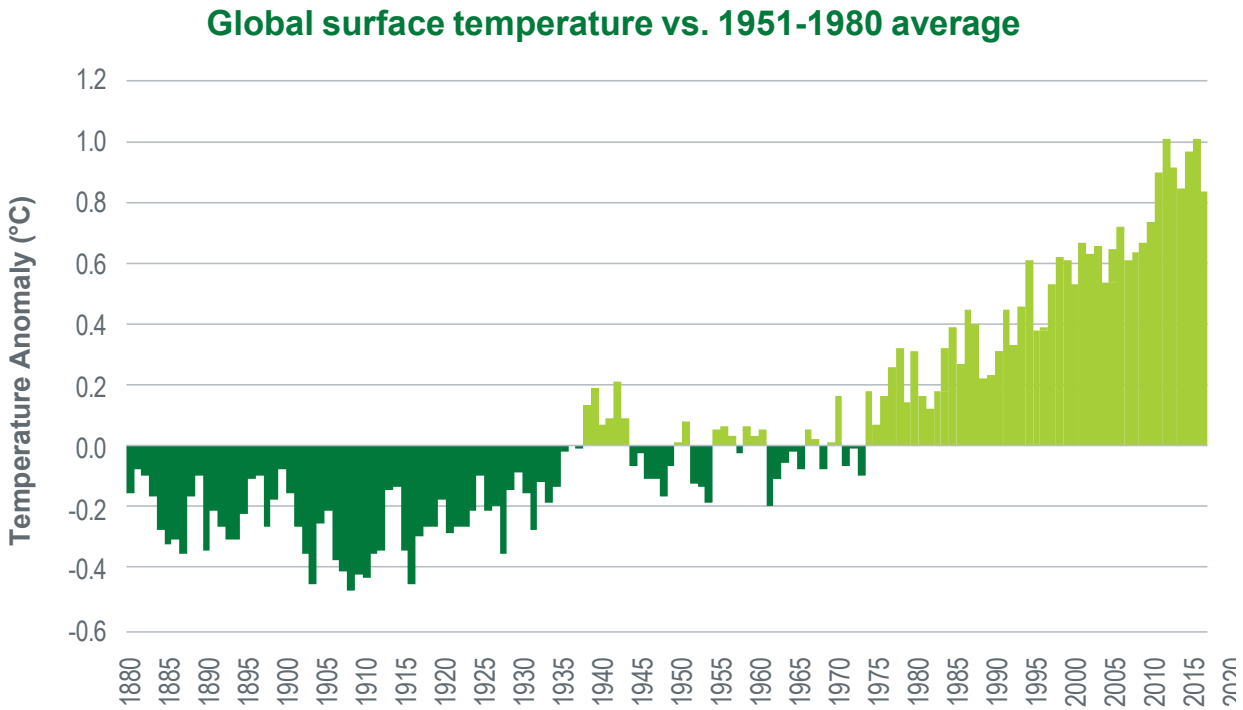
August 2025

The Cemex UK Pension Fund & The Cemex UK Executives' Pension Fund

Taskforce on Climate-related Financial Disclosures (TCFD) Report for Year Ending 31 March 2025

Background

Climate scientists estimate that human activity is responsible for approximately 1.0°C of global warming since the beginning of the industrial revolution.[1] Most of this warming has occurred in the last 35 years, with the five warmest years on record observed since 2010. From 2006 to 2015, the recorded global mean surface temperature was c. 0.9°C higher than the average for the period 1850 to 1990. The graph below shows the change in global surface temperature compared to the long-term average from 1951 to 1980.[2]



The overwhelming scientific consensus is that the observed climactic changes are primarily the result of human activities such as: electricity and heat production, agriculture and changes in land use, industry, and transport.

In addition to the physical risks presented by climate change, the shift to a low-carbon economy also poses transition risks (as defined below). To mitigate these risks as successfully as possible, a swift and globally co-ordinated policy response is required.

Despite the current level of climate action thus far taken, the majority of climate scientists anticipate that the world will be between 2°C and 4°C warmer by 2100 (with significant regional variation).[3] This is substantially higher than the collective goal under the Paris Climate Change Agreement: to hold the increase in the mean global surface temperature to well below 2°C above pre-industrial levels, and to pursue efforts to limit the temperature increase to 1.5°C.

Introduction to TCFD

Recognising that climate change is a risk to financial markets, the Financial Stability Board commissioned the Taskforce on Climate-related Financial Disclosures (TCFD) in 2015. The Board determined that it would be desirable to have clear, comprehensive, high-quality information pertaining to the impact of climate change; thus, the objective of the TCFD is to improve and increase the reporting of climate-related financial information.

[1] Source: Climate Analytics, https://climateanalytics.org/briefings/global-warming-reaches-1c-above-preindustrial-warmest-in-more-than-11000-years/
[2] Source: NASA's Goddard Institute for Space Studies (GISS), https://climate.nasa.gov/vital-signs/global-temperature/
[3] Source: Chapter 4 of the Intergovernmental Panel on Climate Change's Sixth Assessment Report

In 2017, the TCFD released a set of recommended disclosures in four thematic areas, designed to highlight how organisations are managing both climate-related risks and opportunities (CRROs). The four key themes (set out below) represent the core elements of how organisations operate. Sufficient flexibility is allowed for within the disclosures to account for local circumstances, whilst not undermining ease of comparability across organisations.

Governance
The organisation's governance around climate-related risks and opportunities

Strategy
The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning

Risk management
The processes used by the organisation to identify, assess, and manage climate-related risks

Metrics and targets
The metrics and targets used to assess and manage relevant climate-related risks and opportunities

Source: TCFD

The TCFD framework for climate-related disclosures has received widespread support; over 900 organisations, with a combined market capitalisation of $11+ trillion, back the recommended disclosures. Pension funds that have been early adopters of the TCFD recommendations include: AP2, NEST, PGGM, RPMI Railpen, The Pensions Trust, and Environment Agency Pension Fund. Disclosure that aligns with the TCFD recommendations currently represents best practice.

The Government, meanwhile, has confirmed that where a pension scheme has relevant assets greater than or equal to £1 billion on the first scheme year end date that falls on or after 1 March 2021, it must comply with certain climate change governance requirements from 1 October 2022. This is the third TCFD report published for the Cemex UK Pension Fund ('the Main Fund') and the Cemex UK Executives' Pension Fund ('the Exec Fund').

Beliefs

The Trustee of the Cemex UK Pension Fund and the Trustee of the Cemex UK Executives' Pension Fund (together "the Pension Funds" and the "Trustee") recognises that climate-related risks and opportunities are financially material and that due consideration of such risks and opportunities falls within its fiduciary duty to the members of the Pension Funds. Given the long-dated nature of both climate risk and opportunities as well as the liabilities of the Pension Funds, the Trustee believes that it needs to take a holistic approach, fully incorporating the management of climate risk into its risk management processes. The Trustee has reviewed its governance framework to ensure that CRROs are integrated into the governance decisions made in relation to the Pension Funds.

In addition, the Trustee supports the TCFD recommendations as the optimal framework to describe and communicate the steps that the Pension Funds are taking to manage CRROs and incorporate climate risk management into its investment processes. The Pension Funds are a long-term investor, diversified across asset classes, regions and sectors, making it a 'universal owner'. It is in the interests of the Trustee that the market is able to effectively price climate-related risks and opportunities and that policy makers are able to address market failure. The Trustee believes that TCFD-aligned disclosure from asset owners, asset managers and corporates is in the best interest of its beneficiaries.

The Trustee acknowledges the need to compile this TCFD report to comply with the TCFD governance requirements. While the Trustee recognises that it must consider financially material risks and opportunities including CRRO when making investment decisions, it also notes that the Funds' primary duty is to meet benefit payments promised to members as they fall due.

Section 1: Governance

a) Describe the board's oversight of climate-related risks and opportunities.

The Trustee Board recognises CRRO as a key factor to be considered alongside other ESG topics, including corporate governance, human rights, labour and environmental standards. The Trustee believes that CRRO, along with other ESG factors, can have an impact on financial performance. Accordingly, the Trustee places importance on spending time and resources on its governance of CRRO in relation to the Pension Funds.

The responsibility for investment strategy, decision making and governance within the Pension Funds rests with the Trustee. It therefore maintains strategic oversight and is ultimately responsible for CRRO within the Pension Funds. At present, CRRO is handled at regular Trustee meetings. The Trustee maintains oversight of key management stakeholders to ensure the stakeholders fulfil their responsibilities of assessing and managing CRRO.

The Trustee obtains strategic investment advice from its appointed Fiduciary Manager (SEI Investments (Europe) Ltd ("SEI")), including advice in relation to the Trustee's policies on CRRO. The Trustee also obtains investment advice from the same Fiduciary Manager at a more granular level, e.g. on the range of investments. The Trustee Board has received multiple climate change training workshops from the Fiduciary Manager covering the TCFD governance framework and the four pillars under the TCFD recommendations.

