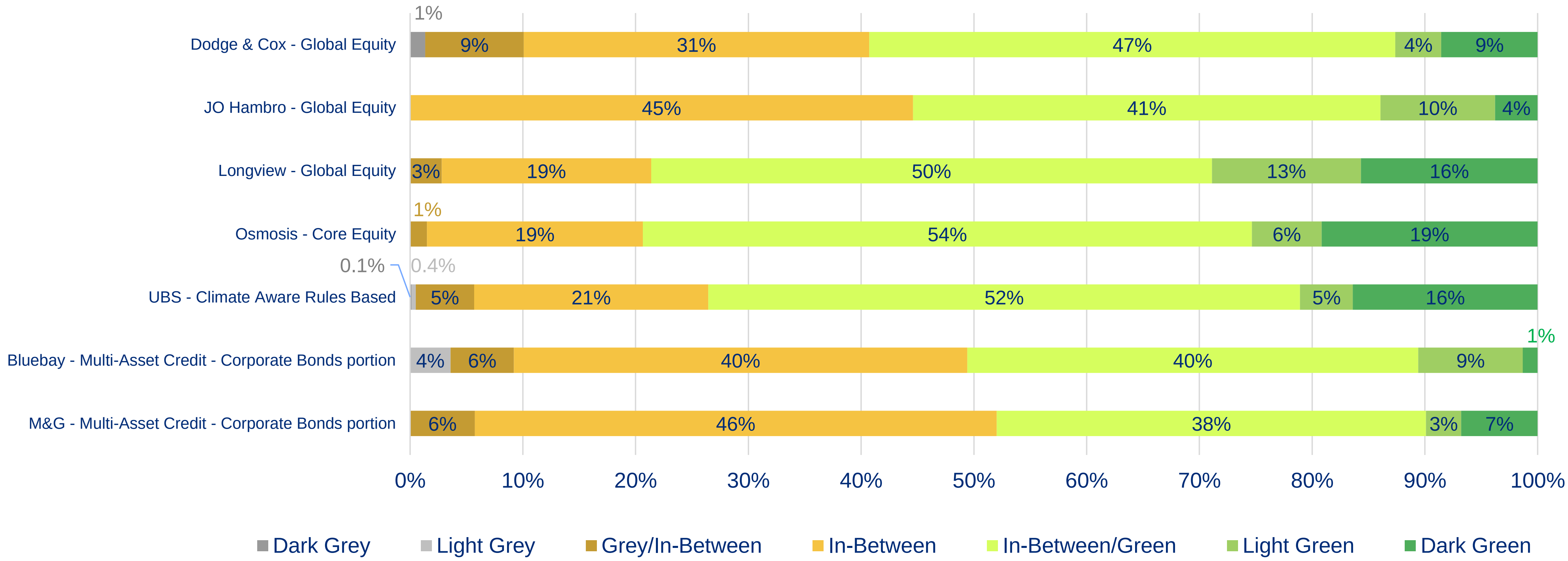
Grey Area	In-Between Area	Green Area
High Carbon Intensity	Varied Carbon Intensity	Low Carbon Intensity
Low Transition Potential	Varied Transition Potential	High Transition Potential

Not aligned with the low-carbon transition

Well aligned with the low-carbon transition

ACT assessment

Assessment by mandate by percentage



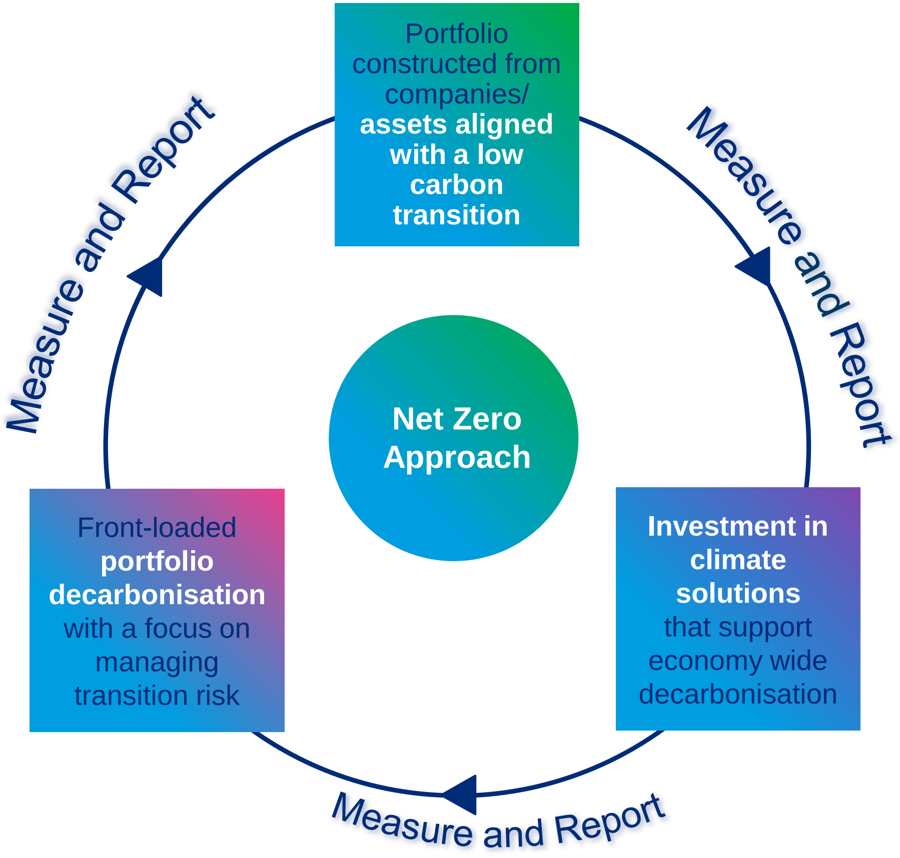
Source: Mercer, using data from MSCI and ISS. All data is based on stocklists as at 30 June 2024. Percentages are scaled up to 100% to reflect the data coverage available.

