2023 TCFD Report

Hymans Robertson LLP

31 March 2023

Our Purpose - ‘Together, building better futures’ - lies at the heart of our firm and everything we do. It’s behind our services across pensions, investments and insurance that build better financial futures for millions of people in the UK. It’s about making our firm a great place to work for our 1,200+ people, the value we create for society and the role that we play in building a more sustainable future, now and for generations to come.

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Introduction

Embedding climate risk into what we do is a core goal for Hymans Robertson. Failure to effectively transition to a low-carbon economy will create social, environmental and economic disruption. It is essential that climate risk is a fundamental consideration in our long-term financial planning advice to clients and how we run our firm.

We began 2022 with Covid still disrupting the way we worked. The pledges made at COP26 in Glasgow provided hope, albeit tempered by caution about whether those promises would be kept. And as the year progressed, the war in Ukraine, increasing inflation, the cost of living and the gilt market crisis created a climate of anxious uncertainty. But the unpredictable nature of these factors emphasises the importance of taking control where we can, and the need for strong stewardship.

Over the year to 31 March 2023 we have continued to work towards achieving our climate pledge and ambitions, embedding climate-related considerations in the way we work, from our operational activities to the way we advise our clients. This report provides additional detail on how we our meeting our climate commitments and our annual report in line with the Taskforce for Climate-related Financial Disclosures (TCFD). In addition, we also publish an annual CSR report, as well as an annual Stewardship Report. These are both available for 2023 on our website.

Our climate-related highlights across the year to 31 March 2023

Maintaining our stewardship code focus – with our 2022 Stewardship Code signatory status maintained. Our full 2022 Stewardship Code report can be found here on our website.

Integrating climate change into our research, services and advice remains one of the central commitments of our own climate pledge. We and our clients rely on others to provide information to help inform decision-making, although this remains an area of concern. Recognising the need for better climate data, our survey of private market asset managers identified their reporting gaps, and we've used this as a basis for engagement, pushing managers to do more. We'll be running our survey again during 2023 and hope to see a material improvement in reporting and data availability.

Our responsible investment team also grew significantly over 2022/23, as we finished the year with an extended team of 16. This team has supported clients in meeting their TCFD requirements, developed methods for consulting on climate strategy, improved its scrutiny of managers and, most importantly, focused on 'being better stewards'. We've actively sought to help our clients engage more constructively with their asset managers and hold them accountable for their actions.

The journey to net zero was also a focus over 2022/23, with clients increasingly committing to the long-term decarbonisation of their asset portfolios. We've spent time building our approach to modelling net zero pathways and have been pleased with the engagement we've had from clients on this subject as they look to take ambitious actions. We also completed our first report as a signatory to the Net Zero Investment Consultants Initiative (NZICI), demonstrating progress not only on our advice, but also our own efforts to reduce carbon emissions.

An area where we've seen a positive outcome is our Climate Impact Initiative. This Initiative called on DC pension providers to launch products that will allow savers to invest in climate-impact solutions. We made this an element of our provider assessment, thereby influencing the direction of capital, and we're delighted to see providers increasingly considering the inclusion of appropriate solutions in their offerings, with around 10% of DC savers able to access a climate impact choice, up from around 2% just 12 months earlier.

It's clear that our private sector pension scheme clients are working towards an endgame strategy. Our risktransfer team recognises the importance of ensuring that insurers are properly taking account of climate and ESG risks and continue to enhance their scrutiny of potential providers. Our appointment of Paul Hewitson as Head of ESG for Risk Transfer reognises this increased focus.

While 2022/23 continued the previous year's uncertainty in financial markets, what also remained certain is the central role that asset owners and their advisers must play in driving change through stewardship. Key among our ambitions for 2023, therefore, remained the goal of 'being better stewards'. Climate change, biodiversity and social issues were points of focus for us as noted throughout this report and our broader reporting on CSR and Responsible Investment, but we'll continue to strive to hold all stakeholders to account for their actions.

Over the year we have continued our work with clients on multiple projects spanning a range of activities such as overhauling sustainability strategy, beliefs and objective setting, reviewing mandates and embedding climate risk considerations as part of wider responsible investment within dynamic asset allocations.

In January 2021 we launched our climate "vision", "pledge" and "beliefs". We also complete an emission measurement and launched a plan to reduce it to net lifetime zero in line with our climate pledge. Our climate vision, pledge and beliefs were all reviewed in the year to 31 March 2023, as well as contuining to monitor our emissions as a firm in order to track progress against these targets.

We consider climate risk to be a fundamental consideration in all long-term financial planning and our advice to clients due to the pervasive nature of climate change and policy direction. This will enable us to remain on the front foot in terms of the running of our business as well as ensuring that both we and our clients stay abreast of developments and improve their own long-term sustainability. As such, it is crucial to consider climate risk when we provide our financial services as well as the opportunity it presents as a growth advisory area.

