WESLEYAN

Entity Level Climate Related Financial Disclosure

as at 31 December 2024

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CLIMATE RELATED FINANCIAL DISCLOSURES

This report has been produced in accordance with ESG2.2 of the FCA Handbook and also sets out disclosures in line with the recommendations required under the UK Mandatory Climate Change Disclosures (UK MCD). UK MCD has eight disclosure requirements that fall under four pillars: Governance, Risk Management, Strategy and Metrics/Targets. These areas and our compliance with them are covered in detail over the following pages.

We report at Group level and do not provide separate climate change disclosures for our subsidiary companies as:

- Subsidiary companies operate below the regulatory thresholds that require additional reports
- Subsidiary companies align to the same reporting end date as the Group; and,
- Activities from subsidiary companies and the key climate related issues they face are not materially different from that of the Group.

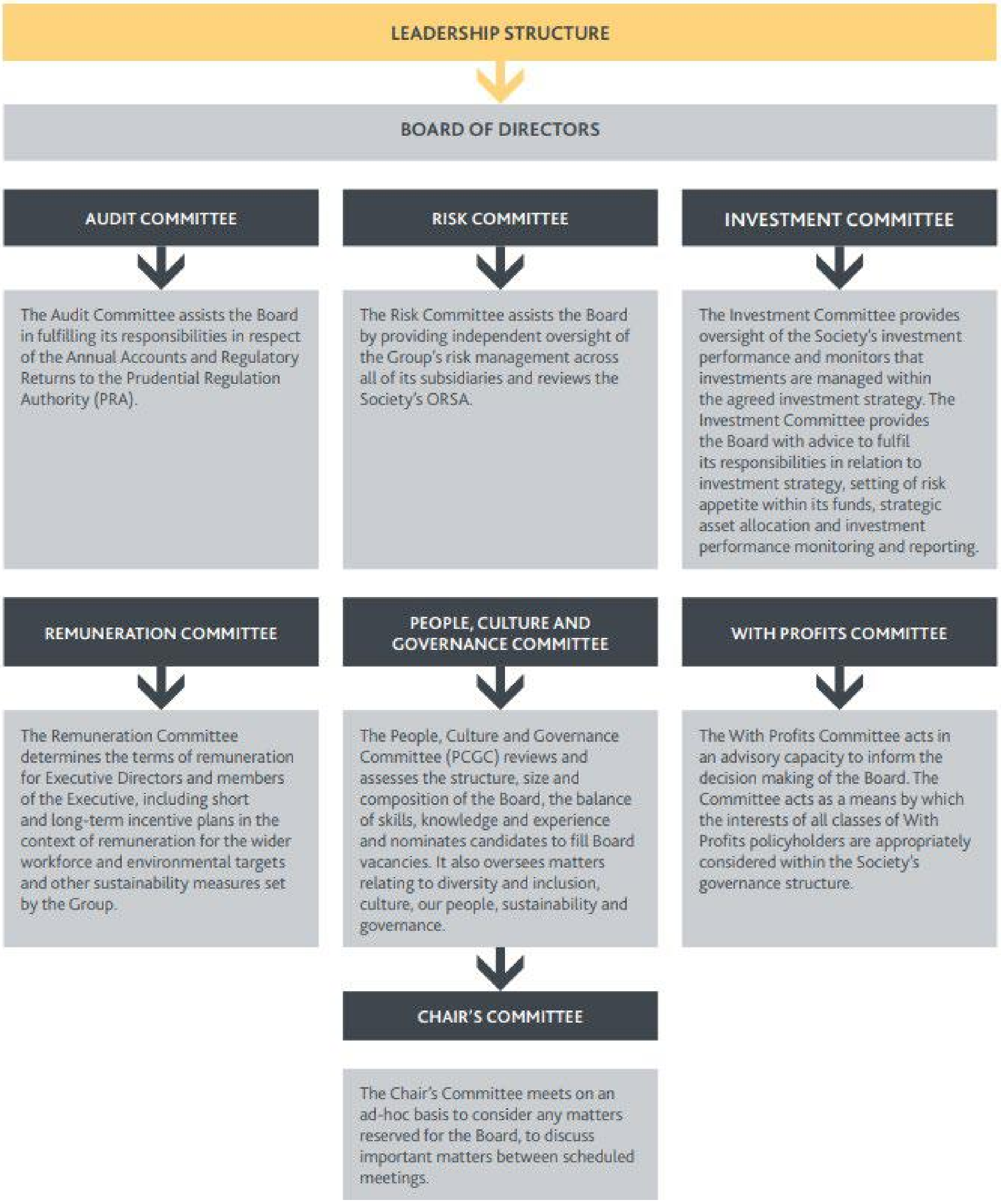
GOVERNANCE

We believe a well governed business, run in a sustainable way, delivers stronger, more resilient returns for our customers and members and better outcomes for society and the environment.

Our aim is to embed an understanding of sustainability, including climate change risks and opportunities across the business, such that employees consider sustainability in their day-to-day work and decision making. This includes the identification of risks and opportunities relating to climate change.