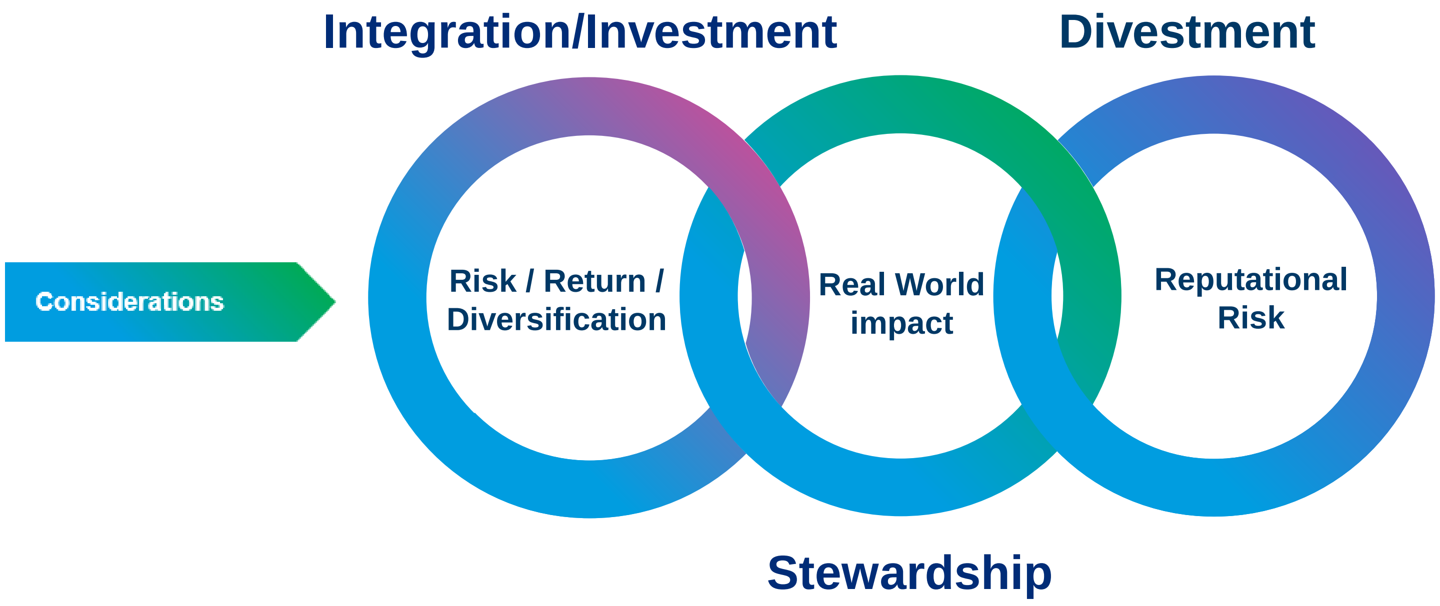
- The analysis above highlights there are areas for engagement across all mandates.