Governance

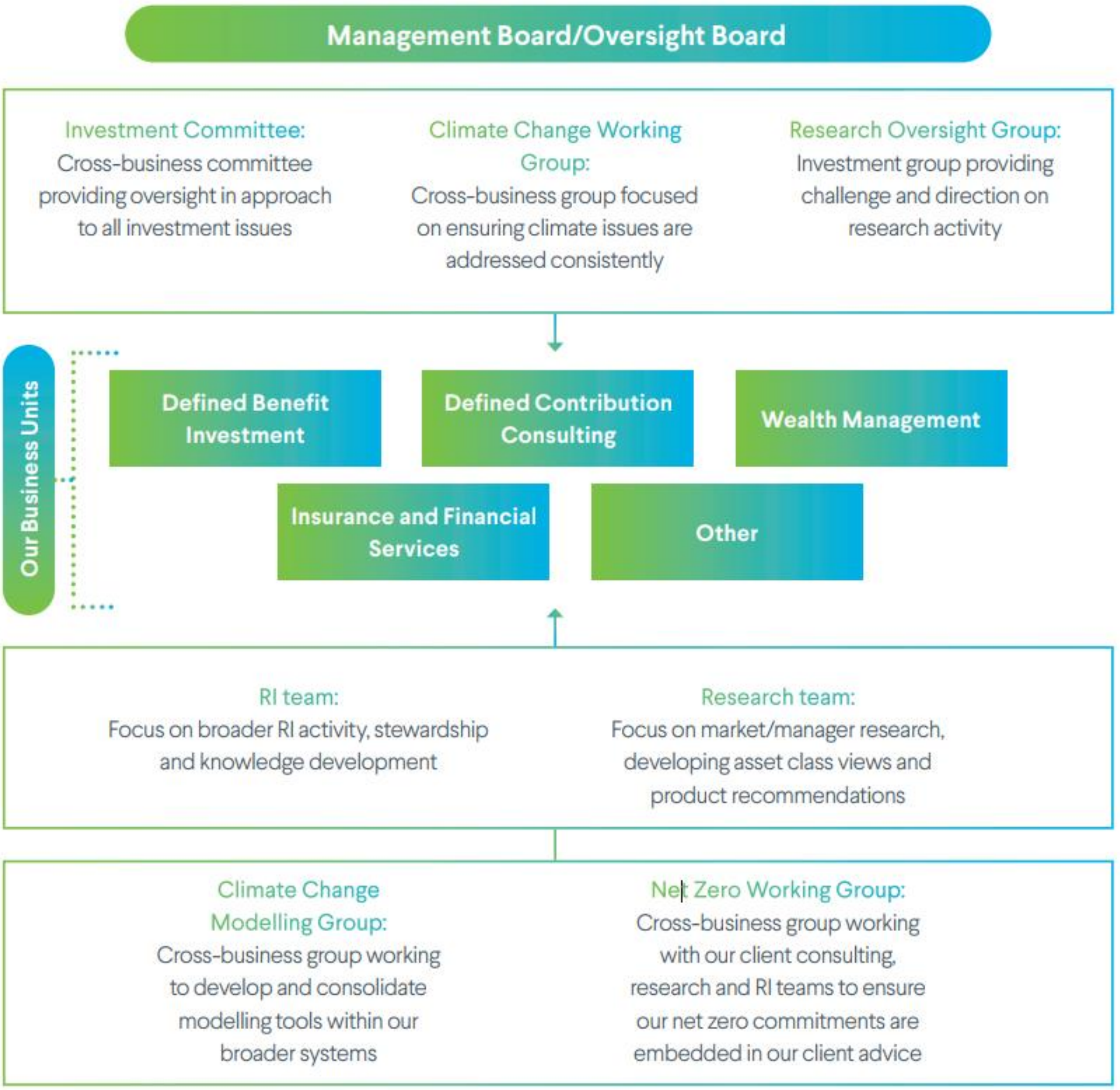
Governance disclosures

Disclosure 1: Describe the board's oversight of climate-related risks and opportunities.

Climate risk is embedded within our core management and business structures as a strategic priority for the firm, with our Managing Partner (also an Equity Member and member of our Management Board) accountable for this area. Our responsible investment policy is also available on our website.

Our Management Board is ultimately responsible for risk management, thereby defining our risk appetite and risk management processes. Our Overisght Board is responsible for setting our high level strategy, with the Management Board then responsible for implementing this strategy.

Individual business units are then empowered to implement this strategy, including embedding responsible investment considerations into the development and implementation of client-specific advice, with one accountable person within each relevant business unit. This structure is illustrated below.



Engaging our broader partner group

While the Management Board has formal oversight of our work, our broader partner group meets fortnightly to consider issues relevant to the ongoing development of our business and provides a rich ground for gaining support and challenge of activity. The partner group received a formal presentation on stewardship during the year in addition to other, more informal updates on business activities. The partner group has also discussed broader issues related to sustainability during the year, including a workshop on business ethics during one of our bi-annual partner conferences

Responsible investment continues to be a priority at the most senior level of the firm. Our Management Board has fully supported the firm's work to become a Stewardship Code signatory as well as supporting our commitment to the Net Zero Investment Consultants Initiative. It receives periodic updates on progress and the actions that are being taken in fulfilment of our commitments. emonstrate we meet ourbroader commitments.

As a strategic imperative, progress against our climate activities and goals features is tracked as a KPI on our strategic balanced scorecard. This is reviewed and discussed at both our monthly Management Board and quarterly Oversight Board meetings; our Managing Partner (a management board member)isaccountable for the firm's work in this area.In addition, the work and progress of the Hymans Robertson Corporate Social Responsibility ("CSR") team (on the firm's carbon footprint and reduction work) and Climate Change Working Group (integrating climate risk into our client propositions and services) is regularly reviewed as an agenda item at management board meetings.

Our climate pledge

We consider climate risk to be a fundamental consideration in all long-term financial planning and our advice to clients due to the pervasive nature of climate change and policy direction. This will enable us to remain on the front foot in terms of the running of our business as well as ensuring that both we and our clients stay abreast of developments and improve their own long-term sustainability.As such, it is crucial to consider climate risk when we provide our financial services as well as the opportunity it presents as a growth advisory area.In recognition of this, our firm developed a climate pledge during 2021 against which we monitor our progress.

Our pledge sets out our commitment to a net zero future and to climate related targets. The pledge was developed and approved by our owning equity members and recognises climate change as a 'strategic imperative' for the firm. This ensures that climate issues are fully integrated into the firm's strategic decision making, the work we do internally and that we take to our clients.

On an annual basis, we review our pledge, noting how we are performing against our targets and identifying room for improvement and new ways to stretch ourselves and have an even more positive impact on the world around us. Our pledge was most recently reviewed in 2022, with the updated version available here. The next review is due later this year.

Disclosure 2: Describe management's role in assessing and managing climate-related risks and opportunities.

At a glance

Client Perspective

Our Oversight board is responsible for overseeing the long-term strategic direction of the firm and progress against strategic priorities, including climate change.

Our management board leads the implementation and delivery of the firm's strategic goals via our market areas and business units. As a strategic imperative, climate risk is integrated into all of this activity as described above.

Our Climate Change Working Group ("CCWG") is made up of leaders and experts from across our business and is responsible for the development and integration of climate risk into our propositions and services. The CCWG reports directly to the management board. Additionally, Proposition Leaders across the firm are also responsible in ensuring appropriate advice and services are developed with respect to climate risk.