The Trustee delegates responsibility for Stewardship (voting and engagement) to its Fiduciary Manager (and certain selected Investment Managers where funds are directly held). The Trustee receives regular reports to satisfy itself that Stewardship is consistently applied in line with the Trustee's fiduciary duty.

Part of the Trustee's fiduciary duty is to incorporate this information into its investment decisions to reduce investment risk and enhance portfolio returns for the period during which the Pension Funds' assets are invested. The Trustee considers these factors to be financially material over a period of at least 50 years, this being the length of time it would take for the vast majority of Fund members to begin receiving a pension.

On considering its approach to CRRO and ESG more widely, the Trustee believes shareholder engagement is a necessary tool for affecting positive change. When considering climate change, companies in all sectors will face risks and opportunities, and investors have a significant role to play in influencing how companies prepare themselves to manage those risks and take advantage of any opportunities.

The Trustee believes that continuing to proactively engage with the senior management of corporations on CRRO issues is the best way to enact meaningful and sustainable change and address both risks and opportunities, including CRRO, in the portfolio.

b) Describe management's role in assessing and managing climate-related risks and opportunities.

The Trustee has established and maintained processes to satisfy itself that its service providers and advisers take adequate steps to identify and assess CRRO that are relevant to the Pension Funds for the matters on which they are advising.

Other than the Trustee, the following persons either undertake Funds governance activities or advise and/or assist the Trustee in connection with those activities.

Fiduciary Manager

The responsibility for training the Trustee on investment issues, helping develop the Trustee's investment strategy, and advising the Trustee on key aspects of CRRO governance (e.g. metrics and targets, scenario analysis etc.) rests with the Fiduciary Manager. The Fiduciary Manager is responsible for overseeing how Investment Managers of the Pension Funds integrate CRROs into their investment-decision making. The Fiduciary Manager advises the Trustee when setting climate-related metrics (that are reportable and achievable for the funds used when compared to their targets) on at least an annual basis.

Fund Actuary

The Trustee takes advice from the Fund Actuary regarding the extent to which climate change may affect the future liabilities of the Pension Funds. The Trustee has asked the Fund Actuary and Fiduciary Manager to consider the impact that climate change could have on the Pension Funds' assets and liabilities over key time horizons through scenario analysis. In particular, the Fund Actuary advises how the physical and transition risks associated with climate change could affect the Pension Funds' expected future mortality rates.

Covenant Adviser

The Trustee also engages a Covenant Adviser to provide advice on the ability of the Sponsoring Employer to meet its obligations to the Pension Funds, in which they identify key risks to the covenant. The Trustee requires that as part of these regular reviews the Covenant Adviser specifically considers the resilience of the Sponsoring Employer to the challenges of climate change, both in terms of physical and transition risks. The Trustee has also asked the Covenant Adviser to consider the results of the scenario testing on the assets and liabilities in the context of the potential impact on the strength of the covenant, including noting risks of any potential correlation, i.e. the risk that in a scenario where the funding level worsens the covenant also weakens. The Trustee, with help from the Covenant Adviser, also reviews the TCFD and wider climate change disclosures related to the Sponsoring Employer's Group, which includes identifying key sustainability targets and monitoring the Group's progress against these metrics.

Section 2: Strategy

a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.

Establishing Investment Time Horizons

The Trustee defines the short-term, medium-term and long-term as shown in the table below. It is noted that the longest time horizon takes into account the nature and duration of the Pension Funds' liabilities and the Recovery Plan (as backed by 'Project Advance'[4]), and also extends to cover timescales in which global temperatures may be very different on average to the present day.

Horizon	Timeframe	Expected behaviour of horizon matched investments
Short-term	Up to 5 years	Targeting a moderate level of return for a low level of short-term risk
Medium-term	6-10 years	Targeting a medium level of return for an intermediate level of short-term risk
Long-term	11+ years	Targeting a high level of return for a high level of short-term risk but lower level of long-term loss

[4] Project Advance represents the Fund's interest in the Scottish Limited Partnership (SLP) which owns a freehold property currently occupied by the Sponsoring Employer. Its fair value represents the present value of amounts due to the Fund over a 25 year period. The Fund's interest in the SLP is transferrable to another party only in very limited circumstances and therefore this arrangement is considered to be highly illiquid. Collateral, in the form of the freehold property currently in use by the Sponsoring Employer, is available to the Trustee in the event the amounts due to the Fund are not received.

Identifying CRROs

SEI has identified several specific CRROs for each time horizon. The Trustee recognises that climate-related risks are financially material and can impact the value of the Pension Funds' investments over the short-, medium- and long-term. Therefore, it is important that these risks and opportunities are understood. As more information becomes available, the range of climate-related risks and opportunities are likely to evolve over time.

There are two main types of climate-related risks: physical risks (i.e. those relating to the physical impacts of climate change), and transition risks (i.e. risks relating to the transition to a lower-carbon economy). Physical and transition risks exhibit an inverse relationship. Rapid global efforts to reduce emissions are likely to reduce physical risks whilst exacerbating transition risks. Inversely, a more gradual reduction in global emissions may reduce transition risks but result in increased physical risks.

The following risks may present material financial risk to the companies underlying the various funds that the Pension Funds invest in. The Trustee expects that over short- and medium-term time horizons the investments are most exposed to transition and acute physical risks. However, over medium and long-term time horizons, chronic physical risks may become more significant.

Fund time horizon	Physical risk	Transition risk
Short-term	**Acute risks** that are event-driven, including those that result from severe weather events such as hurricanes, cyclones and floods. Stock price movements resulting from **physical damage** to real assets from extreme weather events. Severe weather events that impact companies' **supply chains** and increase insurance costs. Reduced revenue from **decreased production capacity** (e.g. transport difficulties and supply chain interruptions resulting from weather events).	**Policy and legal risks** as regulations are brought in to address companies' behaviour towards climate change. This may result in stock price falls. For example, from the effects of write-offs, asset impairment, and early retirement of existing assets due to policy changes. **Market and reputational risks** may represent the most immediate climate-related risks that a company faces and may crystallise with little advanced warning. For example: – reduced demand for a company's products or services due to increased demand for more 'environmentally-friendly' offerings – prolonged reputational damage resulting in significant loss of customers – perceived exposure or poor climate response may reduce supply of capital or availability of insurance cover – inability to meet business customers' qualifying thresholds for environmental matters – societal pressure for increased regulation or taxation of key business activities – competitors who may move to decarbonise more rapidly
Medium-term	**Acute risks but also chronic risks** as longer-term climate patterns begin to change. **Write-offs and early retirement of existing assets** (e.g. damage to property and assets in 'high-risk' locations such as coastal infrastructure assets from rising sea levels).	**Technology and policy risks** leading to rapid product obsolescence or changes in consumer behaviour, for example: – increased consumer uptake of electric vehicles – increased demand for energy efficiency, renewable energy, battery power storage and carbon capture practices to be utilised by organisations
Long-term	**Chronic risks** resulting from longer-term shifts in climate patterns, such as sustained temperature increases that may cause higher sea levels and more regular heat waves. Reduced revenue and profits from **decreased production capacity and increased costs**, resulting, for example, from: – damaged roads, buildings and transit infrastructure – reduced productivity and hours worked by staff – increased health care costs – changes in tourism destinations – reduced agriculture harvests, yields and volumes, as well as unstable year-to-year production – reduced construction output – water and food scarcity increasing company input costs – droughts reducing hydropower electricity production – overloaded power grids with the demand for cooling systems; regular power blackouts and falls in company production	**Stranded asset risk** resulting in the re-pricing of companies' assets (e.g. fossil fuel reserves, land valuations, securities valuations).

Climate-related opportunities

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

b) Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning.

Integrating CRRO into the Pension Funds' strategy will be an important activity. The Trustee is early in the journey towards long-term management of climate-related risks and opportunities. As such, establishing effective governance structures, tools and processes for identifying climate-related risks and opportunities has been central to the Trustee's ability to manage climate-related risks and opportunities.

The Trustee will use climate-related metrics and scenario analysis to guide its risk management activities going forward. In years to come, the Trustee expects to note improvements in the availability, scope and reliability of climate-related metrics such as carbon footprint, total emissions and weighted average carbon intensity to aid future decision-making. The Trustee recognises that not all investments in carbon-intensive companies are necessarily misaligned with the management of climate-related risks and opportunities; for example, heavy emitters with ambitious and realistic science-based targets are likely to play an important role in the transition to a low-carbon economy.