Appendix

Net zero approach

Key considerations & levers

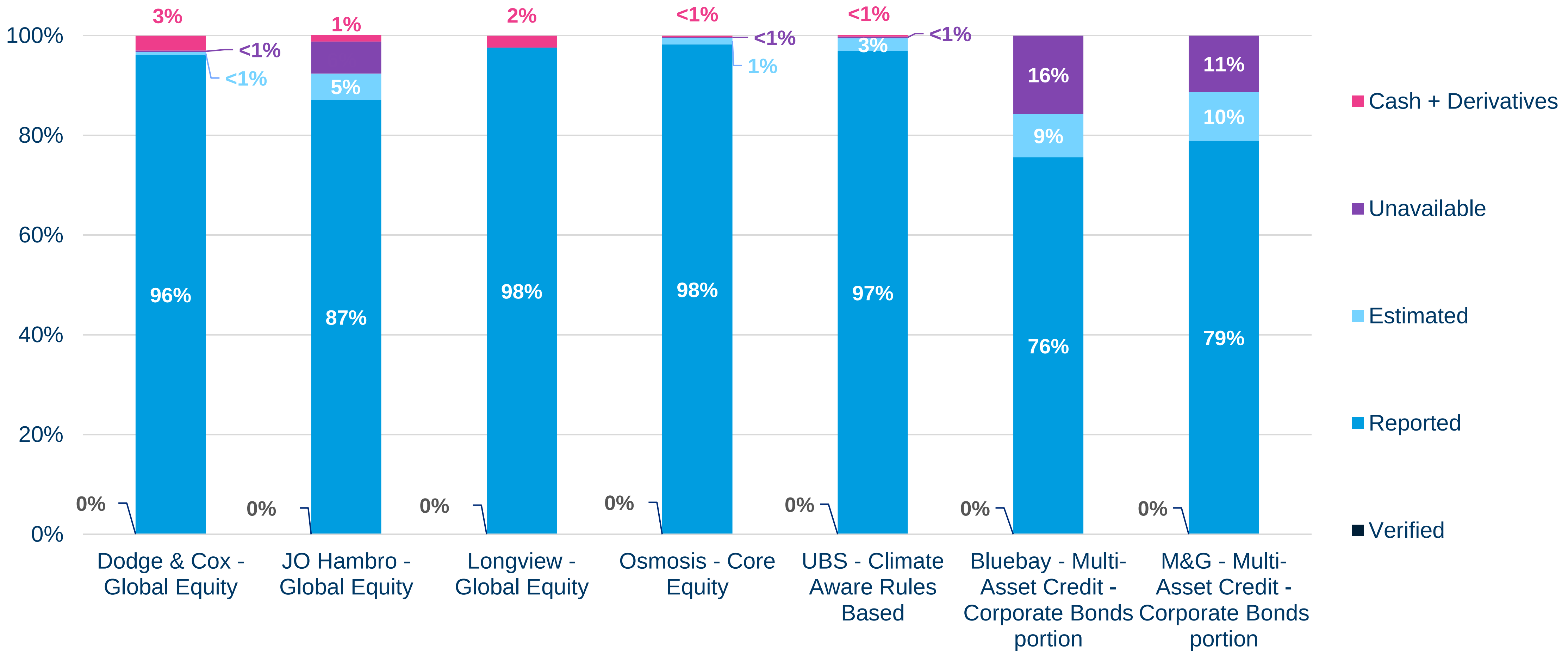




- It is **challenging to maximise every net zero approach** as there are trade-offs associated. When applied in isolation, they may lead to unintended outcomes from both a financial and sustainability perspective.
- Based on the Fund's objectives and commitments to stakeholders, it is important to **establish priorities and strive for balance** which supports financial objectives (risk, return, diversification) as well as real world impact.
- To date, the focus to reach net zero targets has been around decarbonisation followed by climate solutions with an increasing focus on alignment. The **alignment assessment of assets is critical** to enable a more holistic approach to a whole economy transition.

Data quality

Scope 1 and 2 emissions – assessment by mandate



Source: Mercer, using data from MSCI. All data is based on stocklists as at 30 June 2024, using metric calculations and data feeds as at 10 September 2024, or latest available. More detail on the data quality metric is provided in the Appendix.

Climate dashboard

In line/Ahead of MSCI ACWI | Behind MSCI ACWI

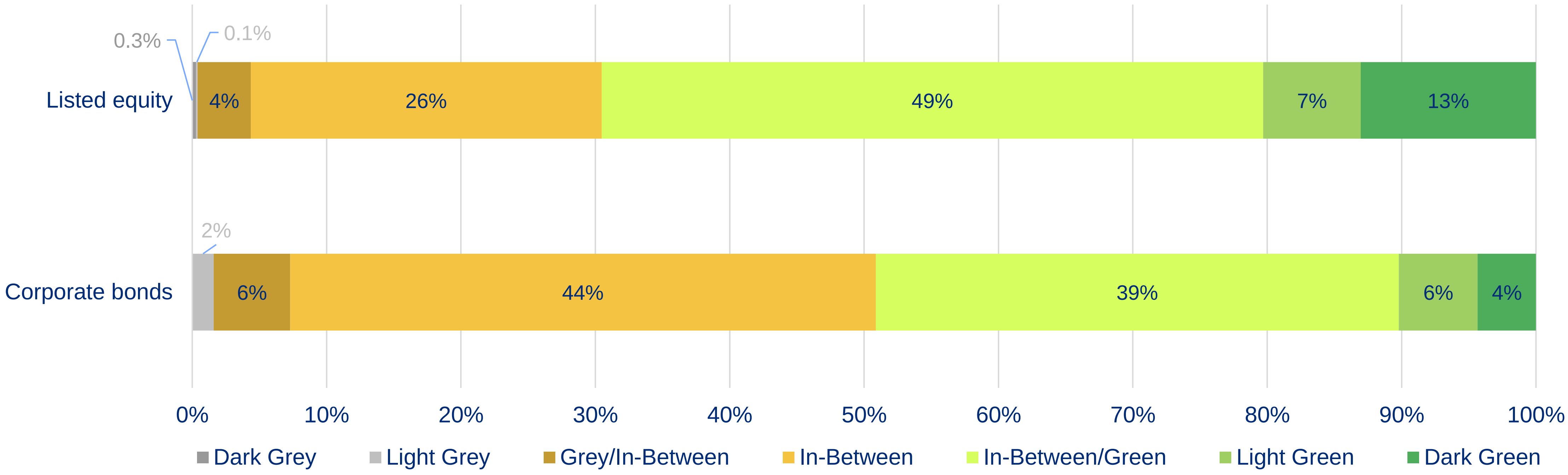
The "dashboard" below outlines the key metrics in relation to the Fund's climate and engagement assessment across the listed portfolios. Further details are provided elsewhere in this report.

		CLIMATE STRATEGY EVALUATION			ALIGNMENT				ENGAGEMENT		Green Revenues	
		Carbon Footprint (tCO2e/$M) - Scope 1 and 2			ACT		Alignment		IIGCC Target alignment of 70% Material Sectors** Aligned or Under engagement		EU Taxonomy	
Asset Class	Mandate	Decarb. progress since baseline	12 month decarb. progress	June 2024 Carbon Footprint	Green Assets % Mkt Value	Dark Grey % Mkt Value	Implied Temperature Rise (ºC)	SBTi*	% of emissions derived from Material Sectors	% mat sectors aligned or engaged	EU Taxonomy Revenue contribution to Climate Mitigation	EU Taxonomy Revenue contribution to Climate Adaptation
Listed equity	**Dodge & Cox** - Global Equity	-23.1%	-10.6%	55.2	12.6%	1.3%	2.4°C	29.6%	82%	86.9%	1.4%	0.1%
	JO Hambro - Global Equity	70.2%	64.3%	30.3	13.9%	0.0%	2.5°C	32.0%	78%	92.5%	5.0%	0.0%
	Longview - Global Equity	-29.3%	-23.7%	4.6	28.9%	0.0%	2.0°C	57.9%	0%	0%	2.1%	0.0%
	Osmosis - Core Equity	-	-21.7%	14.0	25.3%	0.0%	2.2°C	54.5%	76%	77.5%	8.3%	0.1%
	UBS - Climate Aware Rules Based	-	-16.5%	23.3	21.1%	0.5%	2.3°C	46.7%	74.%	51.6%	9.7%	0.1%
Total listed equity		-42.4%	-5.1%	25.6	20.3%	0.4%	2.3°C	44.2%	76%	76.6%	5.9%	0.1%
MSCI ACWI		-	-14.3%	46.7	18.4%	2.1%	2.5°C	43.4%	81%	70.0%	8.0%	0.1%
Corporate bonds	**Bluebay** - Multi-Asset Credit - Corporate Bonds portion	-28.4%	-	84.0	10.6%	3.6%	2.5°C	16.2%	33%	90.8%	1.1%	0.0%
	M&G - Multi-Asset Credit - Corporate Bonds portion	-19.1%	-	49.2	9.9%	0.0%	2.1°C	26.2%	47%	52.9%	3.2%	0.3%
Total corporate bonds		-27.4%	-	64.8	10.2%	1.6%	2.3°C	21.7%	39%	71.7%	2.2%	0.2%
Total listed equity and corporate bonds		-35.8%	-	31.3	18.8%	0.6%	2.3°C	40.9%	71%	76.2%	5.3%	0.1%