The Society Board is ultimately responsible for setting Wesleyan's sustainability strategy. The Chief Risk Officer (CRO) is the allocated Senior Manager Function holder with operational responsibility for managing risks and opportunities arising from climate change. The CRO chairs monthly Sustainability Committee meetings (see below) and provides quarterly updates on sustainability related issues and progress to the Board. The CRO attends Board meetings and other relevant Board sub-committee meetings, ensuring that sustainability is appropriately considered in senior level decision making.

The Board is supported by a number of sub committees; the governance structure and responsibilities are set out below.



In addition to Society Board and Board sub committees, there are operational committees in place to ensure sustainability and climate related matters are considered across the business these are detailed below:

Sustainability Committee
The Sustainability Committee is the key delivery unit of sustainability within Wesleyan. Meeting monthly, the purpose of the committee is to ensure the risks and opportunities associated with climate change and sustainability are reflected within the overarching sustainability strategy, and that the strategy is embedded across the Society. The sustainability strategy comprises nine key principles and the committee ensures progress against these principles with set agenda items. This is consolidated within a sustainability action plan which is a recurring agenda item on a monthly basis. The Committee is chaired by the CRO, with the Director of Strategy and Communications as Co-Chair. Core members comprise a representative from across the business, with additional guest members being invited to attend for specific agenda items.

The Sustainability Committee also considers ongoing regulatory requirements in respect to sustainability and financial risks which arise from climate change, in addition to being responsible for identifying areas of development and ensuring the business adequately meets these requirements.

The agenda for the Committee is set by the Group Sustainability Manager and has a mixture of recurring items and other reports. During 2024, key climate-related activities discussed through the Committee have included:

- Monthly progress against actions, targets and principles set out within the sustainability strategy
- Quarterly Sustainable Investment Reports
- The production of product level and entity level reports which are published on our company website
- Bi-monthly review of operational carbon footprint
- Annual review of Sustainability Strategy
- Quarterly market context and regulatory review
- Annual review of Modern Slavery Statement and Procurement Charter
- Annual review of Carbon Offsetting Policy; and,
- Annual review of Risk Assessment of Financial Risks from Climate Change.

Outputs from the Sustainability Committee are consolidated by the Group Sustainability Manager and feed into other committees such as Group Executive Committee; People Culture Governance Committee (PCGC), Remuneration Committee and Risk Committee, with ultimate sign off and approval of material items being made by Board.

Stewardship Working Group
The Stewardship Working Group provides oversight on the production of the annual Stewardship Report. This report ensures compliance to the Financial Reporting Council (FRC) UK Stewardship Code. The content required for this report is heavily aligned to sustainability, and therefore many members of this working group also sit on Sustainability Committee. The final report is approved through Sustainability Committee, GEC and Board.

Subsidiaries
Our Sustainability Strategy applies to all Group companies. Whilst we govern and report on climate change risks and opportunities at Group level, each subsidiary company is represented at Sustainability Committee and considers specific actions applying to the business. Some issues impacting our subsidiary companies during 2024 included:

- Practice Plan Group (PPG): have embedded the principles of sustainability into their business events. In 2024, their main annual customer event incorporated a sustainability theme which included working with the venue to remove all single use plastic bottles from the event. In addition to this, materials used for the event were responsibly sourced, local suppliers were used wherever possible and the carbon footprint associated with transportation for the event was calculated and offset. In addition to this, given that PPG have a separate office location to the wider Group, their individual carbon footprint was tracked as part of the wider Group metric and several refurbishments were undertaken to their office to make it more efficient.

- Wesleyan Financial Services (WFS): During 2024, WFS reviewed and strengthened the process for gathering customer preferences for sustainability in making investment decisions, ensuring that product recommendations consider customers' sustainability needs.
- Wesleyan Unit Trust Managers: Our Sustainable Investing Policy applies to all Wesleyan directly managed funds, including our unit trust range.

2024 Climate-Related Governance Activity

During 2024, we have undertaken the following activities that have been reviewed at Society Board:

- Group Sustainability Strategy reviewed and updated to reflect progress against internal targets and activities against the market context of other financial services organisations.
- Reviewed the Carbon Offsetting Policy, setting out a set of standards that will be applied across the Group for purchasing carbon offsets.
- Presented the 2024 Own Risk and Solvency Assessment (ORSA) report and Climate Change Risk Assessment which included an assessment of our key risks related to climate change, including a quantitative analysis of the potential impact of different climate change scenarios.
- Set and updated on progress towards climate-related targets for 2024 and beyond.
- Provided an update on sustainability related regulatory change and progress on implementation to embed these changes to ensure all anti-greenwashing rules were followed and that all relevant Entity and Product Level reports were published on our company website in line with Sustainable Disclosure Requirements.

STRATEGY - SUSTAINABILITY AT WESLEYAN

Wesleyan Assurance Society is committed to acting in a sustainable and responsible way in all our business operations and are committed to doing the right thing for our members, customers, colleagues and communities.

ESG principles continue to sit at the core of our sustainability strategy which guides our approach to investing our customers' money, the good causes we support and how we deliver a sustainable infrastructure and apply our sustainable investing strategy and exclusions to our product offering.

The strategy is designed to ensure we meet our internal sustainability goals, linking into the United Nations Sustainable Development Goals (SDGs) and UK Regulatory requirements. Whilst there are 17 goals listed within the UN framework, our business activities continue to be aligned most with the SDGs of good health and wellbeing, quality education, gender equality, reduced inequalities and climate action. We believe in credibility before visibility and have therefore made delivery against these areas some of our critical success factors.