Business Perspective

Our carbon footprint and reduction work is led by the CSR team, with our Head of CSR reporting directly to the firm's staff partner. Our Management Board has ultimate responsibility for all our responsible investment and stewardship activities to provide accountability and consistency across business units.

Our management's roles and responsibilities

Oversight Board

The oversight board (OB) is accountable for the implementation of the firm's strategy, on behalf of the Members. As the name suggests the OB focusses on the big, strategic picture - typically with a 5-to-10-year timeframe - setting strategic implementation principles and scope and overseeing strategic risk.

The OB is chaired by Martin Potter (Member and former chair of the AAG) and comprises Jon Hatchett (senior partner), Catherine McFadyen (head of actuarial public and chair of the AAG), and Steven Birch (Partner and Head of HRIS). The OB also includes our two external non-executive directors - Annamaria Koerling and Liz Buckley. They bring valuable external perspective to the board thanks to their extensive industry and leadership experience in our core market areas.

The oversight board is completed by Shireen Anisuddin (our managing partner) and Nick Pope (finance & operations director), who also sit on the management board.

Management Board

The management board (MB) is accountable for implementing strategy, setting and delivering business plans and managing operational risk. Its focus extends from the current business year to a 3-to-5-year timeframe.

The MB is chaired by Shireen and comprises Gemma Sefton (Head of Service Delivery), Gill Tait (Staff Partner), John Wright (Market Lead – diversifying areas) Nick Pope, Richard Shackleton (Market Lead - pensions), Sally Haran (HR Director) and Simon Mortimer (Chief Digital Officer).

The Management Board is ultimately accountable for risk management for the firm, including climate risk. The board therefore defines our risk appetite and also ensures that the key risks we identify are appropriately managed and controls are put in place.

Other internal groups and their roles, including reporting to management

Climate Change Working Group (CCWG)

As we have noted in previous years, the Climate Change Working Group (CCWG) has become a top-down committee, focused on ensuring consistency of approach across the business. Issues discussed with the CCWG have included the firmwide review of climate modelling and the role of the CCMG (see below). A risk and modelling consultant has also now joined the CCWG.

The CCWG, which continues to be chaired by Lisa Deas, has also discussed our review of RI ratings and how climate change has been embedded, considered progress against our NZICI commitments, and undertaken a self-assessment against the Investment Consultants Sustainability Working Group (ICSWG) climate consultant competence framework.

The CCWG plans further discussions about where we could develop our advice in future, including universal ownership, sector-level analysis and tracking the impact of client action.

Climate Change Modelling Group (CCMG)

During 2022, we put in place our Climate Change Modelling Group. The CCMG has taken ownership of our climate modelling and scenario analysis capabilities and will work to develop and consolidate modelling tools within our broader systems. The initial work of the CCMG has been to interview key stakeholders and frame key workstreams, the first of which is focused on developing narrative climate scenarios.

Net Zero Working Group (NZWG)

During 2022 we also created a Net Zero Working Group, which is tasked with working with our client consulting, research, and RI teams to ensure our net zero commitments are fully embedded into our advice to clients.

Investment Committee

Our Investment Committee, which continues to be chaired by one of our partners, Emma Cameron, considered issues such as sustainability labels, including the recent Financial Conduct Authority (FCA) consultation, the consistent use of ESG and climate data across the firm and the development of investment beliefs.

Responsible Investment (RI) Team

Beyond the actions being taken to address matters of corporate social responsibility, our RI team had three formal engagements with the Management Board on stewardship over the course of 2022. These addressed our annual review of stewardship activity, our approach to managing climate risk and support for the NZICI, alongside a broader update on sustainability issues, the current market outlook and the actions being taken within our business.

Initiatives we are involved in

We recognise that climate change is the biggest systemic risk faced by our environment, our society and our economic and financial systems. Our clients need to not only be ahead of this transition with the rapid shifts in the investment landscape, but they must also accelerate the change by investing in solutions. As a result, and with climate change being a strategic imperative for our firm, we were a founding member of the Net Zero Investment Consultants Initiative in 2021 and we are involved in and engage with a number of cross industry initiatives to better leverage our influence in this space. These include:

- Net Zero Investment Consultants Initiative
- Investment Consultants Sustainability Working Group
- UN Principles for Responsible Investment
- Pensions for Purpose

Resources

We resource our RI activity using specialists within our RI and investment research teams, while educating and providing internal training to all our client consultants and analysts across the business. We've significantly grown our responsible investment team over the last 18 months, with six new joiners to the team over the course of 2022 alone. This has allowed us to develop specialist areas of focus within the team, for example, with individuals now taking direct responsibility for issues such as TCFD requirements, net zero and stewardship. More broadly, the extended team has taken responsibility for insurance company oversight and biodiversity-related research.

Further, we've continued to integrate the work of our RI and research teams as far as practicable, recognising there is a shared skillset and often a need to collaborate. Where it's appropriate to do so, members of both RI and research teams will attend research meetings to ensure that managers are scrutinised from multiple perspectives, and we form a broad view of manager capability. This has also offered opportunities for team members to evolve their own roles.

Ensuring our people have the right knowledge

While our RI and research teams provide subject matter expertise, people working across our Investment, Defined Contribution Consulting (DCC) and Insurance & Financial Services (IFS) business units also advise our clients on all aspects of responsible investing. It's therefore essential that we stay at the cutting edge of these issues while continuing to support our broader consulting base on climate issues.

Investment consultants are required to agree appropriate Continuing Professional Development (CPD) objectives that have requisite training hours to demonstrate progress, and which are monitored by our people managers as part of the ongoing evaluation process. Although RI training isn't compulsory because the knowledge and development requirements for individual staff varies with experience, we make recommendations as to appropriate areas of development and support on RI.