The Trustee believes that Stewardship (Engagement and Voting) is an effective means of positively impacting the behaviour of investee companies and also improving transparency, therefore engagement is favoured over divestment.

It is expected that CRROs will become an integral part of the Trustee's risk management framework and that the following factors will likely influence the future exposure of the Pension Funds to CRRO:

- Climate scenario analyses, including the impact of climate-related risks and opportunities on projected future funding levels and the timeframe in which the Pension Funds might achieve the long-term targets.
- The availability, via the Fiduciary Manager and Investment Managers, of reliable and complete information sufficient to enable assessment of the Fund's exposures to CRROs. This would include reliable and complete information relating to climate-related metrics such as carbon footprints.
- Inquiry into the extent that areas of the Pension Funds are significantly exposed to climate-related risks.
- The philosophy, process and practice of underlying Investment Managers in assessing and managing climate-related risks in the selection of investments.

  It is noted here that as Fiduciary Manager, SEI considers ESG factors including climate change to be an integral part of its manager research and due diligence process. However, to date, no minimum threshold has been established with respect to these capabilities in order for a firm to be hired as an underlying Investment Manager.

- The extent to which the Fiduciary Manager and Investment Managers actively participate in industry groups and promote better practices and transparency related to CRROs.

  The Trustee notes that the Fiduciary Manager, SEI, is a signatory of the UN Principles for Responsible Investment (UN PRI). Additionally, SEI and/or its affiliates are participants in and/or signatories to a range of collaborative industry organisations, including the UK Investment Consultants Sustainability Working Group and the UK Stewardship Code 2020.

- Stewardship (engagement and voting) conducted by SEI, the Fiduciary Manager, on the Pension Funds' behalf.

c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

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

The Trustee is required to undertake scenario analysis to consider the potential impact of CRROs on the Pension Funds. The scenario analysis must be carried out in the first year in which the Pension Funds are subject to the TCFD governance and reporting requirements, and triennially thereafter. However, the Trustee is required to review the scenario analysis annually to ensure there is an up-to-date understanding of its impact. The requirement is to consider an increase in the global average temperature where at least one of the scenarios is 'Paris-Aligned' – in other words, international action is taken to reduce carbon emissions to the extent that global temperature rises remain within 2°C, in accordance with the Paris Agreement. Other scenarios may be considered that demonstrate the impact of temperature increases other than those aligned with the Paris Agreement.

In line with the principles of Integrated Risk Management, the scenario analysis takes into account the impact of the climate scenarios on the Pension Funds from an investment, funding and covenant perspective. As such, the Fiduciary Manager (SEI) liaises closely with the Fund's Actuary (WTW) and the Covenant Adviser (WTW) in order to produce an integrated analysis.

Each scenario corresponds to an alternative potential future climate pathway. These are referred to below as 'Orderly Scenario'; 'Disorderly Scenario'; and 'Hot House Scenario':

- **Orderly scenario:** Early, coordinated action limits the global average temperature increase to around 1.5°C by 2100. Paris Agreement targets are broadly achieved, which results in a gradual transition to a net zero economy by 2050.
- **Disorderly scenario:** Late action, requiring abrupt changes to limit temperature increases to around 2°C by 2100. Paris Agreement targets are partly achieved.
- **Hot House scenario:** Paris Agreement targets are not met, resulting in a significant impact on the global climate, leading to a temperature increase of around 3°C by 2100.

These scenarios are adopted so that the Trustee considers the potential effects of different climate scenarios on the Pension Funds. This provides insight into the resilience of the investments and the potential for adverse climate scenarios to impact the Pension Funds. As part of the identification and impact assessment process, the Trustee will consider the likely impact on the Pension Funds over the short-, medium- and long-term.

The scenario analysis is conducted by SEI and WTW, and incorporates the potential impacts of the climate scenarios on the progression of the future funding level of the Pension Funds over the short-, medium- and long-term. The scenario analysis may include qualitative or descriptive elements as well as quantification of the extent to which the funding level might deviate from a comparative 'baseline'. The baseline scenario is one in which no explicit allowance has been made for climate-related risks and opportunities (CRROs). The Trustee will review the results of these stress scenarios annually and discuss the findings and any resultant actions that are advised (if appropriate) with their advisers.

Further detail on the three scenarios

Physical risk	Transition risk
Scenario A: Orderly transition Early, coordinated action limits temperature increases to around 1.5°C *Paris Agreement targets are broadly achieved*	This scenario represents an orderly transition to a low-carbon economy that is broadly in line with the Paris Agreement. This model assumes early and coordinated policies that result in a gradual transition to a net zero economy by 2050, limiting the global average temperature increase to around 1.5°C by 2100 (relative to pre-industrial levels), along with a middle-of-the-road estimate of physical climate change impact.
Scenario B: Disorderly transition Late action, requiring abrupt changes to limit temperature increases to around 2°C *Paris Agreement targets are partly achieved*	This scenario represents a disorderly transition to a low-carbon economy that limits the global temperature rise to around 2°C by 2100 (relative to pre-industrial levels). This model assumes late action and/or poorly coordinated policies that result in an abrupt transition to a net zero economy. In this scenario, greenhouse gas emissions peak in 2030, and a middle-of-the-road estimate of physical climate change impact is considered.
Scenario C: 'Hot House' / No transition Temperate increase assumes warming of around 3°C *Targets are not met, resulting in a significant impact on the global climate*	This scenario represents the absence of future improvements in global climate policy, assuming no transition and a continuation of current policy and emission trends. This lack of action results in a temperature increase of around 3°C by 2100 (relative to pre-industrial levels). This model assumes there is low economic transition risk because there is no risk posed to the underlying securities to transition to a sustainable economy. This scenario implies a more aggressive estimate of physical climate change impact due to the increased levels of warming that may occur.

Note: SEI has recommended the three scenarios outlined above following the UK DWP's statutory guidance[5]

Orderly Transition

In this scenario, the Pension Funds typically experience a more moderate level of transition policy risk and technology opportunity than under the Disorderly Transition. In this scenario, the Pension Funds are exposed to the lowest levels of physical risks associated with chronic and acute physical impacts of climate change. This is because early action slows the accumulation of carbon dioxide in the Earth's atmosphere and achieves net zero by 2050.

Furthermore, populations are likely to benefit by living longer as a result of following healthier lifestyles. For example, this could come about as a by-product of decisions to reduce meat consumption, lead more active lifestyles (e.g. reducing reliance on personal transport) and through improved air quality.

Disorderly Transition

In this scenario, the Pension Funds are exposed to the highest policy-related transition risks (as well as the greatest technology opportunities) relative to the other scenarios, on aggregate. In this scenario, the Pension Funds are exposed to greater levels of physical risks – associated with the chronic and acute physical impacts of climate change – than under an Orderly Transition, as the world experiences greater levels of warming and its resultant impacts.

As a result of the potential economic and societal disruption, increases in longevity from healthier lifestyles are restricted. This is due to reduced spending on areas such as healthcare as a result of rapid policy shifts towards climate policies over a very short period of time.

Hot House Scenario

The Pension Funds are subject to the least transition policy risk and technology opportunity, relative to the other scenarios. While the use of low-carbon technologies will continue to grow, such growth occurs at a slower

[5] Part 3 Paragraph 62 onwards, DWP "Governance and reporting of climate change risk: guidance for trustees of occupational schemes", June 2021

pace than for the Orderly and Disorderly Transition scenarios, resulting in more heavily discounted future benefits. In this case, a more aggressive physical risk model is applied because there are more unknowns. Physical risk models are continuing to evolve and the Intergovernmental Panel on Climate Change assessments paint an increasingly concerning picture of the risks associated with climate change.

As such, it is assumed that the increased air pollution and higher food prices due to impacted supply chains will lead to a general decline in living standards over time, resulting in virtually no improvements in future life expectancies.

Approach

To quantify and assess the climate-related impact on the Scheme's assets, SEI has drawn on inputs of financial impacts of physical and transition damages, also known as Climate Value at Risk ("CVaR") (a metric produced by MSCI), to develop its own view of financial impacts on various asset classes under different climate scenarios. SEI has used these impacts to develop its own proprietary SEI Climate Capital Markets Assumptions ("Climate CMAs"). Subjectivity is involved concerning the extent to which physical and transition impacts have been priced in at present, and the horizon over which the climate impacts may be fully realised. See below the Climate Capital Market Assumptions under the different scenarios which are used in the funding level projections.