Economic, Social and Governance (ESG)

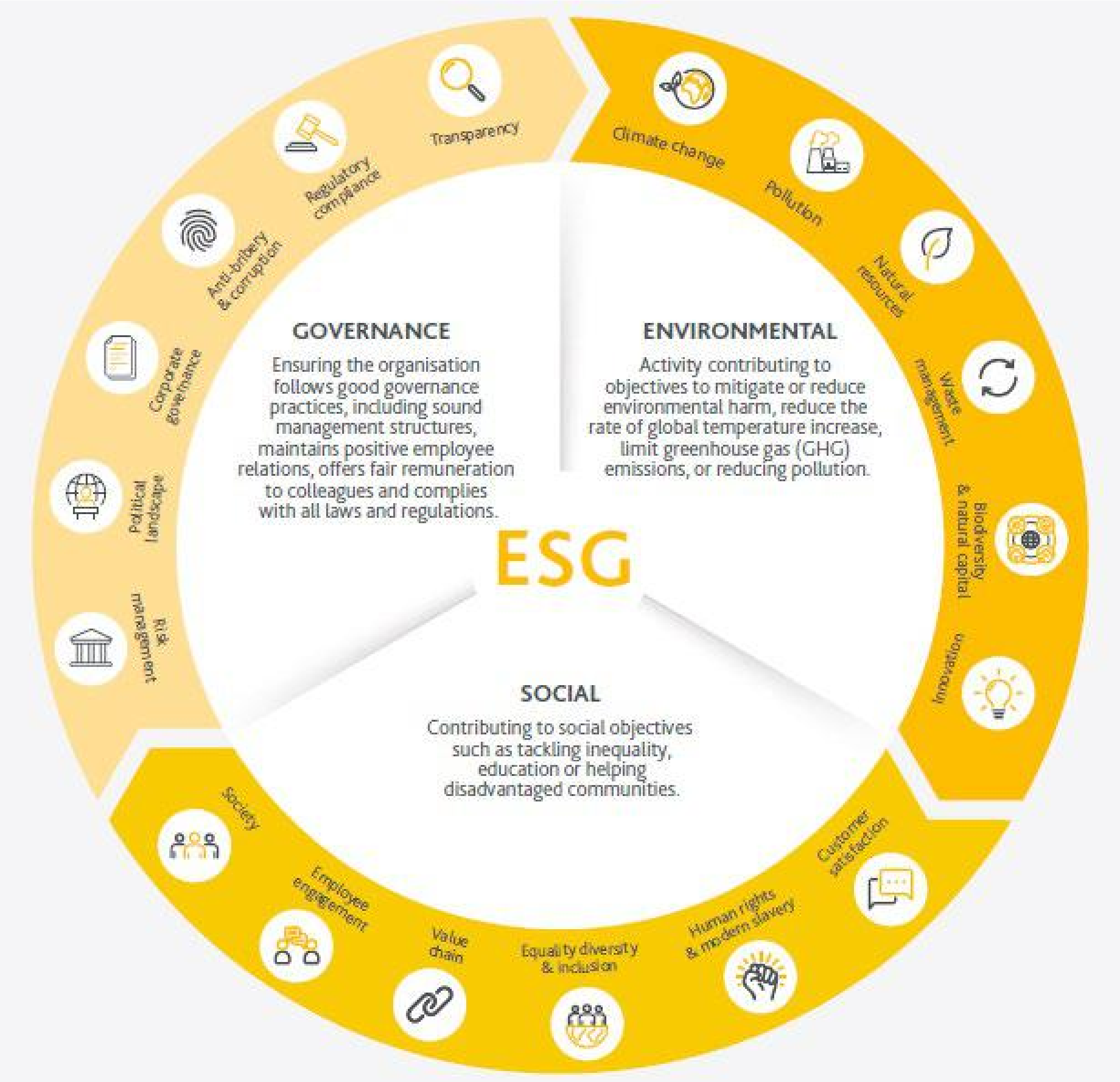


Figure 1 – Elements of ESG

Sustainability is well aligned with our business strategy; our aim to be 'brilliant to do business with' includes building a sustainable business that aims to 'do the right thing' for our customers, colleagues, communities, and the planet. We also consider sustainability to be well aligned to our ethos as a Mutual, with care at the heart of what we do, and a focus on doing the right thing in the long term.

How Sustainability Impacts Our Business Model

Our Board approved Sustainability Strategy sets out how Wesleyan will act to be a sustainable business and manage the risks from climate change. It is underpinned by our ‘Sustainability Commitment’.

Wesleyan’s Sustainability Commitment

Wesleyan is committed to ‘doing the right thing’ for our customers, our colleagues, our communities, and the planet.

This overarching principle is our ‘statement of intent’ that sustainability will always be a high priority when making business decisions.