Regular training sessions about RI issues and developments in the broader market through our regular Investment Consultants' Briefings keep consultants' knowledge fresh. We also held a range of specific training sessions supporting consultants over the year, which included:

- A variety of topics across the spectrum covered under Stewardship.
- Net zero journey planning, considering a case study of our 'fair share' methodology, by which we establish a pathway for a fund's holdings to follow in order to align with 1.5-degree targets.
- Approaches to decarbonisation within different economic sectors and its application within equity mandates.
- TCFD regulations, portfolio alignment and ESG metrics.
- Assessing asset managers and understanding what 'good' looks like.
- Investment in timberland and the potential use of carbon offsets.

Training is provided both by our in-house team and by external specialists and asset managers, where appropriate. We record training sessions and make them available to all staff through our internal learning system, Aspire. More generally, everyone who joins our investment team receives RI training as part of their formal induction, and RI issues are integrated into our graduate training materials, with programmes being run for both first- and second-year graduates.

Strategy

Strategy disclosures

Disclosure 1: Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term.

Our strategic goal is to sustainably grow our partnership within the markets in which we operate. In doing so, we aim to reflect our purpose and values for the benefit of our current and future staff and partners, and our wider stakeholder community. Within this, addressing RI and climate change is a strategic imperative.

Our firm serves three markets:

- the pensions market, where our services include actuarial, pensions consulting, investment consulting and third-party administration;
- the financial-services market, where we provide advice and support to insurers and other financial institutions to address issues such as longevity, risk, capital management and investment, and, through Hymans Robertson Investment Services (HRIS), discretionary fund management services to independent financial advisers (IFAs); and
- personal wealth, where we provide financial wellbeing advice and guidance to individuals.

Our climate pledge focuses in part on the actions we're taking as an organisation, and our commitment 'to integrate climate risks into our research, advice and services' has the potential to have far greater influence on future outcomes. Our climate pledge and commitments through the NZICI also guide our strategic activity and areas we identify for strategic focus. While we continue to work with our clients to embed RI considerations into decision-making, our RI team led the focus on these climate-related areas.

Our climate pledge and target, as well as how we integrate climate-related issues into our strategy, is driven by our climate beliefs. They shape not only how we run our business, but also the advice we give to our clients and are set out at a high level below:

- Climate risks are real, and we must act now.
- The impact of climate risks will affect asset values and returns.
- Our greatest potential impact is through the way we influence the stewardship of over £300bn of assets.
- We will run our firm in a way that is positive for the environment.
- We will achieve greater change sooner by collaborating with others who are tackling climate risks.
- Our clients' long-term financial interests align with society's long-term environmental interests.

Further details on these beliefs are set out on our website here as part of our responsible investment policy.

We have the opportunity and responsibility to use our place in the world and our influence to make a positive change, through stewardship of c.£270bn of pension scheme assets that we provide direct investment advice to, the employ of c.1200 people and influence with our 300 clients, and more widely in the sectors in which we work, including the lifetime savings sector.

Climate risks

Climate risk is typically split into two parts – transition risk and physical risk. These risks may vary in likelihood and intensity over different time horizons, depending on how quickly and how successfully the world transitions to a low-carbon economy. This is laid out in the diagram overleaf:

Aggressive mitigation ←→ **Business as usual**

Transition to a low carbon economy – transition risks dominate.	**Late-no transition – Physical risks/impacts dominate.**
• Policy changes, eg carbon pricing, seek to create the changes needed in society. • Technology development, eg renewable energy, and adoption enable the changes.	• Chronic changes, eg sea level rise, impact agricultural, economic and social systems. • Acute changes, eg storms and wildfires, create damage and give rise to costs of adaptation and reconstruction.

Whilst we have not set explicit time horizons for what we consider to be the short, medium and long term we consider the key risks under each of these periods to be:

- **Short term:** market change; adapting to new regulation; retaining and supporting clients; achieving our lifetime net zero commitment; harnessing positive travel and facilities changes as a result of COVID-19;
- **Medium term:** widespread policy adaption; portfolio/risk management evolution; maintaining our lifetime net zero commitment;
- **Long term:** maintaining effectiveness of actions; keeping ahead of a potential step-up to more radical/rapid policy change if climate change is not brought under control globally.

The firm has identified climate risks and opportunities, as well as relevant actions in respect to these, under the following key themes:

- Embedding climate risk in our propositions and client advice
- Market reputation
- Carbon reduction plans
- Carbon offsetting programmes
- Employee engagement
- Supplier management

Risks and opportunities are identified, managed and monitored as part of the ongoing activity in these areas. Further details on the actions under each of these headings is outlined under other sections of this report.

The process for determining which opportunities could have a material financial impact on the organisation include consideration as part of our biennial member strategy review and annual strategic implementation business plans. At a client level, it is considered by the cross-practice Climate Change Working Group and by Proposition Leaders, with clear business planning and deliverables.

Our clients are also interested in understanding how we've taken the steps that we have. Consequently, our Head of CSR has met with clients and other firms within the Abelica network to explain both the development of our climate policy and our approach to addressing our carbon emissions.

While we report on our activities through our annual Corporate Social Responsibility (CSR) reporting, here are further examples of the actions we've taken over the course of 2022/3:

- All partners have a part to play in ensuring that the firm's success continually improves with each generation of partners. Over 2022, to future-proof the firm's leadership, all partners were enrolled in a development programme that included training in how to lead a sustainable partnership. The programme combines online digital learning, peer-group coaching and psychometric testing with individual feedback.

- We took the opportunity to refresh the wording of our Climate Pledge to make sure we're as clear and transparent as possible on our objectives to meet our ambitious climate pledge commitments. Our goal is to be able to measure and track our entire carbon footprint, putting in place reduction plans that are ready to be accredited by the Science Based Targets initiative (SBTi).

- We sought to continue to help clients meet climate-change regulatory requirements and, as signatories of the NZICI, to put net zero at the heart of our advice.

Embedding our climate pledge across our work

Our climate pledge focuses in part on the actions we're taking as an organisation, and our commitment 'to integrate climate risks into our research, advice and services' has the potential to have far greater influence on future outcomes. While our climate pledge and commitments through the NZICI guide our strategic activity, we have also set out five key areas of strategic focus on which further detail can be found in our 2022 Stewardship Code report.

Disclosure 2: Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

The firm has set a climate vision, pledge and beliefs which set out the firm's vision of a net zero carbon future and our commitment to climate-related targets.