	Expected Geometric Return (% p.a.)			
Asset Classes	**Base Scenario**	**Orderly Transition**	**Disorderly Transition**	**Hot House / No Transition**
Global Equity	5.6%	5.3%	5.4%	5.4%
Global Managed Volatility Equity	6.4%	6.0%	6.2%	6.2%
US Small Cap Equity	5.3%	4.8%	5.0%	5.0%
European Small Cap Equity	5.2%	4.7%	4.8%	4.8%
Emerging Market Equity	5.2%	4.8%	5.0%	4.9%
Dynamic Asset Allocation	5.2%	5.0%	5.1%	5.1%
US High Yield (Hedged)	4.8%	4.1%	4.4%	4.4%
Emerging Market Debt	5.0%	2.3%	4.2%	4.5%
Private Assets	5.6%	5.3%	5.4%	5.4%
UK Credit	2.9%	2.7%	2.8%	2.8%
UK Long Credit	3.4%	2.9%	3.1%	3.2%
Total Portfolio (Main Fund)	**3.3%**	**3.1%**	**3.2%**	**3.2%**
Total Portfolio (Exec Fund)	**2.8%**	**2.6%**	**2.7%**	**2.7%**

Source: SEI

The Recovery Plan (as backed by 'Project Advance') is taken into consideration in scenario analysis of the Pension Funds. The funding projections assume that, as per the Recovery Plan, the deficit contributions to the Fund supported by Project Advance will be 'switched off' when the funding level goes above 110%. CRROs in relation to Project Advance are excluded from the assessment of funding level impact within the scenario analysis given the complexity and paradoxical relations between macroeconomic variables of the scenarios and the valuation of assets in Project Advance.

The mortality outcomes under any climate scenario are impossible to accurately predict and will depend on complex interactions between several factors. For the 2023 TCFD submission, given the uncertainty surrounding the possible path of longevity due to climate change as well as the long-term nature of any impact on life expectancies, the Trustee commissioned the Fund Actuary to advise on this and the resulting impact on the Funds' liabilities. In the analysis that was carried out in 2023, the Fund Actuary had illustrated the potential effects of climate change by considering how the future longevity improvement assumption underlying the Pension Funds' liabilities may differ across each of the scenarios and the impact that would have on the calculated liabilities of the Funds. It was also noted that the future longevity improvement assumption adopted for the actuarial valuation uses the Continuous Mortality Investigation's (CMI's) mortality projections model,

which by design allows for a projection of current mortality trends in the short term to converge to a long-term trend. For the latest actuarial valuation, this long-term trend rate was assumed to be 1.50% pa.

In order to model the possible outcomes for the climate change scenarios above for the Main Fund, the Fund Actuary has calculated the weighted average impact from using the following combinations of long-term rates:

Main Fund	Improvement in longevity (long term trend rate)			
Scenario	Very high (3.0% pa)	High (2.25% pa)	Low (0.75% pa)	Deterioration (-1.0% pa)
Orderly Transition	45%	45%	10%	
Disorderly Transition		40%	30%	30%
Hot House / No Transition		10%	45%	45%

Source: WTW (2023 report)

Funding level projections under the different scenarios

The scenario analysis has been conducted using the three climate change scenarios highlighted above, with the Orderly and Disorderly scenarios being the 2°C or lower scenarios. The Trustee has engaged SEI to provide the scenario analysis, and the results are presented below. This shows a forward-looking projection of the Pension Funds' funding levels (i.e. the Fund's Assets divided by the Fund's Technical Provisions Liabilities) as at 31 March 2025, and projected out 20 years to 31 March 2045, allowing for expected asset returns under the different scenarios, pensions paid out and deficit contributions paid in over the period.

Cemex Main Fund – Impact on Investments

The table below shows the funding level projection for the Main Fund assuming that the current investment strategy remains in place over the next 20 years. It excludes the value of Project Advance and instead, allows for the series of contributions to be paid much like a 'recovery plan'. The climate impact on expected asset returns across climate scenarios is taken into account in the below projection while the demographic impact on the Fund's liabilities attributed to climate change is **not** considered.

	Base Scenario	Orderly Transition	Disorderly Transition	Hot House / No Transition
31/03/2025 Base year	77%	77%	77%	77%
31/03/2030 5-year	96%	95%	95%	95%
31/03/2035 10-year	120%	118%	119%	119%
31/03/2040 15-year	141%	136%	138%	138%
31/03/2045 20-year	179%	169%	173%	174%

Source: SEI. Technical Provisions Liabilities are based on the cashflows provided by the Fund Actuary and discounted on a Fund-specific basis. Recovery plan allows for the fact that deficit contributions to the Fund supported by Project Advance will be 'switched off' when the funding level rises above 110%. Based on the 31/03/2024 valuation results from WTW.

The results of the analysis suggest that the Fund's assets could be adversely impacted by climate risk under each of the three scenarios. In aggregate, the magnitude of this impact is likely to be in the region of 1-2% of Fund assets (depending upon the realised future climate pathway) over a 10-year timeframe, though any such impact would likely materialise over a significant length of time. Over the short to medium term, there is little difference in the funding level projections across climate scenarios. Over longer timeframes, the costs of the transition to net zero associated with the Orderly Transition act as a drag on expected return. However, the funding level projections over 15-year and 20-year periods may be considered less meaningful, since the investment strategy will be revisited and may change materially over time as the Fund becomes better/fully funded.

Cemex Main Fund – Impact on Funding

In addition to the asset-based funding level projections above, there are CRROs which could also affect the life expectancy of members within the Fund. Driven predominantly by the indirect and transition risks of climate change, the table below from WTW's 2023 analysis sets out the potential impact on liabilities by considering how long-term rates of future longevity improvements may be impacted by climate change. These are aggregate effects over the lifetime of the Fund. In practice, the pace at which they emerge will depend on the extent to which assumptions about future experience are adjusted.

	Base Scenario	Orderly Transition	Disorderly Transition	Hot House / No Transition
Increase in liabilities	**-**	**+2.8%**	**-2.0%**	**-4.2%**

Source: WTW (2023 report)

Cemex Main Fund – Combined Impact

The table below shows the funding level projection for the Main Fund assuming that the current investment strategy remains in place over the next 20 years. It excludes the value of Project Advance and instead allows for the series of contributions to be paid much like a 'recovery plan'. Climate impacts on the expected asset returns across climate scenarios are taken into account in the below projection, **together with** a consideration of the demographic impact on the Fund's liabilities attributed to climate change (illustrated in the above table).

	Base Scenario	Orderly Transition	Disorderly Transition	Hot House / No Transition
31/03/2025 Base year	77%	77%	77%	77%
31/03/2030 5-year	96%	92%	97%	100%
31/03/2035 10-year	120%	120%	121%	117%
31/03/2040 15-year	141%	142%	141%	133%
31/03/2045 20-year	179%	181%	177%	162%

Source: SEI, WTW. Technical Provisions Liabilities are based on the cashflows provided by the Fund Actuary and discounted on a Fund-specific basis. Recovery plan allows for the fact that deficit contributions to the Fund supported by Project Advance will be 'switched off' when the funding level rises above 110%. Based on the 31/03/2024 valuation results from WTW.

Allowing for the demographic impact on the Fund's liabilities attributed to climate change impacts the initial rate of funding improvement across the different climate scenarios. The longevity improvements associated with the Orderly Transition result in increased liabilities and, initially, a slower improvement in the funding level; while under the Hot House scenario, relatively higher mortality leads to faster funding improvements at first. However, this ultimately results in deficit contributions being paid for longer under the Orderly Transition. (An additional deficit contribution is paid under the Orderly Transition relative to the Disorderly Transition, and two more are paid relative to the Hot House scenario.) Consequently, differences in longevity across scenarios come to be dominated by differences in total contributions paid, and as such, over a 20-year horizon the funding level is highest under the Orderly Transition scenario.

Cemex Executives' Fund – Impact on Investments

The table below shows the funding level projection for the Executives' Fund assuming that the current investment strategy remains in place over the next 20 years. It excludes the value of Project Advance and instead allows for the series of contributions to be paid much like a 'recovery plan'. The climate impact on expected asset returns across climate scenarios is taken into account in the below projection.

Source: SEI. Technical Provisions Liabilities are based on the cashflows provided by the Fund Actuary and discounted on a Fund-specific basis. Recovery plan allows for the fact that deficit contributions to the Fund supported by Project Advance will be 'switched off' when the funding level goes above 110%. Based on the 31/03/2024 valuation results from WTW.

	Base Scenario	Orderly Transition	Disorderly Transition	Hot House / No Transition
31/03/2025 Base year	103%	103%	103%	103%
31/03/2030 5-year	119%	118%	118%	118%
31/03/2035 10-year	139%	137%	138%	138%
31/03/2040 15-year	184%	178%	181%	181%
31/03/2045 20-year	295%	278%	286%	286%

The results of the analysis suggest that the Fund's assets could be adversely impacted by climate risk under each of the three scenarios. In aggregate, the magnitude of this impact is likely to be in the region of 1-2% of Fund assets (depending upon the realised future climate pathway) in 10-years' time, though any such impact would likely materialise over a significant length of time. The investment strategy is expected to demonstrate similar resilience to climate pathways that are aligned with the Orderly, Disorderly and Hot House scenarios (at least in the short to medium term), because the current investment strategy has a low allocation to return enhancement assets (c. 26%).