Key elements of our Sustainability Strategy and how this impacts our management of climate change risks and business plans are summarised in the table below:

Sustainability Principle	How does this impact our business strategy?
Customer Offering We will endeavour to understand and meet our customers’ sustainability preferences wherever possible. We will let our customers know how we invest their money in a way that contributes to making the world a better place.	We undertake regular customer research to understand our customers’ needs for sustainable products. The outcomes of this research, along with external scanning of current trends and product developments are considered when developing our Product and Proposition strategy. We ensure our advice process incorporates the sustainability preferences of our customers so that they are considered when making a recommendation.
Sustainable Investments When we invest in companies, we will aim to improve the sustainability of our asset portfolios. We will engage with and challenge investee businesses to become more sustainable where we believe we can make a positive difference.	Considering customer research and market trends, we have set a Sustainable Investing Policy that is approved at Board and applies to all our directly invested customer funds. It sets out how we will make investment decisions by: ▶ Responsible screening ▶ Positive contribution ▶ Active engagement We have developed and expanded our Sustainable Investment team to support our internal asset managers. We have set specific metrics for monitoring the sustainability of our investments (including our direct property portfolios).
Sustainable Suppliers We will only purchase services and equipment from companies that meet our sustainability standards.	Our sustainability principles are embedded into the Society’s procurement policies and are an intrinsic part of the Society’s Procurement Charter.
Sustainable Infrastructure We will reduce our own carbon footprint as an organisation, aligning ourselves with targets set by the Government in their 2050 targets and develop a transition roadmap to meet the 2050 targets.	We have set targets for reducing our operational carbon footprint as set out in the next section. These targets form part of the Group and Executive bonus scheme. This principle influences our choice of infrastructure and the services we use; for example we now use renewable electricity in our office buildings and Gas sourced from renewable sources in our Head Office. We have previously committed to being carbon neutral in our operations by end 2023 (including allowance for carbon offsetting). In meeting this target in 2023, we produced a Carbon Offsetting Policy that has been approved by the Board and purchased offsets to meet this target. We have also committed to being carbon net zero by 2050 across our entire business (including investments). We continue to monitor our progress towards the 2050 target, although we have not set a specific interim target at this stage.

Sustainability for Colleagues We will encourage our colleagues to engage with the world's sustainability challenges.	By helping our people understand Wesleyan's Sustainability Strategy and how they can help achieve a more sustainable world (both personally and through implementing the Society's sustainability actions), colleagues should also feel more pride in Wesleyan as an employer and greater satisfaction working here. This supports the building of a positive culture and is consistent with our mutual ethos. How we support our colleagues and how we act as a business supports the attraction and retention of employees. We have engaged in regular communications to our employees on sustainability, including training to develop colleague understanding.

Stress And Scenario Testing

To provide a quantitative assessment of our exposure to climate change risks, Wesleyan have considered a range of company specific climate change scenarios over a 30-year period which are aligned to the Bank of England's Climate Biennial Exploratory Scenario (CBES). These cover: an early action scenario (orderly transition), a late action scenario (disorderly transition) and a no additional action scenario (hot house).

	Early action (Orderly transition)	**Late action (Disorderly transition)**	**No additional action (Hot house)**
	An orderly transition to a net-zero emission economy, taking into consideration of transition costs gradually over the scenario horizon.	*Transition activities have been delayed and therefore transition costs have increased but impact the scenario later in the time horizon.*	*In this scenario the economic conditions are more severe as there have been no actions taken to progress to a net-zero emissions economy resulting in additional climate related policies being implemented.*
Key Assumptions:			
Equity Markets	0.5 to -5%	0% to 10%	0 to -18%
Credit Spreads	0.5-3%	0.5-3%	Up to 230%
Regulatory Costs	£2.5m	£5.8m	Rising from £2.5m to £25m pa
Transition Costs	£5m	£5m	Nil
Morbidity Rates	No change	0-7.5% increase	0-10% increase
Mortality Rates	No change	0-7.5% increase	0-10% increase
Property Devaluation	No change	1.5-7.5%	0-12%

The key results of the exercise were as follows:

- The Disorderly Transition scenario has the most detrimental long-term impact.
- The Society remains resilient to the potential capital shock over the 30-year period in all three scenarios.
- In all three scenarios, our customers could see a reduction in the value of their investments. Whilst this is comparable to previous market shocks, we will carry out further work to help customers understand the potential impact of climate change on their investment portfolio. The modelling of climate change risk across the industry remains in its infancy and our calculations continue to be approximate. The market for data that estimates the potential impact of climate change on investment holdings is developing and we will be reviewing our modelling approach, including the availability of improved data during 2025.
- During 2025 we will further develop our path to being carbon net zero across the business (including our investment portfolio).

- We will continue to monitor key metrics to ensure that we manage climate change risk within our investment portfolio. These include:
  - Carbon intensity of our investment portfolio.
  - Adherence to our Sustainable Investment Policy (and in particular, ensuring funds do not breach our exclusion policy).
  - ESG and Carbon Intensity ratings of our funds relative to external benchmarks.

RISK MANAGEMENT

Risks from climate change are managed in accordance with our Risk Management Framework (RMF). The RMF describes Wesleyan's approach to identify, assess, treat, monitor and report the risks it faces during its business activities. Wesleyan Assurance Society and all subsidiaries are within scope of the RMF and have the responsibility to manage their risks effectively.

Sustainability and risks arising from climate change are treated as cross cutting risks which could impact a number of principal risks within the business, we therefore have defined them as transversal risk under the Society's RMF. This means that sustainability and climate change risks are reported on within our regular risk reporting at each meeting of the Group Executive Committee, Risk Committee and Society Board.