*This metric measures the proportion of companies in the portfolio with one or more active carbon emissions reduction target/s approved by the Science Based Targets Initiative (SBTi). **Sectors are defined as material in line with IIGCC's classification, that sets out the most material sectors from an owned-carbon emissions standpoint, please note colour coding for this factor is according to IIGCC Target alignment of 70% Material Sectors Aligned or Under engagement.

ACT assessment

Assessment by asset class by percentage allocation weight

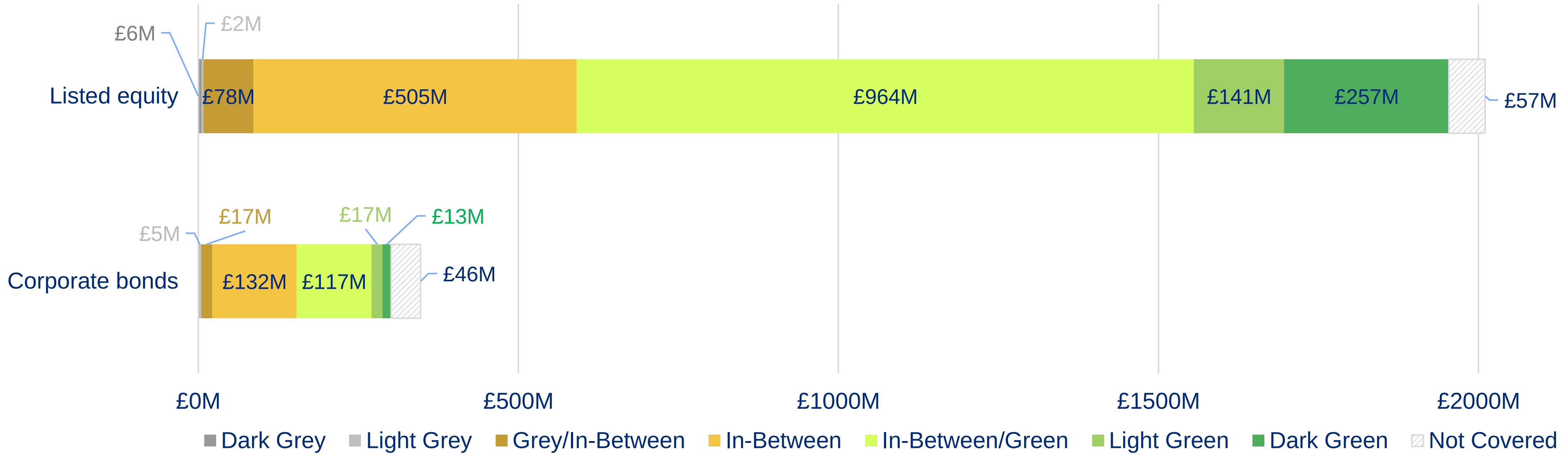


Source: Mercer, using data from MSCI and ISS. All data is based on stocklists as at 30 June 2024. Percentages are shown by strategic allocation weight within each asset class, and are scaled up to 100% to reflect the data coverage available.

- For listed equities, c. 70% of assets are “In-Between/Green” or better, which means that the majority of portfolio companies are transition aligned. For corporate bonds (assessed as a portion of the MAC mandates) this transition alignment is only reflected within c. 50% of the companies.
- For both asset classes, the percentage of companies that show a “grey” alignment is considered very small (c. 0.4% for listed equity and c.2% for corporate bonds).