Carbon reduction and off-setting costs are built into our financial planning and priorities. Other climate-related activities in line with the six key areas as outlined above also feed into wider firm activities. We have a business plan in place with actions that address each theme and accountable owners to oversee progress.

Under each of the six key themes as noted above, a number of key actions were undertaken and progressed over the year. These are outlined under the relevant themes below.

Embedding climate risk in our propositions and client advice

- Work to upskill our consultants to ensure that they are knowledgeable about climate risk and how it may impact clients.
- Strengthening the expertise and resources allocated to the specialist team that is undertaking work to embed climate-related issues into our propositions and client advice, as well as our consultants taking them to clients.
- Embedding climate risk considerations within our propositions and services, including management of financial expectations and reporting on progress.
- Specific climate risk work with clients including beliefs workshops, climate risk reporting, starting to undertake TCFD reporting and more.
- Undertaking significant research to further identify and commence additional workstreams in respect of climate risk work.
- Continuing our partnership with MSCI and using their analytics to assess client portfolios to get a baseline of clients' climate risk exposure as well as ongoing monitoring.

Market reputation

- Both publicising and ensuring transparency about the ways in which we approach climate risk ourselves and for our clients. This includes actions such as publishing our climate vision, pledge and beliefs as outlined above, our annual CSR reporting and our Stewardship Code report.
- Responding to regulatory changes and consultations as well as driving forwards conversations by participating in roundtable events across the industry.
- Participation in industry groups and professional bodies considering climate risk in more detail including the Institute and Faculty of Actuaries, the Investment Consultants Sustainability Working Group, the Association of Consulting Actuaries and others.
- Producing thought leadership and other marketing material reflecting research and work undertaken in the area of climate risk for our clients.

Carbon reduction plans and offsetting programmes

- Reduction to the amount of travel of staff, including the formulation of plans to lock in the benefits of these reductions over the past year accelerated by the coronavirus pandemic.
- Subscription to carbon offsetting programmes to negate residual carbon emissions.

Employee engagement

- High engagement with employees through actions such as staff webinars and briefings as well as employee carbon offsetting programmes introduced.

Supplier management

- The introduction of supply chains into planning so as to identify further carbon reduction opportunities.

The firm has identified the costs of actions such as carbon offsetting and has integrated this into the financial planning. The key activities as outlined above have also been considered and are prioritised appropriately when setting out firm plans and activities for the year with respect to climate-related risks and opportunities.

Financial planning for the firm has been impacted by the actions undertaken under the key themes outlined above. However, there is an expectation that these costs will be negated over time through savings from reduced travel, and the opportunities generated through our new services available to clients.

Case study – Our work on Net Zero

Early in 2022, we appointed Mhairi Gooch as Net Zero Lead and established the NZWG, with representatives across the business, focused on delivering our consulting commitment. Through this group, we've established our beliefs on what 'good' net zero looks like, drawing on external frameworks and our existing climate beliefs, and communicated this to key stakeholders within the firm. We've been working with clients to set net zero targets and policies and to develop and implement strategies. We've created a five-step approach to help frame our consulting. Under each step, we've built up precedent material and case studies to support our consultants, which are available to all via our dedicated net zero hub. Consultants assess their clients at least once a year to establish where they are on their net zero journey and assess the progress being made.

For those that aren't yet committed to net zero, we try to identify the barriers and provide support through the NZWG. To help our clients with this, we've developed our proprietary modelling approach and reporting to help assess how aligned they are with a net zero target. This approach encourages real-world change and a 'best in class' mindset, where individual holdings are compared with their direct peers within sectors and geographies. This is preferable to disinvestment from the highest emitting sectors, which remain vital to the economy and to achieving a successful transition.

Disclosure 3: Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, include a 2°C or lower scenario.

Our strategy has already changed a lot as a result of the work undertaken to embed climate-related risks and opportunities into ongoing and future plans, in order to ensure that our business remains resilient and sustainable over the short, medium and long term. When considering our resilience, we can view this from two perspectives as outlined below:

Client perspective

Future resilience depends on regulatory and market developments affecting client needs and our services. Our strategy is to make climate risk integral to advice; risks and opportunities are the relative pace and success with which we do this.

Business perspective

Whilst specific climate-related scenarios have not yet been considered, these will be identified as part of the ongoing CSR and carbon footprinting work and disclosed when identified and analysed.

Scenario analysis

Whilst scenario analysis may focus on the business perspective when considering future resilience to climate risk, we believe that failing to anticipate client needs on climate risk is far more business critical and may be extremely difficult to model. We will undertake scenario analysis in future but maintain that the client perspective is also crucial. Within our broader climate modelling, we consider three key scenarios as outlined below.

Green Revolution

- Concerted policy action starting now e.g. carbon pricing, green subsidies
- Public and private spending on "green solutions"
- Improved disclosures encourage market prices to shift quickly
- Transition risks in the short term, but less physical risk in the long term
- High expectation of achieving <2°C

Delayed Transition

- No significant action in the short-term, meaning response must be stronger when it does happen
- Shorter and sharper period of transition
- Greater (but delayed) transition risks but similar physical risks in the long term
- High expectation of achieving <2°C

Head in the Sand

- No or little policy action for many years
- Growing fears over ultimate consequences leads to market uncertainty and price adjustments
- Ineffective and piecemeal action increases uncertainty
- Transition risks exceeded by physical risks
- Low/no expectation of achieving <2°C

For ease, we then take these scenarios and consider them qualitatively with respect to our firm and the resilience of the firm's strategy. Overall, we believe that there are both risks and opportunities to our business under each scenario, but that under the Head in the Sand scenario our firm may experience significantly more risks than the others, whereas under the scenarios in which the world transitions to a low carbon economy, we would experience significantly more opportunities to support our clients in achieving this.

Whilst we have not yet modelled the financial impact of these scenarios on our strategy, we believe that we are able to adapt, thereby reducing or managing the risks, and take advantage of opportunities under all three scenarios; therefore we believe our strategy should be resilient across each scenario outlined above. Going forwards, we will continue over time to monitor which scenario is borne out in practice and ensure we mitigate and manage the impacts of climate change to maintain this resilience to the best of our ability.