We believe engaging with companies is our most effective tool in delivering a positive impact on society, the environment, and our investment portfolios. Only by being involved in the discussion with existing and potential investee companies; raising awareness of ESG factors, including climate change; and encouraging appropriate disclosure on ESG issues, can we hope to encourage companies to make their operations more sustainable and help reduce the likelihood of negative ESG events.

As well as engaging with companies, we may also engage with governments, regulators, and non-governmental organisations in order to push for system wide-change, and to ensure our views as a market participant are considered.

We are members of Climate Action 100+ and the UN sponsored Principles for Responsible Investment, organisations where engagement is a key focus in reducing the impact of ESG related factors. We have also successfully met the high stewardship standards set by the UK Stewardship Code.

Further detail on this form of engagement is detailed within our Stewardship and Engagement Policy.

Risk Appetite Statement

Wesleyan Assurance Society risk appetite in respect to risks arising from climate change is reviewed by the Risk Committee and approved by the Board and is articulated below:

'Our capital strength means that we are able to accept a moderate level of financial risk from climate change. However, we have a Low Appetite for being inconsistent with our commitment to act in a sustainable and responsible way and do the right thing for our members, customers, colleagues and communities.'

Risk Identification

Climate-related risks are identified using a number of processes that aim to identify climate related risks and opportunities from both a bottom-up and top-down basis. A summary of these processes is provided below:

- We carry out a bottom-up operational risk identification process to identify risks to the Society. These risks are recorded, assessed, and managed by all business areas and includes sustainability risks.
- Sustainability risks are discussed at Sustainability Committee, with representation from around the business.
- Our Emerging Risk process identifies new and emerging risks which includes climate change and wider environmental and societal issues.
- A top-down risk identification process is conducted at least annually through the Society's Own Risk and Solvency Assessment (ORSA) process, which includes Climate Change Scenario Testing.
- We carry out an annual Financial Risks from Climate Change assessment, which includes a strategic and forward assessment of climate-related risks.

- Financial risks are assessed with the potential impact that climate change has on global financial markets, such as adverse movements in equities, corporate bonds, interest rates and property values.

Risk Assessment

In assessing Climate Change risk, we categorise our key risks between those which are physical and transition and consider both risks and opportunities.

Physical risks
Physical risks from climate change arise from a number of factors and relate to specific weather events (such as heatwaves, floods, wildfires and storms) and longer-term shifts in the climate (such as extreme weather variability, sea level rise and rising temperatures). For example, increased frequency or severity of extreme weather events could impact General Insurance premiums or may cause damage to our properties, including those properties we invest in.

Transition risks
Transition risks arise from the process of adjustment towards a low-carbon economy. A range of factors influence this adjustment, including climate-related developments in policy and regulation, the emergence of disruptive technology or business models, shifting sentiment and societal preferences, or evolving evidence, frameworks and legal interpretations. Some examples include:

- The risk of a loss of value on our direct property portfolio.
- The risk that climate change materially impacts the wider economy which may have a detrimental impact on the companies we invest in, leading to financial loss; or may impact our supply chain leading to operational disruption,
- There is a legal and reputation risk for firms if they do not meet regulatory requirements and / or do not meet the commitments they have made and the expectations of their customers, employees or regulators.

Climate related Opportunities
Climate change brings both risks and opportunities to our business and those we invest in. Climate-related opportunities arise from the regular feedback we obtain from our customers on sustainability issues and horizon scanning of upcoming trends in the market. We know that acting in the right way, including having a sustainable business impact and offering sustainable products, is important to them. As a mutual, we naturally focus on the longer-term and our overall commitment to 'doing the right thing' for our customers, our employees and the community creates opportunities for us to make more sustainable decisions.

Summary of key climate change risks and opportunities
We have identified the following climate-related risks and opportunities which may have a material financial impact on the Society, considered over short (0-3 years), medium (3-10 years) and long (10+ years) term time horizons to align with the time periods used for stress and scenario testing. The short term has been selected as three years as this aligns with our strategic planning period. The medium term of ten years aligns to the period over which we carry out projections for our ORSA. The long-term of ten years plus is then the period beyond our ORSA modelling.

We have identified climate change risks and opportunities at Group level. These apply to all our subsidiary companies, whilst noting that:

- The risk of reductions to asset and property values are most relevant to Wesleyan Assurance Society and Wesleyan Unit Trust Managers.
- Risks relating to providing suitable financial advice on sustainability related issues is predominantly with Wesleyan Financial Services.

Overall we are within risk appetite for our climate-related risks. Some risks have been rated as a medium impact; however we are comfortable that the mitigating actions are appropriate to limit our exposure.