ACT assessment

Assessment by asset class by value

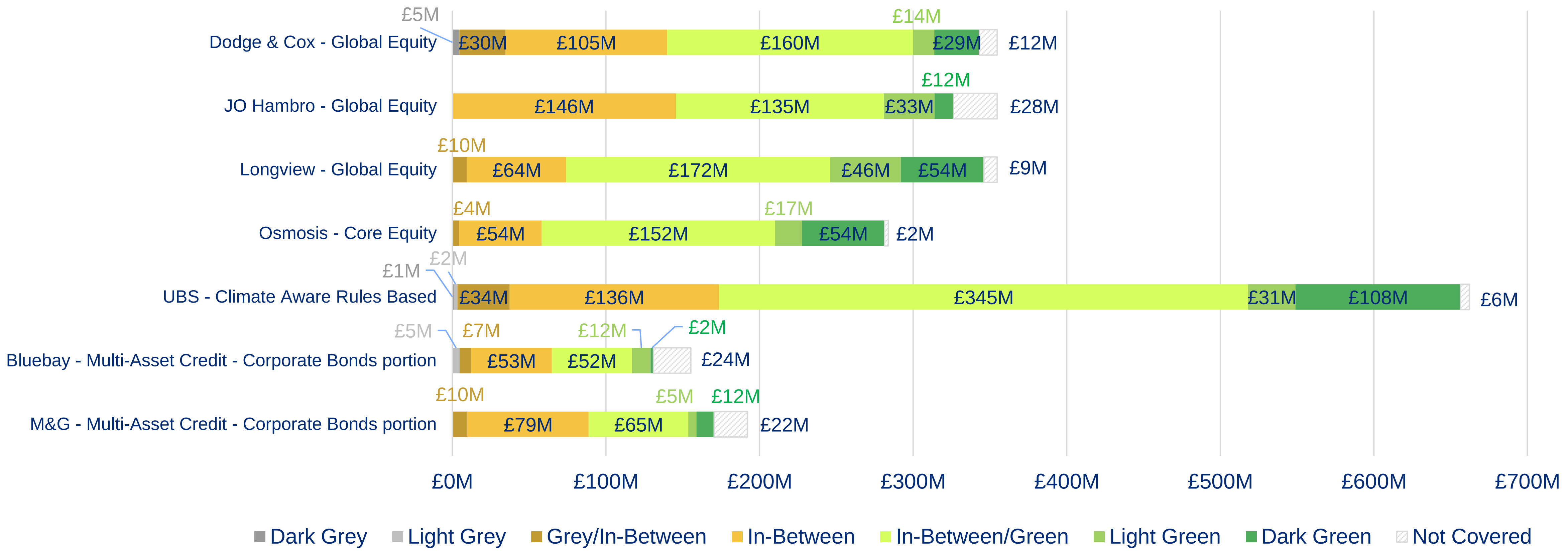


Source: Mercer, using data from MSCI and ISS. All data is based on stocklists as at 30 June 2024. Values are shown by strategic GBP value.

Mercer

ACT assessment

Assessment by mandate by value



Source: Mercer, using data from MSCI and ISS. All data is based on stocklists as at 30 June 2024. Values are shown by strategic GBP value.

Overview of corporate metrics

This overview sets out various metrics related to the greenhouse gas (GHG) emissions attributable to the Fund's listed equity and corporate bond mandates. The metrics contained in this report are calculated using MSCI data, with portfolio stocklists sourced directly from the investment managers. The ACT assessment also makes use of data from ISS and IRENA.

Listed assets (equity and corporate bonds)		
Emissions metrics	**Metric expressed as**	**Description**
Weighted Average Carbon Intensity (WACI)	tCO_2e / $million sales	Average exposure (weighted by portfolio allocation) to GHG emissions normalised by sales. It seeks to answer how carbon intensive the companies in the portfolio are.
Carbon Footprint	tCO_2e / $million invested	Total GHG emissions figure normalised to take account of the size of the investment made. It seeks to answer how carbon intensive parts of the portfolio are.
Absolute Emissions	Total GHG emissions: metric tons of CO_2 and equivalents (tCO_2e)	Calculates an investor's share of the total emissions for each company/holding. It seeks to answer what emissions the investor is responsible for.
Alignment metrics	**Metric expressed as**	**Description**
Implied Temperature Rise (ITR)	Expressed as ^{o}C	Prediction of temperature rise scenario over the rest of the century, given a company's emissions, commitments, and momentum. Shows how companies/portfolios compare to the 1.5^{o}C Paris agreement temperature rise goal.
SBTi	Percentage of portfolio with SBTi targets	A measure of how many companies in a portfolio have submitted climate transition plans that have been approved by the Science Based Targets Initiative (SBTi).
Non-emissions metrics	**Metric expressed as**	**Description**
Data Quality	Percentage of portfolio which is either verified, reported, estimated or unavailable	Classifies each mandate's company/holding data as one of the following four categories: Verified, Reported, Estimated, and Unavailable. Additional categories account for the remainder of the portfolio that is not included in the data quality analysis due to being cash or derivatives.

Climate metrics dashboard – 30 June 2021

Scope 1 and 2 emissions – listed equity and corporate bonds

Asset Class	Mandate	WACI (tCO2e / $M sales)		Carbon Footprint (tCO2e / $M invested)		Absolute Emissions (tCO2e)		Allocation Weight
		Metric	Coverage	Metric	Coverage	Metric	Coverage	
Listed equity	**Dodge & Cox** - Global Equity	**130.1**	97.7%	**71.8**	97.7%	**50,447**	97.7%	12.7%
	JO Hambro - Global Equity	**71.9**	92.6%	**17.8**	92.3%	**12,969**	92.3%	13.1%
	Longview - Global Equity	**15.9**	97.8%	**6.5**	97.8%	**3,312**	97.8%	9.3%
	UBS – Passive Equity	**149.8**	96.7%	**62.0**	96.5%	**68,777**	96.8%	20.0%
	Total listed equity	**104.2**	**96.1%**	**44.4**	**96.0%**	**135,505**	**96.1%**	**55.1%**
Corporate bonds	**Bluebay** - Multi-Asset Credit - Corporate Bonds portion	**208.8**	62.6%	**117.3**	54.5%	**19,914**	51.3%	3.0%
	M&G - Multi-Asset Credit - Corporate Bonds portion	**92.9**	60.8%	**60.8**	50.5%	**10,259**	47.2%	3.0%
Total corporate bonds		**151.0**	**61.7%**	**89.2**	**52.5%**	**30,173**	**49.2%**	**6.1%**
Total equity and corporate bonds		**108.8**	**92.7%**	**48.8**	**91.7%**	**165,678**	**91.4%**	**61.2%**

Source: Mercer, using data from MSCI. The data for listed equity corresponds to stocklists as at 30 June 2021 and is sourced from previous Mercer reports. As for corporate bonds, the data is based on stocklists as at 30 June 2021, using metric calculations and data feeds as at 13 September 2024, for historical data. An overview of these metrics is provided in the Appendix. Allocation weights represent the strategic asset allocation for that mandate or, for mixed mandates, the actual allocation to corporate bonds within the mixed mandate (c.60.8% and c.60.4%, respectively for Bluebay and M&G).