Risk Management

Risk Management disclosures

Disclosures 1 & 2: Describe the organisation's processes for identifying and assessing climate-related risks. Describe the organisation's processes for managing climate-related risks.

We recognise that market-wide risks can and do occur, as events have demonstrated, but believe that the way in which we help our clients develop and implement strategies offers significant resilience. That said, we continue to explore mechanisms of monitoring the emergence of such risks and are working on projects to both develop a dashboard of potential financial stress and, as noted below, continue to evolve how we consider systemic risks through scenario analysis.

We believe that climate change is the biggest systemic risk faced by our environment, our society and our economic and financial systems. Our clients need to not only be ahead of this transition with the rapid shifts in the investment landscape, but they must also accelerate the change by investing in solutions.

As a result, and with climate change being a strategic imperative for our firm, we were a founding member of the Net Zero Investment Consultants Initiative in 2021. We have continued to expand the resource focused on addressing climate-change issues across our business, as covered elsewhere within this report. We've embedded climate-change risk and opportunity as a priority across our business.

Identification of risks

We keep a close eye on regulatory developments with respect to climate change from two angles, the client perspective and the business perspective. Examples of the actions that we undertake in respect of each of these are outlined at the end of this disclosure. We take the view that we should not shy away from talking about climate risks as this leads to understanding and action. Our goal has been to start conversations with clients, helping them understand the potential consequences of climate change and begin to consider the different risks they're exposed to, and the potential opportunities.

Consideration of climate risk within financial systems is becoming a compliance requirement, creating risk for us as a firm if we do not ensure this is embedded within our work but also creating the opportunity for us to provide additional, valuable services in this space. Our own emissions and related costs are not considered a fundamental business risk to us. We consider the fundamental business risk in this space to be around helping our clients and ensure that we are leaders in the emerging area of climate risk in finance. This will affect our ability to attract and retain clients as well as impact the income we earn working with them.

New risks to the company, including climate risks, go through the firm's Emerging Risks process. These risks are initially identified by individuals within the business and presented to the Management Board for discussion.

Assessment of risks

The risk will be reviewed and given an initial rating of Low, Medium or High, as well as discussion on whether this risk is imminent or further in the future. Once agreed it is added to our emerging risk radar where it is monitored by Management and Oversight Boards until it is agreed that the risk is now materialising and will be managed locally by the relevant Executive. The impact and proximity rating of climate-related risks outlined under our six key themes are taken into account. The risks are then prioritised by the owners of that theme with consideration given to achievability, timescales and value added of each of the potential actions.

Climate risks are currently captured within the firm-wide High Impact Material Risk dashboard and RAG rated against appetite following relevant updates from the business. These are the highest risks which we manage as a firm and are closely related to the company's strategy. The potential size and scope of identified climate-related risks are measured in line with the company's strategic targets and Management Information measures and managed by the Management Board and overseen against progress by the Oversight Board.

Management of risks

When it comes to managing climate-related risks, decisions to mitigate, transfer, accept or control risks are agreed through the Hymans risk framework. For higher level risks the decision is made via the management board and where risks should be managed locally, this Is managed via the Hymans Operational Risk framework and risk and control self-assessment.

The ownership of the risks and the actions agreed to manage and mitigate these risks across the six key themes outlined in Strategy Disclosure 1 involved under each of these themes is allocated appropriately across the firm.

Our processes over the year for managing identified climate risks and taking further action with respect to climate-related opportunities have been effective, with a large amount of work undertaken in this respect. We expect that this level of work will continue and increase over the coming years and will need to dedicate further resource to ensuring we continue to manage risks effectively as well as capitalising on potential opportunities.

Client Perspective

- We also have a duty to be well-informed of new regulatory developments which affects our clients across the pensions, insurance and retail markets.
- FCA - The FCA has published a Policy Statement and final rule and guidance promoting better climate-related financial disclosures for UK premium listed commercial companies.
- Companies will be required to include a statement in their annual financial report which sets out whether their disclosures are consistent with the recommendations of the TCFD, and to explain if they have not done so.
- Over the past few years we have seen significant regulatory developments from the Pensions Regulator ("TPR") and the Prudential Regulation Authority ("PRA"), a consultation from the DWP on 'Taking action on climate risk: improving governance and reporting by occupational pension schemes' and climate risk was specifically drawn out within the Pensions Act 2021, including setting out that regulations may impose requirements on trustees of pension schemes to have effective governance and produce reporting in respect of climate risk. Additionally, Local Government Pension Schemes will be expected to report in line with TCFD guidance in the coming years, with first reports expected by 1 December 2025. This encompasses a number of our clients.
- TPR has urged pension trustees to "consider climate change as a core financial risk" and the industry guidance provides a further impetus for pension schemes to consider the impact of climate change on their scheme and their members.
- The PRA laid out a wide range of requirements for insurance companies in April 2019, covering governance, risk management, scenario analysis and disclosure. Similarly, this has been a key focus in our conversations with clients during the year, leading to the production of our 'Climate ready' benchmarking report, surveying participants in the Life Insurance industry on their readiness to meet the requirements of the PRA's Supervisory Statement.

Business Perspective

- Our main concern is that we are compliant with the latest regulatory requirements with respect to how we operate as a business. We have set out our approach to doing this throughout this report, as well as in our other reporting including our 2022 Stewardship Code report and wider CSR reporting for the firm.

Disclosure 3: Describe how processes for identifying, assessing and managing climate-related risks are integrated into the overall organisation's risk management.

As outlined in the rest of this section, we embed our consideration of risks across our business and this includes consideration of climate-related risks. Below is a summary of how we do this from both a client and a business perspective, as well as a case study on how we try to ensure a holistic approach to the idenfication, assessment and management of climate-related risks to our firm and our clients.

Client Perspective

Our research and involvement in industry initiatives enable us to identify potential risks as well as ways to assess and manage these risks for our clients. These risks as well as relevant actions are then considered as part of our work to embed climate riks more widely within our services and propositions.

Business Perspective

This is done via the Emerging Risk and the High Impact Material risk processes as outlined above under our response to Disclosure 6.