The funding level projections at the 15-year and 20-year points may be considered less meaningful since the total assets are expected to be materially higher than the total liabilities. The funding level projection is very sensitive to small differences in total assets across climate scenarios. In reality, the investment strategy will be revisited and may be materially altered if and when the Fund becomes very well-funded.

Cemex Executives' Fund – Impact on Funding

In addition to the asset-based funding level projections above, there are CRROs which could also affect the life expectancy of members within the Fund. Driven predominantly by the indirect and transition risks of climate change, the table below from WTW's 2023 analysis sets out the potential impact on liabilities by considering how long-term rates of future longevity improvements may be impacted by climate change. These are aggregate effects over the lifetime of the Fund. In practice, the pace at which they emerge will depend on the extent to which assumptions about future experience are adjusted.

	Base Scenario	Orderly Transition	Disorderly Transition	Hot House / No Transition
Increase in liabilities	**-**	**+2.3%**	**-1.7%**	**-3.5%**

Source: WTW (2023 report)

Cemex Executives' Fund – Combined Impact

The table below shows the funding level projection for the Executives' Fund assuming that the current investment strategy remains in place over the next 20 years. It excludes the value of Project Advance, and instead allows for the series of contributions to be paid much like a 'recovery plan'. Climate impacts on the expected asset returns across climate scenarios are taken into account in the below projection, **together with** a consideration of the demographic impact on the Fund's liabilities attributed to climate change (illustrated in the above table).

	Base Scenario	Orderly Transition	Disorderly Transition	Hot House / No Transition
31/03/2025 Base year	103%	103%	103%	103%
31/03/2030 5-year	119%	125%	121%	123%
31/03/2035 10-year	139%	150%	140%	143%
31/03/2040 15-year	184%	208%	184%	187%
31/03/2045 20-year	295%	348%	291%	297%

Source: SEI, WTW. Technical Provisions Liabilities are based on the cashflows provided by the Fund Actuary and discounted on a Fund-specific basis. Recovery plan allows for the fact that deficit contributions to the Fund supported by Project Advance will be 'switched off' when the funding level goes above 110%. Based on the 31/03/2024 valuation results from WTW.

Allowing for the demographic impact on the Fund's liabilities attributed to climate change, the Disorderly and Hot House scenarios experience modest improvements in funding level over the short, medium and long term, due to the reduction in liabilities associated with more conservative expectations of future longevity improvements. The funding improvements are more pronounced for the Hot House scenario, as future longevity is expected to be negatively impacted to a greater extent.

Conversely, the longevity improvements associated with the Orderly Transition result in increased liabilities and a slower initial improvement in funding level. However, this near-term reduction in funding level then results in an additional contribution, as per Project Advance, relative to the other two climate scenarios. As a result, the Fund then experiences a significant improvement in its funding position over the medium and long term – despite the increase in liabilities.

Impact on Employer Covenant

Cemex operates in the Cement Sector which historically has generated approximately 8% of global carbon emissions. The most significant impact of climate change to companies in this sector is expected to be their costs of transition, i.e. the cost of the actions required to meet regulatory and self-defined targets. Cemex also remains exposed to some lower level physical risks (e.g. from climatic events such as flooding) of climate change. The Pension Funds are exposed to covenant risks over the long term, in particular as Project Advance runs to 2038.

The Trustees engaged WTW to provide comprehensive advice on the potential impact of climate risk to the Employer Covenant as part of their 2023 TCFD submission. In this report it was noted that the Group's climate risks include a potentially significant exposure to emissions trading/carbon taxes (which could represent up to an approximate 16% impact on profits) and the associated costs of decarbonisation. The Group is also dependent on its ability to leverage replacement low-carbon products. Transitional costs are expected to be high in all climate scenarios given Cemex's strong commitments to meet its sustainability targets. From a reputational perspective, Cemex has made strong commitments to address climate change.

The expected costs of transition could potentially impact on the affordability of contributions to the Pension Funds, if they are required in excess of the contributions made through Project Advance. Nevertheless, the Group's commitment to sustainability is likely to be essential given regulatory and consumer preference changes, and as such, these costs of transition and the Group's strong commitment are likely to be covenant enhancing in the long term.

Scottish Limited Partnership

The transitional costs of decarbonisation and impact on affordability could also impact on the ability to settle the contributions that underpin the Pension Funds' Scottish Limited Partnership ("Project Advance"). Project Advance runs to 2038 and means that the Pension Funds have long-term reliance on the covenant. Project Advance is reliant on the successful transition of the Group in response to regulatory and consumer preference changes.

Project Advance is underpinned by the value of the Rugby site. Some climate scenarios could have an adverse impact on the collateral value of this site to Project Advance.

Covenant Data

This represents the data that is available today and we expect the data to improve over the coming years as company level disclosure becomes more comprehensive and widespread, along with third-party verification of alignment. The Trustee intends to consider these risks on an ongoing basis as part of its covenant assessment.

Covenant Impact

WTW's 2023 report also outlined the exposure of Cemex to both Physical Risks and Transition Risks varies by scenario. Cemex have set ambitious sustainability targets which will drive material transitional costs in all scenarios given the Group's strong climate commitments and the potential for an adverse reputational impact. Physical risks are expected to be higher under a "Hot House" scenario. Potential opportunities for new low carbon products should outweigh the risks in a transition scenario if they can be successfully executed. WTW's assessment of the impact of these scenarios is outlined below:

<table>
<tr><th></th><th>Long-term, orderly transition</th><th>Disorderly transition</th><th>No transition "Hot House"</th></tr>
<tr><td>Cemex impact</td><td>Reduced demand for carbon products and risk of asset obsolescence. Opportunities to develop low carbon products. Transition costs high.</td><td>As Long-term orderly transition but transition costs higher in the long term. Market uncertainty.</td><td>High physical risks but demand for carbon products remains. Transition costs are likely to be lower.</td></tr>
<tr><td rowspan="2">Physical Risks – ST/MT
– LT</td><td colspan="2" rowspan="2">Low risk</td><td>Low risk</td></tr>
<tr><td>Medium risk</td></tr>
<tr><td rowspan="2">Transition Risks – ST/MT
– LT</td><td colspan="2">Medium risk</td><td rowspan="2">Medium risk</td></tr>
<tr><td>Medium risk</td><td>Medium risk</td></tr>
</table>

Source: WTW (2023 Report)

The Trustees continue to review the climate risks to the employer covenant and will seek updated advice as appropriate.

Data and model limitations

SEI Climate Capital Markets Assumptions (CMAs) are subject to the data limitations impacting each asset class. Proxies of public investments are used for private assets. We have relied on the methodology that MSCI has developed to calculate Climate Value at Risk and from that derive the asset class assumptions under the different scenarios.

It is well known that modelling tools have inherent limitations and climate scenario modelling is complex. Climate scenario models do not predict future outcomes. There is a high degree of uncertainty and subjectivity in the assumptions, scenarios and model setting in general, upon which the modelling output is highly dependent. As timescales increase, the modelling will become less reliable. A simple deterministic approach has been taken to project the trajectory of the funding level under each climate scenario considered.

The mortality impacts shown above serve to illustrate the potential variability in future life expectancies due to climate change. They are, therefore, subjective and arguments could be made for different outcomes. The impact on longevity represents beliefs which are intended to form the basis of a discussion with the Trustee. These beliefs are based on detailed analysis of the drivers of mortality carried out by WTW's Insurance Consulting and Technology business.

Section 3: Risk Management

a) Describe the organisation's process for identifying and assessing climate-related risks.

The Pension Funds' SIP sets out the Trustee's investment policies, including the management of financially material risk factors (including climate change) and how this is implemented. The Trustee reviews the SIP whenever there is any material change in investment policy, otherwise at least annually.

The Fiduciary Manager, SEI, is responsible for reporting back to the Trustee where it identifies material climate-related risk in the portfolio that warrants the Trustee's attention. SEI regularly reports back on activities it undertakes in its Stewardship program. This includes regular reporting on climate-related voting (including

significant votes) and its engagement activities. An annual review is included in the Pension Funds' Implementation Statement of how the Trustee's policies on voting and engagement, as set out in the SIP, have been followed during the year. The Fiduciary Manager also requires underlying Investment Managers to identify and disclose exposure to financially material risk. The Trustee reserves the right to divest from any Investment Manager that demonstrates through past behaviour an unwillingness to provide the transparency required to understand the investment's impact on the climate.

b) Describe the organisation's processes for managing climate-related risks.