Climate Change Risks

CATEGORY	MATERIALITY	DESCRIPTION	TIMEFRAME	POTENTIAL IMPACT	MITIGATIONS
Strategic (Macroeconomic)	Medium	Climate change, including the steps required to transition to net zero could adversely impact the economy, supply chain and disrupt business. This could impact disposable incomes, create uncertainty in financial markets and increase geopolitical tensions.	Long term	This could lead to worse socio-economic conditions, resulting in lower savings rates and a decrease in new business sales	Ensure sustainability and climate change issues and scenarios are embedded within regular risk reporting and strategic decision making. Maintaining interactions with our trusted professionals and their communities to understand their changing needs.
Strategic (Proposition & Competition)	Medium	There is a risk that we do not meet our customer needs and expectations in respect to sustainable investments.	Long term	If there is increased demand from our customers for more sustainability focused funds and the Society is not able to meet those needs, this could lead to reduced levels of new business and/or an increase in lapse rates.	Maintaining interactions with our trusted professions and their communities to understand their changing needs. This includes regular customer research and feedback from the Members Advisory Board, and ensuring these needs are reflected by our fund proposition.
Strategic (Reputational)	Medium	Our strategy is built on the principles of us being a Lifelong partner and Brilliant to do business with. Any issue relating to Wesleyan not acting to do the right thing, including meeting our sustainability commitments, could damage our reputation which in turn could materially impact our ability to deliver our strategy.	Short to long term	Potential reputational damage across the Group leading to lower levels of trust with our customers and ultimately impacting profitability.	Ensuring anti-greenwashing training and ongoing monitoring and regulatory reviews of policyholder communications help mitigate this risk. Ensuring appropriate governance and tracking of action implementation against our commitments.
Market (Scenario Analysis)	Medium	Climate change scenario analysis is in its infancy across the industry: there is a risk that scenarios understate the timing and financial impact of climate change.	Medium term	There is a risk that we do not fully understand/underestimate the financial impacts of climate change on our portfolio and hence that adverse climate change scenarios reduce our capital strength and/or policyholders by more than expected.	Review climate scenarios, in particular to consider climate ‘tipping points’ and ensure sustainability and climate change issues and scenarios are embedded within regular risk reporting and strategic decision making.

Market (Investment Portfolio)	Medium	There is a risk that we are not able to reduce the carbon intensity of our portfolio and become carbon net zero by 2050.	Long term	This would be a breach of our sustainability and regulatory requirements and could result in reputational risk and regulatory scrutiny.	Regularly monitoring the carbon reduction of our investment portfolio. Current progress has been favourable to plan, and ongoing mitigation will be to agree a transition plan to 2050.
Market (Property)	Low	There is a risk that the value of property reduces from wider market reactions to climate change. We are also exposed to the risk of physical damage e.g. due to increased flood risk and to the potential costs to develop and maintain our property portfolio to ensure they meet any minimum sustainable standards that are in place (or may be put in place).	Long term	This could lead to a reduction in asset value of our property portfolio and increased costs of repair leading to reduced policyholder returns and reduced growth of our capital.	Continue to monitor performance against EPC targets and exposure to flood risk areas for our property portfolio. Ongoing scenario analysis to test the impact of an adverse climate change scenario on our property portfolio and on the overall value of our assets. Implement risk limits on our exposure to property investments where appropriate.
Reputational / Conduct (Litigation Risk)	Low	There is a risk of litigation due to Wesleyan making sustainability statements that are inconsistent with achievements.	Short to medium term	Reduced profitability and potential reputational damage across the Society.	Continue to embed anti-greenwashing training, including ongoing monitoring and Regulatory review of policyholder communications.
Reputation / Conduct (Regulatory Risk)	Low	There is a risk that Wesleyan does not implement regulatory change effectively.	Short to medium term	Reduced profitability and potential reputational damage and Regulatory scrutiny.	Continue to monitor the regulatory landscape and implement changes as required. Obtain assurance from third party experts on regulatory implementation where required.

Climate Change Opportunities

OPPORTUNITIES	DESCRIPTION	TIMEFRAME	POTENTIAL IMPACT
Customer Offering/Brand	Building on our mutuality to provide sustainable advice, products, services and operations to improve customer experience, employee satisfaction and the environment	Short term	Increased revenue and reduced harm to the environment
Investments	Investing in more sustainable assets and products will be both beneficial to support a positive transition to a low-carbon economy and meet a customer need where the preference is for sustainable investments	Short term	Increased profitability and reduced harm to the environment
Resilience	Flexible working, reduced travel and lower costs from being a climate resilient business	Short term	Increased profitability and reduced harm to the environment
Market	Strengthening our Sustainable Investment Principles and investing in well-governed, sustainable businesses for the long term	Long term	Higher policyholder returns and increased capital strength

Risk Management

The key mitigations we have applied for managing climate related risks are included within the table above.

The key actions to manage climate related risks are included within our Sustainability Action Plan. Progress against these actions is overseen by the Sustainability Committee and reported on a quarterly basis into PCGC and then Society Board.

A set of sustainability metrics is monitored monthly by the Sustainability Committee and Key Risk Indicators (KRI's) are monitored and reported into Society Board as part of regular risk reporting.

As we seek to embed Sustainability and related risks into the business, management of these risks and the associated actions are allocated to business owners. This process is overseen by the Group Sustainability Manager, reporting to the Head of Enterprise Risk Management. Where significant work is required to implement change in relation to the management of climate change risks, such as significant regulatory change, the work will be carried out under a project structure, with support from a Project Manager and Business Analyst as required. We also reviewed key communications with customers to ensure that they are aligned with the anti-greenwashing requirements introduced.

Where specialist resource is required, we will utilise external experts to provide support. An example of this was during 2023 when we used independent experts to support the setting of our Carbon Offsetting Policy.

