

Schroders

Schroder Pension Management Limited

TCFD AO entity-level disclosures



1. Introduction and Compliance Statement

This report is published by Schroder Pension Management Limited ('SPML'), which has voluntarily elected to make entity-level disclosures ahead of the prescribed publication date in June 2024. We make these disclosures to demonstrate our part in Schroders' commitment to action.

SPML is a wholly owned insurance company and is one of the investment management companies in the Schroders plc Group (the 'Group'). SPML offers a range of unit linked funds primarily to trustees of UK pension schemes.

As SPML's approach towards climate risks and opportunities is aligned with the broader Group approach, where relevant this report relies on and cross-refers to the Group level disclosure in the Climate Report 2022 published by Schroders plc (which is the ultimate parent company of SPML ('Group Climate Report 2022')), available [here](#).

This report has been approved by David Heathcock (Senior Regulatory Manager). Any information provided by third parties is believed to be reliable, but has not necessarily been verified by SPML or the Schroders Plc Group.

Signature:  _____

2. Governance

As SPML's governance framework for climate risks and opportunities is consistent with the Group-level governance framework, please see the 'Governance' section of the Group Climate Report 2022.

3. Strategy

As SPML's strategy for the consideration of climate risks and opportunities is consistent with the Group-level strategy in both the investments we manage on behalf of our clients and our own operations, please see the 'Strategy' section of the Group Climate Report 2022.

4. Risk Management

As SPML's approach to identifying, monitoring and managing climate risks is consistent with the Group-level risk framework, please see the 'Risk Management' section of the Group Climate Report 2022.

5. Metrics and Targets

As SPML uses the same metrics to assess climate related risks and opportunities at an entity level as the broader Group, please see the 'Metrics and targets' section of the Group Climate Report 2022. SPML has not set any climate-related targets at an entity level but rather is subject to the targets set at Group level.

These metrics and targets will be applied across all the products administered by SPML, as applicable.

SPML held total assets under management of £8.17 billion as at 31 December 2022.

6. Data Gaps, Estimates and Assumptions

Schroders Group and its underlying entities use MSCI as its primary provider of emissions data. The choice to use a single provider, as far as possible, has been made to facilitate consistency and reduce ambiguity across our emissions metric calculations. We are therefore dependent on MSCI for the coverage of emissions data across our public investments, and we will continue to work with them to encourage increased coverage.

Further to the foregoing, we do not yet have access to MSCI data for certain asset classes, such as for sovereign bonds; however we are engaging with MSCI in this regard and aim to incorporate this data into our systems as soon as it becomes available. As a signatory to the Science Based Target initiative (SBTi), once this data is available, it will in turn enable us to follow the relevant emission and climate data methodologies relating to sovereign bonds approved by the Partnership for Carbon Accounting Financials (PCAF) in our future assessment of relevant holdings and reporting.

For investments in listed corporate securities, MSCI may estimate emissions data where a company has not reported. Where no emissions data is available from MSCI, SPML has chosen not to use an internal estimation methodology in its product-level reporting. The extent to which MSCI uses estimated data in the absence of reported data will be included in each product TCFD report.

The approach to estimating corporate emissions data differs slightly from the Group approach where, in addition to the estimated data provided by MSCI, the Group uses an internal 'filling' methodology to increase the coverage of its financed emissions for assets in-scope of its SBTi commitment. Historically, this internal estimation has been used solely in the absence of estimated data from MSCI. As the data coverage provided by MSCI has improved, the necessity for the internal methodology has decreased. Its sole purpose for inclusion in the Group Climate Report 2022 has been to mitigate the volatility of our aggregated SBTi temperature score. For our product-level reporting, we do not use this methodology because:

1. It creates greater challenges when comparing fund emissions for our clients, and;
2. The funds managed by this entity do not have specific SBTi temperature score obligations.

7. Methodology

Please see the section entitled 'Our methodology and approach' in the 'Metrics and targets' section of the Group Climate Report 2022 for a description of our approach regarding metrics and targets.

8. Notes on data limitations

Please see the section entitled 'Data limitations' in the 'Metrics and targets' section of the Group Climate Report 2022.

9. Delegation

Please see the section entitled "Supply chain and engagement" in the 'Strategy' section of the Group Climate Report 2022 for a description of how our climate strategy has influenced our decision-making and process by which we (i) delegate functions, (ii) select delegates, and (iii) rely on services, strategies or products offered or employed by third parties including delegates.

10. Materiality

Our approach to materiality is set out on page 8 of the Group Climate Report 2022.