Climate metrics dashboard

Scope 3 emissions – listed equity and corporate bonds

Asset Class	Mandate	WACI (tCO2e / $M sales)				Carbon Footprint (tCO2e / $M invested)				Absolute Emissions (tCO2e)				Allocation Weight
		Scope 3 Upstream		Scope 3 Downstream		Scope 3 Upstream		Scope 3 Downstream		Scope 3 Upstream		Scope 3 Downstream		
		Metric	Coverage	Metric	Coverage	Metric	Coverage	Metric	Coverage	Metric	Coverage	Metric	Coverage	
Listed equity	**Dodge & Cox** - Global Equity	**207.5**	96.7%	**450.6**	96.7%	**107.7**	96.7%	**289.4**	96.7%	**46,956**	96.7%	**127,278**	96.7%	7.5%
	JO Hambro - Global Equity	**221.2**	92.4%	**421.0**	92.4%	**83.3**	92.4%	**229.3**	92.4%	**30,053**	92.4%	**82,819**	92.4%	7.5%
	Longview - Global Equity	**173.4**	97.6%	**114.6**	97.6%	**53.4**	97.6%	**37.9**	97.6%	**23,201**	97.6%	**16,666**	97.6%	7.5%
	Osmosis - Core Equity	**235.3**	99.6%	**238.8**	99.6%	**91.5**	99.6%	**91.6**	99.6%	**29,412**	99.6%	**31,591**	99.6%	6.0%
	UBS - Climate Aware Rules Based	**233.1**	99.5%	**407.8**	99.5%	**99.4**	99.2%	**249.2**	99.2%	**75,468**	99.4%	**187,753**	99.4%	14.0%
Total listed equity		**216.2**	**97.4%**	**342.1**	**97.4%**	**88.8**	**97.3%**	**193.3**	**97.3%**	**205,089**	**97.4%**	**446,107**	**97.4%**	**42.5%**
Corporate bonds	**Bluebay** - Multi-Asset Credit - Corporate Bonds portion	**182.2**	85.2%	**439.2**	85.2%	**102.6**	77.5%	**195.9**	77.5%	**21,530**	78.8%	**35,653**	78.8%	**3.3%**
	M&G - Multi-Asset Credit - Corporate Bonds portion	**194.2**	89.0%	**416.1**	89.0%	**116.4**	60.9%	**173.3**	60.9%	**28,463**	63.1%	**52,927**	63.1%	**4.1%**
Total corporate bonds		**188.9**	87.3%	**426.5**	87.3%	**110.3**	68.3%	**183.4**	68.3%	**49,993**	70.1%	**88,580**	70.1%	**7.3%**
Total equity and corporate bonds		**212.2**	95.9%	**354.5**	95.9%	**92.0**	93.1%	**191.8**	93.1%	**255,081**	93.4%	**534,687**	93.4%	**49.8%**

Source: Mercer, using data from MSCI. All data is based on stocklists as at 30 June 2024, using metric calculations and data feeds as at 10 September 2024, or latest available. An overview of these metrics is provided in the Appendix. Allocation weights represent the strategic asset allocation for that mandate or, for mixed mandates, the actual allocation to corporate bonds within the mixed mandate (c.43.7% and c.54.2%, respectively for Bluebay and M&G).

Green revenues/capex

EU Taxonomy Substantial Contribution to Climate Adaptation and Mitigation

			MITIGATION			ADAPTATION		
Asset Class	Mandate	Allocation Weight %	EU Taxonomy Estimated Substantial **Contribution to Climate Mitigation** – Maximum Percentage of Revenue (%)	EU Taxonomy Reported Percentage of **Total CapEx Mitigation Aligned** for Non-Financial Companies (%)	EU Taxonomy Reported Percentage of **Total CapEx Mitigation Enabling Aligned** for Non-Financial Companies (%)	EU Taxonomy Estimated Substantial **Contribution to Climate Adaptation** – Maximum Percentage of Revenue (%)	EU Taxonomy Reported Percentage of **Total CapEx Adaptation Aligned** for Non-Financial Companies (%)	EU Taxonomy Reported Percentage of **Total CapEx Adaptation Enabling Aligned** for Non-Financial Companies (%)
Listed equity	**Dodge & Cox** - Global Equity	7.5%	**1.4%**	**0.7%**	**0.4%**	**0.1%**	**0.2%**	**0.2%**
	JO Hambro - Global Equity	7.5%	**5.0%**	**1.3%**	**1.3%**	**0.0%**	**0.0%**	**0.0%**
	Longview - Global Equity	7.5%	**2.1%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
	Osmosis - Core Equity	6.0%	**8.3%**	**1.3%**	**0.8%**	**0.1%**	**0.1%**	**0.3%**
	UBS - Climate Aware Rules Based	14.0%	**9.7%**	**1.8%**	**1.0%**	**0.1%**	**0.0%**	**0.2%**
	MSCI ACWI		**8.0%**	**1.0%**	**0.6%**	**0.1%**	**0.0%**	**0.1%**
Total listed equity		**42.5%**	**5.9%**	**1.1%**	**0.7%**	**0.1%**	**0.1%**	**0.1%**
Corporate bonds	**Bluebay** – Multi-Asset Credit – Corporate Bonds portion	3.3%	**1.1%**	**0.1%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**
	M&G – Multi-Asset Credit – Corporate Bonds portion	4.1%	**3.2%**	**2.1%**	**1.0%**	**0.3%**	**0.0%**	**0.3%**
Total corporate bonds		**7.3%**	**2.2%**	**1.2%**	**0.6%**	**0.2%**	**0.0%**	**0.2%**
Total listed equity and corporate bonds		**49.8%**	**5.3%**	**1.2%**	**0.7%**	**0.1%**	**0.1%**	**0.1%**