The Trustee relies on its Fiduciary Manager, SEI, and its other Investment Managers where appropriate, to manage the investments' exposure to financially material risks, such as climate change.

For the SEI funds and the segregated accounts overseen by SEI, investment stewardship is exercised on behalf of the Trustee through SEI's Stewardship program. Where investments are made directly into funds managed by third party Investment Managers, each Investment Manager is expected to be a responsible steward of the assets and to actively manage financially material risk, such as climate change, in the selection of underlying investments.

For assets directly covered by SEI's Stewardship Program, SEI has appointed a third-party, Columbia Threadneedle (formerly BMO), to engage with investee companies on behalf of clients specifically on climate-related matters. Voting rights are exercised via SEI's proxy voting provider, Glass Lewis.

The Trustee believes that proactive, ongoing and constructive engagement with companies, backed by a strong willingness to vote, can help raise standards and improve companies' accountability for impacts made on the climate.

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

The Trustee has prepared a specific CRRO risk register which is included as an Appendix to this annual TCFD report. Risks will be prioritised based on materiality, likelihood and financial impact.

The Trustee also maintains a wider risk register encapsulating risks material to the Pension Funds, which is reviewed periodically. Risks specifically related to CRRO are reviewed at least annually – the review of all risks relating to the ongoing governance of the Pension Funds forms part of the Trustee's decision-making process and is recorded in its meeting minutes accordingly.

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

The Trustee will use climate-related metrics and scenario analysis to guide its risk management activities going forward. In years to come, the Trustee expects to note improvements in the availability, scope and reliability of climate-related metrics such as carbon footprint, total emissions and weighted average carbon intensity to aid future decision-making. The Trustee recognises that not all investments in carbon-intensive companies are necessarily misaligned with the management of climate-related risks and opportunities; for example, heavy emitters with ambitious and realistic science-based targets are likely to play an important role in the transition to a low-carbon economy.

Recognising that most climate-related metrics are backward-looking and may not fully capture forward-looking plans, the Trustee believes that proactive and collaborative engagement with investee companies is critical to the long-term management of climate-related risks and opportunities.

The Trustee will also consider trends in the results of climate-related scenario analysis, while recognising that the quality of climate change models will evolve over time and therefore comparison of scenario analysis results across time frames may not be appropriate. For example, new physical risk models may take into account new

scientific projections about interrelated impacts and positive feedback loops. Meanwhile, transition risk models may evolve to take into account the pace of policy change, progress towards country-level goals, and technological advances.

Annual Calendar

The Pension Funds' annual calendar has been updated to include the following:

- Annual TCFD report, incorporating:
  - An assessment of the climate risks associated with the Pension Funds' investments;
  - A review of the Trustee's CRRO governance framework; and
  - A qualitative assessment of the CRROs associated with the Pension Funds' investments
- Triennial climate-related scenario analysis
- Annual review and interim reports

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

Section 4: Metrics and Targets

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

The Trustee will disclose the following on an annual basis within its TCFD report:

1. One absolute emissions-based measure: Total Carbon Emissions in tCO_2e
2. Two intensity emissions-based measures: Weighted Average Carbon Intensity (WACI) and Carbon Footprint
3. One portfolio alignment metric: Implied Temperature Rise, and;
4. Additional measures: three engagement metrics and one proxy voting metric specified below

Carbon Metrics

Absolute: Total Carbon Emissions in tCO_2e

This measures the total greenhouse gas emissions attributable to a portfolio and is expressed as tonnes (t) of carbon dioxide (CO_2) equivalent (e) – i.e. tCO_2e. 'Carbon dioxide equivalent' is a standard unit for counting greenhouse gas (GHG) emissions regardless of whether they're from carbon dioxide or another gas, such as methane. For each holding within a portfolio, its associated total carbon-equivalent emissions can be prorated according to the investor's ownership share – this metric is the sum of these prorated amounts. In other words, this metric represents the sum of the prorated carbon emissions of the holdings in the portfolio based on the investor's ownership share.

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

The Total Carbon Emissions data associated with the funds held is shown below. To be clear, the tCO_2e figures are not representative of the total emissions associated with each fund; rather, they represent the emissions associated with the Pension Funds' holdings in each fund.

The tables below also set out the data coverage for each of the funds in question. Coverage for each of the funds is expressed as the percentage of the fund's total market value for which there is Scopes 1 and 2 greenhouse gas emissions data, meaning that the coverage figures take into account the relative size of the underlying security positions.

Intensity: Weighted Average Carbon Intensity (WACI)

This is a key (backward-looking) metric for measuring a fund's exposure to carbon intensive assets, expressed in tCO_2e per million dollars (USD) of sales. This metric provides a broad indication of how heavily a portfolio's underlying holdings are involved in the emission of greenhouse gases. As this metric is standardised it can be readily used for comparative purposes. For a given fund, the WACI is calculated as the weighted average of the carbon intensities of the underlying holdings, whereby the weights are the percentage allocations to each holding. This metric can be used across equities and corporate bonds.

Intensity: Carbon Footprint

Carbon footprint tells the Trustee how many tonnes of CO_2e emissions were produced by a particular portfolio per million dollars (USD) invested. This metric may facilitate comparison across sectors, portfolios and companies and is therefore useful for internal and external purposes.

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

Portfolio Alignment Metric: Implied Temperature Rise

Implied Temperature Rise measures, in aggregate, a fund's temperature alignment (in °C) to keeping the world's temperature rise to 2°C by 2100. The calculation uses an aggregated budget approach that compares the sum of financed emission budget overshoot against the sum of financed carbon emission budgets for the underlying portfolio holdings. The total fund carbon emission over/undershoot is then converted to a degree of temperature rise using the science-based ratio approach of Transient Climate Response to Cumulative Carbon Emissions (TCRE). For example, an Implied Temperature Rise of 2.5°C assigned to a given fund would indicate that the fund is exceeding its fair share of the global carbon budget, and that if everyone exceeded their fair shares by a similar proportion, we would end up in a world with ~2.5°C of warming. The allocation base used to define a fund's financed stake is Enterprise Value including Cash (EVIC).

Additional Metrics

Shareholder engagement metrics

The Trustee is a strong advocate of investment stewardship as an effective way to enact change and ensure companies in the portfolio are adequately managing CRRO. The Trustee will report the following three metrics concerning engagement with companies on CRRO: companies engaged on CRRO, Climate Action 100+ companies engaged, and companies achieving CRRO milestones.

Engagement metrics
Companies engaged on CRRO
The number of engagements with companies held by the Fiduciary Manager on CRRO: the Fiduciary Manager will in conjunction with their specialised climate engagement partners assess the key climate risks & opportunities in the portfolio holdings and proactively engage to enhance shareholder value. The number of such engagements will be measured.
Climate Action 100+ companies engaged
The number of engagements with 'Climate Action 100+' companies. The Fiduciary Manager, through specialised climate engagement partners, will participate in climate-related engagements each year with some of the targeted companies. The number of such lead engagements will be measured.
Companies achieving CRRO milestones
The number of engagement milestones achieved on climate-related issues: companies are targeted for engagement and progress is logged, recording examples of positive change ('milestones') over each year. The number of milestones achieved each year will be measured.

Shareholder voting metrics and policy

Shareholder voting is used in conjunction with engagements to affect meaningful change in corporate behaviour. SEI, as Fiduciary Manager, uses a proxy voting service for all of its UCITs funds (including all those made available by SEI) which brings consistency and high standards to the proxy research and voting decisions made on behalf of the Cemex UK Pension Funds. The Trustee expects all votes to be cast in line with its voting policy and will periodically review policies and evaluate whether any voting policy changes would

be appropriate. The Trustee will report upon compliance with this policy.

Voting metric
Climate-related shareholder voting
Disclose climate-related voting metrics from the Investment Managers. These typically show a high level of climate and environmental votes having been voted on (excluding shareholdings in jurisdictions where vote blocking inhibits voting).

b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas emissions, and the related risks.

Scope 1, 2 and 3 data

Where relevant, the metrics are calculated using Scope 1 and Scope 2 emissions data.

Essentially, Scopes 1 and 2 encompass those emissions that are owned or controlled by a company, whereas Scope 3 emissions are a consequence of the activities of the company but occur from sources not owned or controlled by it. As Scope 1 and 2 emissions are more directly measurable, the quality and coverage of Scope 1 and 2 data is far greater than that of Scope 3, but Scopes 1 and 2 represent only a small part of a typical organisation's total climate impact. Research from the Carbon Disclosure Project (CDP) suggests that Scope 3 emissions are 5.5 times larger than those of Scopes 1 and 2 combined.