Our Investments Department aims to allocate capital in a sustainable and responsible manner whilst also providing superior risk-adjusted returns for our customers. We include financially material ESG factor exposures (including transition related factors) in the investment research we produce. This research may take the form of specific company reports or focus on broad industries. The Sustainable Investment Team also produces in-depth sustainability reports into companies and industries, which can be integrated into the investment decisions made by the Investments Department – helping us to better manage risks and improve returns for our customers.

METRICS AND TARGETS

We ensure appropriate metrics and targets are in place to identify, assess, monitor, manage and report our performance against our sustainability strategy. Measuring our impact on the environment is an important part of this assessment and helps us meet our aim of being a sustainable business.

The table below shows the key measures used to evaluate the Greenhouse Gas (GHG) emissions of Wesleyan in scope[1] funds as of 31st December 2024.

CLIMATE METRIC	COVERAGE	2024 AMOUNT
Scope 1 and 2 emissions *(tCO_2e)*	66.2%	281,889.3
Scope 3 emissions *(tCO_2e)*	66.2%	3,336,344.4
Total carbon emissions *(tCO_2e)*	66.2%	3,633,536.4
Total carbon footprint *(in tCO_2e/GBPm invested)*	66.2%	607
Weighted Average Carbon Intensity (WACI) *(tCO_2e/GBPm Sales)*	66.3%	1,130

 # Note - not all values within the above table sum within Total carbon emissions due to rounding and differing levels of coverage of funds obtained from MSCI datasets *Source: Wesleyan / MSCI as at 31 December 2024*

Definition of climate metrics and how they should be interpreted:

METRIC	DESCRIPTION
tCO_2e	tCO_2e stands for tons (t) of carbon dioxide (CO_2) equivalent (e). It is a standard unit for counting greenhouse gas (GHG) emissions regardless of source (e.g. carbon dioxide and methane).
Scope 1 emissions	Scope 1 emissions are direct GHG emissions that companies produce themselves.
Scope 2 emissions	Scope 2 emissions are indirect GHG emissions by the business through its purchase of electricity, steam, heat, or cooling.
Scope 3 emissions	Scope 3 emissions are the result of activities from assets not owned or controlled by the business; however, the organisation indirectly affects in its value chain e.g. a car manufacturer and the GHG emissions of a car they have produced.
Total carbon emissions	Absolute GHG emissions that our funds are responsible for. For instance, if we own 10% of a company, we would be responsible for 10% of that company's GHG emissions. This is the total of Scope 1, 2 and 3 emissions.
Total carbon footprint	The total amount of GHG emissions the fund is responsible for. This is shown per £m invested in the fund, allowing for like-for-like comparisons between different in scope funds under management.
Weighted Average Carbon Intensity (WACI)	The total amount of GHG emissions the fund is responsible for, but provides the GHG emissions based on the revenue of the companies we invest in. This is shown per £m invested in the fund, allowing for like-for-like comparisons between different in scope funds under management.

Data coverage

Wesleyan works with multiple data providers in order ascertain the most accurate position of the investment market. For climate related data, our core provider MSCI is a leading provider of critical decision support tools and services for the global investment community. MSCI have one of the widest coverages of emissions data available; however, data gaps can be present due to lack of disclosures (usually smaller companies) or challenges with certain asset types e.g. derivatives, cash, Government Bonds and direct property. We work closely with data providers to minimise gaps and use estimation methodology where possible. Wesleyan use manual and automated techniques to analyse and map

[1] For a list of in scope funds, please refer to Appendix A

data appropriately. Along with strong governance, we have quality checks and review systems in place to manage any risk in process to ensure accurate outputs.

How Climate Change Is Likely To Impact Funds

Scenario Analysis

Climate scenario models are complex calculations that simulate interactions between historical data, current observations, and assumptions about future socio-economic behaviour and the regulatory landscape to generate plausible scenarios of future climate conditions. They are designed to provide a forward-looking assessment and can be helpful in understanding the potential future impact of climate change but naturally there are uncertainties caused by the long-term nature of their projections. Given this uncertainty and the long-time horizons, the results shown here should be considered as the potential impact on this portfolio, these should not be viewed as forecasts. Climate models are dependent on many assumptions, including assuming our holdings do not change over time, and as such actual future conditions may differ substantially from these projections.

Whilst climate scenarios and models are still in their infancy, they are currently the most suitable to assess the impact of climate related change on this portfolio across long-term horizons. Based on these models and scenarios, the estimated impact on the in-scope funds would be as follows:

SCENARIO	CLIMATE VALUE-AT-RISK	DATA COVERAGE
Orderly Transition	-12.3%	66.7%
Disorderly Transition	-7.6%	66.7%
Hot House World	-5.8%	66.7%

Source: Wesleyan / MSCI as at 31 December 2024

Definition of scenario metrics and how they should be interpreted:

METRIC	DESCRIPTION
Climate value-at-risk	This is the estimated impact of the given climate scenario on the value of assets in the fund assuming no changes are made to the fund. A negative number denotes that under the scenario, there will be a devaluation for the fund's underlying assets and hence you would see the value of your investments fall. Scenario model outputs are expressed as a range of outcomes, reflecting the inherent uncertainty of the underlying assumptions. We have provided the average model output of that range of results.
Orderly Transition	This scenario assumes climate policies are introduced early and become gradually more stringent, reaching global net zero CO_2e emissions around 2050 and likely limiting global warming to below 1.5 degrees Celsius on pre-industrial averages.
Disorderly Transition	This scenario assumes climate policies are delayed or divergent, requiring sharper emissions reductions achieved at a higher cost and with increased physical risks in order to limit temperature rise to below 2 degrees Celsius on pre-industrial averages.
Hot House World	This scenario assumes only currently implemented policies are preserved, current commitments are not met, and emissions continue to rise, failing to limit temperature rise, causing high physical risks and severe social and economic disruption.