The processes pertaining to climate-related risks are fully integrated into our ongoing risk management processes.

Case study – improving our climate change tools

We're currently working on further modelling enhancements and have appointed an internal Climate Change Analytics Lead, who will drive these efforts, supported by the broader Climate Change Modelling Group. We've updated our manager assessment framework to integrate climate change and net-zero considerations. We're developing our view on the credibility of stated ambitions by asset class and will use this to determine best-in-class products. Nature-based solutions are a current area of focus for our research team. We also continued our climate training programme for all consulting staff across our actuarial, investment and insurance businesses, covering subjects such as policy development, scenario analysis, climate metrics and investment considerations. Training sessions are available to all at any time through our training hub.

All of these actions help us support our clients in the space of ESG and Responsible Investment, as well as reflecting the evolution of tools and knowledge in these areas, as well as criticism and challenge on the appropriateness of climate change scenario modelling in particular.

Metrics and Targets

Metrics and Targets disclosures

Disclosures 1 & 2: Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management processes. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

The Hymans Robertson Corporate Social Responsibility ("CSR") team has been working with a third-party consultancy, Enistic, for a number of years now with a key focus on how to improve the energy efficiency of our business operations and to ensure compliance with the latest regulatory requirements.

Understanding greenhouse gas (GHG) emissions

Many climate-related metrics are based on the level of GHG emissions that are related to a particular asset or investment. This isn't limited to carbon dioxide, but instead includes all main greenhouse gases such as methane and nitrous oxide(measured as 'tCO2e' – tonnes of carbon dioxide equivalent). GHG emissions are then categorised into 3 scopes:

- **Scope 1** – All direct GHG emissions from sources owned or controlled by a company, e.g. emissions from factory operations.
- **Scope 2** – Indirect GHG emissions that occur from the generation of purchased energy consumed by a company.
- **Scope 3** – Indirect emissions that arise as a consequence of the activities of a company, e.g. supply chains and the use and disposal of their products. These are sometimes the greatest share of a carbon footprint, covering emissions associated with business travel, procurement, production of inputs, use of outputs, waste and water.

Our carbon metrics

Our key metric is the firm's carbon footprint. This year's metrics, as well as those of the previous years back to our base year of 2019/20, are set out below at a high level:

	2019/20	2020/21	2021/22	2022/23
Scope 1	0	15	7	0
Scope 2* (+figures before renewable energy)	0 (289)	0 (244)	0 (259)	0 (266)
Scope 3**	1699	624	811	1069
Total	**1699**	**639**	**818**	**1098**

**Our Scope 2 emissions relate to our electricity consumption in our offices. Our use of 100% renewable energy in our offices means that our figures can be reduced to zero.*
***See overleaf for breakdown of our measured Scope 3 emissions.*

The nature of our business means that the only direct Scope 1 emissions generated by our operations come from the occasional topping up of refrigerant gases in our office air-conditioning systems (as required as part of a regular maintenance programme).

Our primary area of focus is therefore our Scope 3 emissions. The Scope 3 element of our emissions includes the following:

- Tracking of all business travel
- Analysis of waste disposal, materials use (paper) and water supply/treatment
- Staff survey to capture commuting data
- Home-working emissions (measurement estimated from 2020/21 onwards)

Our Scope 3 emissions have been reported on for 2022 and 2023 within our report and accounts as below.

	2021/22	2022/23
Total emissions generated through business travel	115	491
Total emissions generated through commuting	51	240
Total emissions generated through hotel stays	9	37
Total emissions generated through waste disposal	16	14
Total emissions generated through material use (paper only)	0	0
Total emissions generated through water supply and treatment	0	0
Estimated total emissions generated through home working	620	316
Total Scope 3 emissions (tCO2e)	**811**	**1069**

The result of the coronavirus pandemic supported our transition away from air (and other forms of) travel as the firm and our clients continue with business as usual throughout the lockdown period, hosting meetings via video technology. Hence the business travel and commuting components of our carbon footprint reduced dramatically in the two business years after 2019/20 . With the ending of lockdown restrictions from early 2022 onwards and the resumption of ‘business as usual’ this figure has risen somewhat. Similarly, year on year emissions figures may not consistently decrease each time – this could also be impacted by the evolution of methods used to measure and report emissions.

Methodology used in the calculation of disclosures

Our emissions are measured in line with GHG protocol methodology and using UK Government GHG reporting conversion factors. All of our emissions reporting is verified by our independent carbon consultants.

Disclosure 3: Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Our commitment to enacting change is reflected in the firm's Climate Pledge to reduce our Scope 1, Scope 2 and core Scope 3 emissions by 50% by 2025 (compared to our baseline 2019/20 year) and ensure that these emissions are offset in full each year in order to achieve a net zero position. A range of energy efficiency and carbon reduction measures over the year ensured that we remain on track to deliver our pledge. Further details are set out below.

Our Climate Pledge:

By 2025:

- We'll reduce our core 2019/20 carbon footprint* of 1988 tCO_2e by 50%.
- And will have offset our core lifetime carbon emissions of 33,800 tCO_2e to achieve a net zero position.