At present, Scope 3 data is not widely available and the Trustee has decided to exclude Scope 3 data from the calculations. Scope 3 emissions are the indirect emissions from sources connected to a business, such as suppliers or distributors. Methodologies concerning Scope 3 data are less established and many companies are only beginning to analyse their Scope 3 emissions. Given the lack of comprehensive Scope 3 data, metrics will be measured versus targets based on Scope 1 and Scope 2 emissions. However, this will be kept under review and the reliability of Scope 3 emissions will be re-assessed by the Trustee annually.

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

Main Fund – Carbon Metrics

Fund Name	Asset size	Asset weight	Coverage	Total Carbon Emissions (attributable to Main)[1]	Weighted Average Carbon Intensity[2]	Carbon Footprint[3]	Implied Temperature Rise[4]
	(£m)	*(%)*	*(% MV)*	*(tCO_2e)*	*(tCO_2e / $M sales)*	*(tCO_2e / $M invested)*	*°C*
Equities & Dynamic Asset Allocation (DAA)							
Factor Allocation Global Equity Fund	20.1	4.0%	99.8%	1,333	74.4	51.4	2.4
Global Managed Volatility Fund	10.8	2.2%	98.5%	742	103.3	53.4	2.2
Emerging Markets Equity Fund	4.3	0.9%	99.3%	599	163.2	108.8	2.9
Small Cap Select Fund	5.0	1.0%	98.7%	620	98.0	96.6	2.7
Dynamic Asset Allocation Fund	8.8	1.8%	94.6%	380	96.7	33.3	2.4
Credit							
High Yield Fixed Income Fund (Hedged)	3.6	0.7%	73.3%	581	231.6	124.0	3.1
Emerging Markets Debt Fund (Hedged)	3.9	0.8%	Limited Coverage	-	-	-	-
Legg Mason Brandywine Global Income	3.2	0.6%	-	-	-	-	-
BlueBay Total Return Diversified Credit	7.7	1.5%	-	-	-	-	-
Secured Income Fund	13.6	2.8%	-	-	-	-	-
Alternatives	151.2	30.3%	-	-	-	-	-
LDI & Buy and Maintain	266.5	53.4%	-	-	-	-	-
Cash/Cash Equivalents	0.0	0.0%	-	-	-	-	-
Total Portfolio	**498.8**	**100.0%**					

Note: Metrics with less than 50% coverage are marked as Limited Coverage. Effective date: 31 March 2025.

[1] Source: SEI, MSCI ESG Fund Ratings (publicly available data sourced from https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings). We have expressed in tCO_2e. Note, only includes Scope 1 and 2 emissions at present due to lack of availability of Scope 3 data. One limitation with this metric is that it is difficult to use this metric for comparison purposes, because it is dependent on the size of the Fund at the point at which the analysis is undertaken.

[2] Source: MSCI ESG Fund Ratings (publicly available data sourced from https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings). We have expressed in tCO_2e / $M sales. Note, only includes Scope 1 and 2 emissions at present due to lack of availability of Scope 3 data.

[3] Source: MSCI ESG Fund Ratings (publicly available data sourced from https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings). We have expressed in tCO_2e / $M invested. Note, only includes Scope 1 and 2 emissions at present due to lack of availability of Scope 3 data.

[4] Source: MSCI ESG Fund Ratings (publicly available data sourced from https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings).

Executives' Fund – Carbon Metrics

Fund Name	Asset size	Asset weight	Coverage	Total Carbon Emissions (attributable to Exec.)[1]	Weighted Average Carbon Intensity[2]	Carbon Footprint[3]	Implied Temperature Rise[4]
	(£m)	*(%)*	*(% MV)*	*(tCO_2e)*	*(tCO_2e / $M sales)*	*(tCO_2e / $M invested)*	*°C*
Equities & Dynamic Asset Allocation (DAA)							
Factor Allocation Global Equity Fund	3.2	3.4%	99.8%	211	74.4	51.4	2.4
Global Managed Volatility Fund	2.0	2.2%	98.5%	141	103.3	53.4	2.2
Emerging Markets Equity Fund	0.8	0.9%	99.3%	111	163.2	108.8	2.9
Small Cap Select Fund	0.7	0.8%	98.7%	93	98.0	96.6	2.7
Dynamic Asset Allocation Fund	0.8	0.9%	94.6%	35	96.7	33.3	2.4
Credit							
High Yield Fixed Income Fund (Hedged)	1.1	1.1%	73.3%	171	231.6	124.0	3.1
Emerging Markets Debt Fund (Hedged)	1.1	1.1%	Limited Coverage	-	-	-	-
Legg Mason Brandywine Global Income	0.6	0.6%	-	-	-	-	-
BlueBay Total Return Diversified Credit	1.3	1.4%	-	-	-	-	-
Secured Income Fund	1.8	2.0%	-	-	-	-	-
Alternatives	11.0	11.8%	-	-	-	-	-
LDI & Buy and Maintain	68.5	73.7%	-	-	-	-	-
Cash/Cash Equivalents	0.0	0.0%	-	-	-	-	-
Total Portfolio	**92.8**	**100.0%**					

Note: Metrics with less than 50% coverage are marked as Limited Coverage. Effective date: 31 March 2025.

[1] Source: SEI, MSCI ESG Fund Ratings (publicly available data sourced from https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings). We have expressed in tCO_2e. Note, only includes Scope 1 and 2 emissions at present due to lack of availability of Scope 3 data. One limitation with this metric is that it is difficult to use this metric for comparison purposes, because it is dependent on the size of the Fund at the point at which the analysis is undertaken.

[2] Source: MSCI ESG Fund Ratings (publicly available data sourced from https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings). We have expressed in tCO_2e / $M sales. Note, only includes Scope 1 and 2 emissions at present due to lack of availability of Scope 3 data.

[3] Source: MSCI ESG Fund Ratings (publicly available data sourced from https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings). We have expressed in tCO_2e / $M invested. Note, only includes Scope 1 and 2 emissions at present due to lack of availability of Scope 3 data.

[4] Source: MSCI ESG Fund Ratings (publicly available data sourced from https://www.msci.com/our-solutions/esg-investing/esg-fund-ratings).

In addition, the emissions data and carbon metrics above exclude emissions attributable to the following:

- Cash and certain bond assets (particularly government-related); The Fiduciary Manager is working with underlying Investment Managers with the intention to improve data availability going forward.
- Alternative assets, for example, hedge fund and liquid alternative strategies, private debt, private equity and real assets due to lack of available data.
- Scottish Limited Partnership 'Project Advance': The Trustee continues to explore what data could be produced for 'Project Advance'.

Trustee assessment of Carbon Metrics

The results of the metrics as at 31 March 2025 presented above are noted by the Trustee. The Trustee notes that most greenhouse gas emissions data is voluntarily reported by companies, therefore there are size and geographical biases. In general, larger capitalization companies report much more than smaller companies. As such, the data coverage of large cap equities is broadly higher than that of small cap equities. Developed market companies, likewise, report more than emerging markets. Fixed income, in general, has low to limited coverage. As these are data sets of corporates, carbon emissions and sales data etc. for government bonds, asset-backed securities and derivatives etc. are intuitively challenging to be sourced.

The Trustee acknowledges that certain investments (for example Emerging Markets Debt and Alternatives in general), currently have very limited data coverage. In general, the Trustee expects that the metrics will evolve as data availability and disclosures are likely to improve over time.

Engagement Data - Main and Executives' Fund

Fund Name	Companies Engaged on CRRO	Climate Action 100+ Companies Engaged	Companies achieving milestones on CRRO
Equities & Dynamic Asset Allocation (DAA)			
Factor Allocation Global Equity Fund	60	12	26
Global Managed Volatility Fund	27	6	14
Emerging Markets Equity Fund	23	4	6
Small Cap Select Fund	-	-	-
Dynamic Asset Allocation Fund	115	41	53
Credit	-	-	-
High Yield Fixed Income Fund (Hedged)	-	-	-
Emerging Markets Debt Fund (Hedged)	-	-	-
Legg Mason Brandywine Global Income Fund	-	-	-
BlueBay Total Return Diversified Credit Fund	-	-	-
Secured Income Fund	-	-	-
Alternatives	-	-	-
LDI & Buy and Maintain	-	-	-
Cash/Cash Equivalents	-	-	-
Total Portfolio	**149**	**47**	**63**

Source: Data reflects all of SEI's climate change engagement activity for funds held for year ended 31 March 2025. Total Portfolio refers to number of distinct companies engaged on CRRO, Climate Action 100+ Companies Engaged and Companies achieving milestones on CRRO.