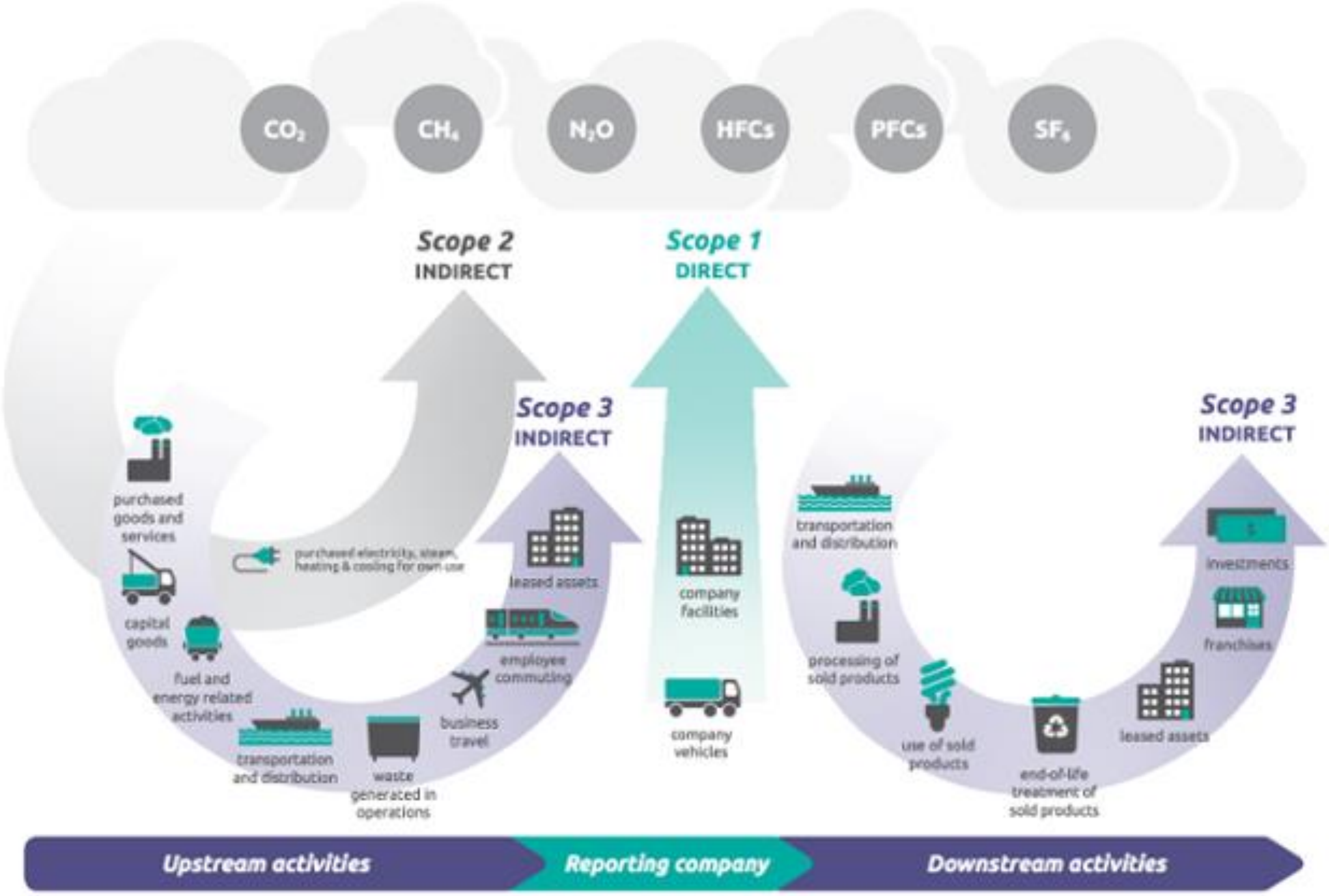
Source: Mercer, using data from MSCI. All data is based on stocklists as at 30 June 2024, using metric calculations and data feeds as at 10 September 2024, or latest available. An overview of these metrics is provided in the Appendix. Allocation weights represent the strategic asset allocation for that mandate or, for mixed mandates, the actual allocation to corporate bonds within the mixed mandate (c.43.7% and c.54.2%, respectively for Bluebay and M&G).

Transition alignment – EU taxonomy

Definitions

	MSCI Factor	Definition
Mitigation	Estimated Substantial Contribution to Climate Mitigation **Maximum Percentage of Revenue (%)**	EU Taxonomy Estimated Substantial Contribution to Climate Mitigation – Maximum Percentage of Revenue is the proportion of total revenue from products and services that provide solutions for reducing GHG emissions.
	Reported Percentage of **Total CapEx Mitigation Aligned** for Non-Financial Companies (%)	For Non-Financial companies, the reported percentage of total capital expenditure from the activities aligned under the Climate Change Mitigation objective of the EU Taxonomy regulation. The data is provided for the most recent fiscal year available.
	Reported Percentage of **Total CapEx Mitigation Enabling Aligned** for Non-Financial Companies (%)	For Non-Financial companies, the reported percentage of total capital expenditure from aligned and enabling activities under the Climate Change Mitigation objective of the EU Taxonomy regulation. The data is provided for the most recent fiscal year available.
Adaptation	Estimated Substantial Contribution to Climate Adaptation **Maximum Percentage of Revenue (%)**	EU Taxonomy Estimated Substantial Contribution to Climate Adaptation – Maximum Percentage of Revenue is the proportion of total revenue from products and services that reduce the risk of adverse impacts resulting from climate change.
	Reported Percentage of **Total CapEx Adaptation Aligned** for Non-Financial Companies (%)	For Non-Financial companies, the reported percentage of total capital expenditure from the activities aligned under the Climate Change Adaptation objective of the EU Taxonomy regulation. The data is provided for the most recent fiscal year available.
	Reported Percentage of **Total CapEx Adaptation Enabling Aligned** for Non-Financial Companies (%)	For Non-Financial companies, the reported percentage of total capital expenditure from aligned and enabling activities under the Climate Change Adaptation objective of the EU Taxonomy regulation. The data is provided for the most recent fiscal year available.