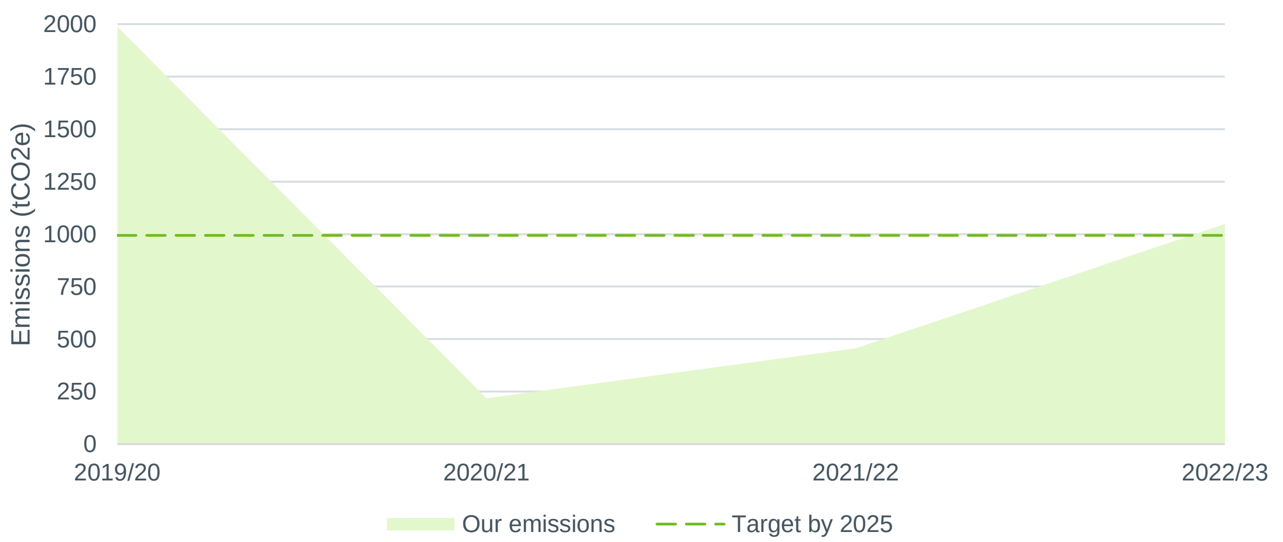
From 2020

- We'll offset our Scope 1, 2 and core Scope 3 carbon emissions each year to achieve a net zero position.
- Climate risks will be an integral part of our research, advice and services - and how we run our firm.

**Our core 2019/20 carbon footprint includes all Scope 1 & 2 emissions and the following in Scope 3 - business travel, commuting, hotel stays, material use, water supply, waste treatment, waste disposal, electricity transmission and distribution. We include 'well to tank' (WTT) factors in all relevant measurements. Our Scope 3 home-working emissions have been measured since 2020/21 and are included in our off-setting from this date.*

Our climate vision, pledge and beliefs will be reviewed annually – this includes the targets we have set for our emissions. The delivery of our climate pledges is delegated to our Management Board, as part of delivering our strategy.

Over the previous years we have achieved our commitment so far, with further progress to be made in the coming years. This is demonstrated by the graph below.



The actions that we have taken over the previous years in order to meet continue to be both on track and making further progress in meeting our pledge, as well as those we will further progress in the coming year, include:

Travel related emissions

- We have implemented a range of travel policy revisions and associated measures to reduce our reliance on business travel, and flights in particular.
- The carbon emissions of each journey option is prominent on our booking portal, along with our revised travel policy which highlights our climate objectives. and to put in place detailed carbon emission reports that allow us to easily assess our travel emissions each month.
- Each of our business unit and client teams were required to assess how they could reduce business travel and make an associated carbon reduction pledge. These have been accompanied an extensive education and 'travel less, travel smarter' campaign to help everyone understand the impact of their carbon emissions, and illustrate how they can be reduced by both travelling less frequently, and in a more climate-friendly way when a trip is required.
- This year we have rolled out enhanced business travel emission reporting, using PowerBI dashboards to make analysis of travel emissions much more granular and straight-forward for the firm, and individual business units. We expect this will greatly help our understanding and management of travel emissions in the year ahead.
- Whilst our travel-related emissions have increased since 2020/21 as pandemic restrictions began to unwind, our 2021/22 emissions lockdown remain heavily reduced versus our baseline year and will rise significantly as (relative) 'business as usual' resumed in 2022/23.
- Our objective is to maintain our travel emissions at less than 50% of our 2019/20 levels, in line with our climate pledge commitment. While not finalised yet, our initial 2022/23 measures suggest that this has been achieved over the last year.
- The growth of our firm – and therefore the amount of travel required, client expectations of face-to-face meetings, the cost and reliability of rail travel (as the key alternative to business flights) and our ability to implement a change in travel behaviours are all risks that will need to be effectively managed and overcome to meet our objectives. We are fully focussed on this.

Energy efficiency measures

- We've continued to invest in energy efficiency measures this year, most notably as in integral part of our London office refit which placed the environment and sustainability at the heart the project priorities.
- The project completed in early 2023, delivering a state-of-the-art office environment that will reduce our energy usage and CO2 emissions bv 31% thanks to the implementation of the latest LED lighting, PIR movement sensors and efficient mechanical equipment. In addition sustainable materials were used throughout the project, while 99.1% of waste was recycled and diverted from landfill.
- We were delighted that the fit-out was awarded the Royal Institute of Charted Surveyor's 'SKA Gold' accreditation, recognising the highest standards of sustainability and making us one of only a handful of businesses to have achieved this accolade.
- Elsewhere, we have continued to focus on energy efficiency, with the completion of our LED lighting installation programme in both our Glasgow and Birmingham offices.

- Smart meters are now in place in all of our offices, with the exception of Glasgow where we continue to work with our building managers towards having them installed. These help us better understand our energy consumption and seek further efficiency savings.

Carbon reduction strategy and off-setting

- Over the course of the year we've continued to work closely with our carbon reduction consultants to measure our supply chain emissions. This project proved to be more complex than we had envisaged, but our initial supplier and emissions analysis is now complete and allowed us to incorporate our full Scope 3 emissions in our 2022/23 carbon footprint calculations.
- Our primary focus for the year ahead will be to align our carbon reduction plans to the Science Based Targets initiative (SBTi) and ensure that we continue to make progress towards our climate pledge objectives.
- Our measured carbon emissions continue to be offset using Gold Standard and Verified Carbon standard accredited schemes, while this year we were also delighted to complete our Climate Pledge commitment to fully offset our firm's lifetime core carbon footprint of 33,800 tCO2e.
- 2022/23 also saw us further develop our innovative matched carbon off-setting benefit providing £ for £ matching to help employees offset their personal carbon footprint (and those of their families). More than 170 people selected this flexible benefit, together offsetting carbon emissions of more than 3,300 tCO2e.
- We also offer an electric car leasing scheme to all employees via our flexible benefits, helping to reduce both business travel carbon emissions and the personal carbon footprints of our people.

We will continue these activities going forwards, as well as identifying additional ways of improving our emissions as a firm, as well as evolving those actions set out above where possible. This will be reported on further in future reports.

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