Shareholder Voting Data – Main and Executives' Fund

Shareholder Proposals on Environmental Issues					
Fund Name	**Total**	**Voted For**	**Voted Against**	**Votes with management**	**Votes against management**
Equities & Dynamic Asset Allocation (DAA)					
Factor Allocation Global Equity Fund	89	14	75	76	13
Global Managed Volatility Fund	58	11	47	47	11
Emerging Markets Equity Fund	-	-	-	-	-
Small Cap Select Fund	9	5	4	4	5
Dynamic Asset Allocation Fund	156	22	134	132	24
Credit	n/a	n/a	n/a	n/a	n/a
Alternatives	n/a	n/a	n/a	n/a	n/a
LDI & Buy and Maintain	n/a	n/a	n/a	n/a	n/a

Data coverage

Source: Data reflects all of SEI's UCITS Proxy Voting activity for year ended 31 March 2025. Votes for and against may not add up to total votes due to abstentions.

Data coverage is the key metric for examining data quality at present. Data coverage is disclosed above.

Coverage for each of the funds is expressed as the percentage of the fund's total market value for which there is Scopes 1 and 2 emissions data, meaning that the coverage figures take into account the relative size of the underlying security positions. For asset classes where data is not available or best practice is still being developed, data coverage is nil.

The Trustee is mindful of the lack of coverage in certain areas of the market, in particular, fixed income and government bonds. The Trustee expects that over the coming years, data quality will likely improve.

The total portfolio coverage for emissions data and carbon metrics is expected to improve in subsequent reports as the data improves, particularly in relation to the above asset classes and less liquid assets.

Data limitations and keeping metrics under review

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

The Total Carbon Emissions, Weighted Average Carbon Intensity and Carbon Footprint are all backward-looking metrics. While useful to measure for the companies held in portfolios they do not consider companies' future expected carbon emissions projections. Moreover, they do not consider scientifically robust targets and business plans that companies may have put in place to reduce future carbon emissions. Consequently, in future the Trustee will consider using forward-looking carbon emissions metrics as well as backward-looking ones.

The Trustee proposes the above metrics as necessary starting points. However, the Trustee will build in reviews to ensure that the selection of metrics and targets remains appropriate in light of the evolving regulatory landscape.

The Trustee will also review data as it becomes more complete and meaningful (such as Scope 3 emissions data and forward-looking alignment data). One can therefore expect metrics to evolve over time.

Alternative Assets

Analysis is limited to listed equities and fixed income since unlisted assets do not have sufficiently complete, comparable and available data to facilitate carbon metrics analysis (concerning Total Carbon Emissions, Weighted Average Carbon Intensity and Carbon Footprint) at this time.

Using the metrics/targets to enact strategy decisions

The Trustee will monitor climate-related metrics and targets through the Pension Funds' investment reports. This will create Trustee discussion around CRRO over short-, medium- and long-term time horizons. It also allows the Trustee to determine if CRROs are being appropriately acted upon, and to adapt fund selection if it wishes to change the implementation of its strategy on CRROs.

c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

The Trustee will use targets when tracking the Pension Funds' climate-related metrics to help manage CRROs. The Trustee wishes to set meaningful targets that are in line with its investment and climate objectives. The Trustee will take a measured approach to setting climate-related targets and will continue to review how it can use quantitative analysis and recognised industry frameworks to allow it to set meaningful climate-related targets. The Trustee is of the view that its approach to stewardship, including engagement and voting activities, is part of its efforts to have meaningful climate-related impacts.

The Trustee has set the targets outlined below. On an annual basis, the Trustee measures performance of the metrics against the targets and reports these in its TCFD report. Taking into account performance, the Trustee will periodically determine whether the climate-related targets should be retained or replaced.

Shareholder engagement and voting metrics

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

The Trustee will review and disclose the climate-related voting metrics from the Investment Managers, which typically show that a high level of climate and environmental votes have been voted on (excluding shareholdings in jurisdictions where vote blocking inhibits voting).

The Trustee will endeavour to ensure full compliance with the shareholder voting policy. The Trustee's primary climate-related targets, which will be reviewed periodically, are as follows:

Core Process Shareholder Engagement metrics	Annual target	Number reported over year ended 31 March 2025 (Main Fund)	Number reported over year ended 31 March 2025 (Exec. Fund)
Companies Engaged on CRRO	20+	149	149
Climate Action 100+ Companies Engaged	5+	47	47
Companies achieving milestones on CRRO	15+	63	63
Shareholder voting metrics	**Annual target**		
Climate-related voting metrics from the Investment manager	Full compliance with the annual shareholder voting policy	Full compliance with the annual shareholder voting policy	Full compliance with the annual shareholder voting policy

Source: Data reflects all of SEI's climate change engagement activity for funds held for year ended 31 March 2025. Total Portfolio refers to number of distinct companies engaged on CRRO, Climate Action 100+ Companies Engaged and Companies achieving milestones on CRRO.

Metrics: absolute and intensity-based

The current limitations on both the scope of the data and its backward-, rather than forward-looking, nature means it is appropriate to be cautious about targets based on this type of data. The Fiduciary Manager and the Trustee believe that targets that would result in exclusionary polices based on backward-looking data could lead to worse outcomes for both the successful transition to a net-zero economy and the portfolio's risk and return prospects. For these reasons, there are no targets in place for absolute nor intensity-based metrics. The Trustee, with the support of the Fiduciary Manager, will continue to manage CRROs through active ownership, and to monitor the available carbon metrics, but will not pursue exclusionary policies around them.

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

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

Declaration

This Report was approved by the Trustee on [xx October 2025]:

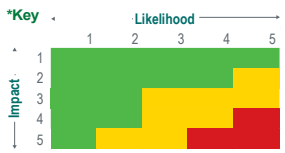
Derek O'Donnell – Chair of Trustee

For and on behalf of

Cemex UK Pension Trust Ltd

and Cemex UK Executives' Pension Trust Ltd

APPENDIX: TCFD CRRO REGISTER



A.	KNOWLEDGE AND UNDERSTANDING					
	RISK	**IMPACT** (1-5) (1=LOW, 5=HIGH)	**LIKELIHOOD** (1-5) (1=LOW, 5=HIGH)	**CONTROLS**	**OVERALL RATING*** (Green / Amber / Red)	**COMMENTS**
1.	*Key persons, such as the Trustees, do not have sufficient support to identify, assess and manage CRROs in relation to the Trust.*	4	1	• *Trustees have received annual training on CRROs, provided as part of SEI's TCFD reporting.*		
2.	*Trustee's appointed investment managers do not keep abreast of developments in this area.*	5	1	• *SEI, in its capacity as Fiduciary Manager, carries out frequent reviews on all investment managers, with managers' ESG capabilities assessed. This is to be reported back to the Trustee.* • *The Trustee has the power to change or appoint an additional Fiduciary Manager if required.*		

B.	INVESTMENT PERFORMANCE AND GOVERNANCE					
	RISK	**IMPACT** (1-5) (1=LOW, 5=HIGH)	**LIKELIHOOD** (1-5) (1=LOW, 5=HIGH)	**CONTROLS**	**OVERALL RATING*** (Green / Amber / Red)	**COMMENTS**
1.	*There is a fundamental failure in the integration of financially material considerations around CRROs in the Trustee's investment strategy.*	5	1	*The Trustee assesses whether sufficient consideration is given to CRROs by the fund managers used within the Investment Strategy, by monitoring the climate-related engagements, shareholder voting and portfolio positioning undertaken by the Fiduciary Manager/specialist providers.* *As Fiduciary Manager, SEI incorporates CRRO-related considerations into the strategic investment advice it provides to the Trustee. As the quality and scope of the data concerning CRROs improves, SEI will look to augment these considerations further still.*		

2.	*There is a failure by third party providers in supplying data on shareholder voting, shareholder engagements, carbon emissions or carbon emission intensities.*	4	3	*The Fiduciary Manager, SEI, has processes in place to ensure that: (a) specialist providers are selected to supply climate-related shareholder voting, company engagement and carbon emissions data provision services, and; (b) performance is monitored, tested and challenged as necessary. The Fiduciary Manager will monitor these services and if standards are insufficient will select a different service provider.*		*This is the third year in which this data is being requested and so the Trustee anticipates that there could be difficulty obtaining all the data required as the industry adjusts. This will be kept under close monitoring and alternative providers can be sought if required.*

C.	**REPORTING AND COMPLIANCE**					
	RISK	**IMPACT** (1-5) (1=LOW, 5=HIGH)	**LIKELIHOOD** (1-5) (1=LOW, 5=HIGH)	**CONTROLS**	**OVERALL RATING*** (Green / Amber / Red)	**COMMENTS**
1.	*The Trustee does not produce the annual TCFD Report in accordance with legislative requirements/ timescales.*	4	1	• *The provision of the TCFD report has been added to the Trustee's Roadmap.* • *The provision of the report will be considered by the Trustee annually.* • *The TCFD report will be considered and developed with progress reported at main Trustee meetings to ensure that it is provided well within legislative requirements/timescales.*		