Emissions Data
Understanding the Scopes



Limitations of the analysis

- The decarbonisation analysis focuses on the listed equities and corporate bonds portfolios. Emissions metrics and decarbonisation targets used in this report are in respect of all greenhouse gases covered by the Kyoto Protocol and are expressed in terms of carbon dioxide equivalents (CO_2e) – the amount of CO_2 which would have the equivalent global warming impact. While different greenhouse gases are expected to have different net-zero dates under a 1.5°C aligned outcome, CO_2 pathways target a 2050 net-zero end point and this end point has been adopted in this instance.
- Caution should be exercised in interpreting individual data points, as in reality, emissions may differ, given the data coverage in the analysis is less than 100%. Where companies do not have data points, companies are assumed to have the same carbon metrics as the average of companies that we do have data points for. This means that, where we do not have data, we are not assuming that those companies have zero emissions.
- The focus of the decarbonisation curves is currently on Scope 1 and Scope 2 emissions. Mercer will seek to integrate Scope 3 emissions as methodologies improve. Decarbonisation progress is shown using the carbon footprint metric set out in this report. A fuller picture of progress can be provided by tracking progress against further metrics, such as on an absolute emissions and WACI basis, given limitations associated with relying on a single climate metric.
- Many of the IPCC's scenarios are reliant on net-zero (or net-negative) assumptions later this century. This can include the deployment of mitigation technologies, such as carbon capture and storage, as well as ecosystem approaches, such as land and forest conservation and restoration. There has been some scepticism as to whether such technologies and approaches are viable, at the required scale. Mercer will look to integrate further assumptions around net-zero emissions in due course, as the science and technology evolves.
- Scope 3 emissions for listed equities and corporate bonds are calculated using estimated data due to the lack of availability or poor quality of reported data. Even when reported data is available for scope 3 emissions, there is no guarantee of consistency between the reported figures across different companies, as companies often only report on a subset of the 15 categories of scope 3 emissions. MSCI estimates emissions across each of the 15 categories using a combination of revenue estimates and production data. Using MSCI estimated scope 3 data only ensures that data is consistent for all companies across similar sectors, providing a more robust understanding of where the risks lie and a better intertemporal understanding of how portfolios have evolved.
- In respect of verified data as part of the data quality output, this is in line with the PCAF definition. It refers to reported emissions being calculated in line with the GHG Protocol and verified by a third-party auditor. Very limited verified data is currently available, which highlights the difficulty in obtaining data approved by independent third-parties. It will be useful to keep track of this metric over time.

References to Mercer shall be construed to include Mercer LLC and/or its associated companies.

This document contains confidential and proprietary information of Mercer and is intended for the exclusive use of the parties to whom it was provided by Mercer. Its content may not be modified, sold or otherwise provided, in whole or in part, to any other person or entity, without Mercer's prior written permission.

The findings, ratings and/or opinions expressed herein are the intellectual property of Mercer and are subject to change without notice. They are not intended to convey any guarantees as to the future performance of the investment products, asset classes or capital markets discussed. Past performance does not guarantee future results. Mercer’s ratings do not constitute individualised investment advice.

Information contained herein has been obtained from a range of third party sources. While the information is believed to be reliable, Mercer has not sought to verify it independently. As such, Mercer makes no representations or warranties as to the accuracy of the information presented and takes no responsibility or liability (including for indirect, consequential or incidental damages), for any error, omission or inaccuracy in the data supplied by any third party.

This does not constitute an offer or a solicitation of an offer to buy or sell securities, commodities and/or any other financial instruments or products or constitute a solicitation on behalf of any of the investment managers, their affiliates, products or strategies that Mercer may evaluate or recommend.

For the most recent approved ratings of an investment strategy, and a fuller explanation of their meanings, contact your Mercer representative.

For Mercer's conflict of interest disclosures, contact your Mercer representative or see www.mercer.com/conflictsofinterest.

Certain information contained herein (the “Information”) is sourced from/copyright of MSCI Inc., MSCI ESG Research LLC, or their affiliates (“MSCI”), or information providers (together the “MSCI Parties”) and may have been used to calculate scores, signals, or other indicators. The Information is for internal use only and may not be reproduced or disseminated in whole or part without prior written permission. The Information may not be used for, nor does it constitute, an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product, trading strategy, or index, nor should it be taken as an indication or guarantee of any future performance. Some funds may be based on or linked to MSCI indexes, and MSCI may be compensated based on the fund’s assets under management or other measures. MSCI has established an information barrier between index research and certain Information. None of the Information in and of itself can be used to determine which securities to buy or sell or when to buy or sell them. The Information is provided “as is” and the user assumes the entire risk of any use it may make or permit to be made of the Information. No MSCI Party warrants or guarantees the originality, accuracy and/or completeness of the Information and each expressly disclaims all express or implied warranties. No MSCI Party shall have any liability for any errors or omissions in connection with any Information herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

© 2024 Mercer LLC. All rights reserved.