Implied temperature rise

Implied temperature rise estimates the current contribution to global temperature increase from a fund's current greenhouse gas emissions trajectory. It is a simplified tool to assess alignment of business strategies with climate goals like the Paris Agreement target. The model used to generate this metric mainly accounts for Scope 1 and 2 emissions. It does not incorporate emissions occurring outside direct operations (Scope 3) and any avoided emissions that could have a positive environmental impact (Scope 4). These exclusions can lead to an over- or underestimation of a fund's implied temperature rise.

The climate model results are presented for year 2030 which permit us to better monitor medium-term alignment of funds ahead of the 2050 target. The results suggest that the fund's current underlying issuers' emissions projection are close to being aligned with the Paris Agreement. This data is being used to better understand our investment emissions and will help shape our 2050 Transition Plans (see below).

PARIS AGREEMENT TARGET	COMBINED RISE OF IN SCOPE FUNDS
1.5 - 2 °C	2.4 °C

Source: Wesleyan / MSCI as at 31 December 2024

The Paris Agreement resulted from the Paris Climate Conference (COP 21) in December 2015 and brought together all COP member nations in an agreement to undertake ambitious efforts to tackle climate change and limit the rise of global temperatures (from pre-industrial levels) to below 2°C, and ideally below 1.5°C. It is important to note that there is no widely accepted industry standard that characterises whether a fund is closely aligned or materially misaligned to the Paris Agreement target.

Investment Strategy – Carbon Net Zero By 2050

We are committed as a business to being carbon net zero by 2050 at the latest. The largest part of our carbon footprint is incurred indirectly through the companies we invest in and is not included in the operational carbon footprint figures and targets. We are currently in the process of considering interim targets for our scope 3 footprint as part of the Transition Plan to get to 2050.

In the interim, we manage and monitor our exposure to sustainability and climate change risk in our investment portfolio via the following:

- Our Sustainable Investment Policy sets out core principles that we apply across all our funds of: Responsible Screening, Positive Contribution and Active Engagement.
- We require our funds to operate above the comparator sector benchmark on ESG rating and Carbon Footprint rating on a 12-quarter rolling average. We are currently ahead of benchmark for both ratings across all our in-scope funds.
- In 2022, targets were set to reduce our property portfolio exposure to high and medium flood risk assets by 1/3 from 3% to less than 2% by value. In 2023, Wesleyan sold the only high flood risk rated asset, and by the end of 2024 had reduced the overall portfolio risk of our medium flood risk assets to 2%. We will continue to reduce our exposure to assets in medium risk areas and have amended asset purchasing processes to ensure no high-risk assets are taken on.
- We achieved the government target of all of our rental properties having an EPC of E or above, with 100% of our properties being rated D and above by December 2024. We have clear plans to continue, and we are well underway to achieving the government's current targets of a C rating by 2028 and a B from 2030.

APPENDIX A – IN SCOPE FUNDS

Wesleyan With Profits Fund

Wesleyan Corporate Bond Fund (Life)

Wesleyan Corporate Bond Fund (Pension)

Wesleyan Ethical Shares Fund (Life)

Wesleyan Ethical Shares Fund (Pension)

Wesleyan European Shares Fund (Life)

Wesleyan European Shares Fund (Pension)

Wesleyan Asia (excluding Japan) Shares Fund (Life)

Wesleyan Asia (excluding Japan) Shares Fund (Pension)

Wesleyan Government Bond Fund (Life)

Wesleyan Government Bond Fund (Pension)

Wesleyan Japanese Shares Fund (Life)

Wesleyan Japanese Shares Fund (Pension)

Wesleyan North American Shares Fund (Life)

Wesleyan North American Shares Fund (Pension)

Wesleyan UK Shares Fund (Life)

Wesleyan UK Shares Fund (Pension)

Wesleyan Low Risk/Reward Fund (Life)

Wesleyan Low Risk/Reward Fund (Pension)

Wesleyan Moderate/High Risk Reward Fund (Life)

Wesleyan Moderate/High Risk Reward Fund (Pension)

Wesleyan Higher Risk/Reward Fund (Life)

Wesleyan Higher Risk/Reward Fund (Pension)

Wesleyan Life Managed Fund

Wesleyan Pension Managed Fund

CRO SIGNED COMPLIANCE STATEMENT

The disclosures set out in this report for Wesleyan Assurance Society comply with the requirements set out in 'ESG 2.2.7 TCFD entity report' and other relevant sections of the FCA ESG Sourcebook. This report should be read in conjunction with the relevant sections of the Wesleyan Assurance Society Report and Accounts 2024 a indicated throughout.

Suky Dehal

Head of Enterprise Risk with delegated authority from Jon Welsh (Chief Risk Officer)

June 2025

FOR INFORMATION

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