Syngenta UK Pension Fund

Climate change report 2025

For the scheme year ending 31 March 2025

https://www.syngenta.co.uk/uk-pension-trustee

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Executive Summary

Governance

Climate change is integrated within the Trustee's corporate governance framework to ensure that climate considerations are embedded into all areas of investment decision making.

We, the Trustee, maintain an ongoing dialogue on climate change with our advisors and investment managers to assess their competencies in this area. During the year we also received training on climate change related topics.

Strategy

We recognise that climate change will impact the Fund in different ways over the short, medium and long term. In 2025, we updated the climate change scenario analysis for the IA Section, incorporating the latest data and methodological developments observed across the industry over the year.

The results of the climate change scenario analysis suggest that while the Fund is exposed to climate related risks, the investment strategy and strong funding position should help to mitigate some of these risks.

Risk Management

Climate change is a key risk and opportunity for the Fund and receives ongoing attention from us as part of their risk management processes. We have developed a Carbon Journey Plan, to act as a framework for monitoring the Plan's progress towards its carbon reduction target, aiming to halve the carbon footprint of the RA Section by 2030.

We consider effective stewardship of assets by the Fund's investment managers to be a critical part of the fiduciary duty towards members. Over the year, we continued to assess the stewardship practices adopted by the Fund's investment managers.

Metrics and targets

This report provides insights on the progress made towards achieving these targets. Based on the climate metrics analysis undertaken this year, we believe that the Fund continues to be on track to meet its targets. It should be noted however that the Fund has seen an increase in measured emissions over the year due to data quality improvements in the illiquid asset portfolio. In particular:

- The Fund's carbon emissions as at 31 March 2025 were 75,436 tCO2e. This represents an increase over 2024 but is still a reduction when compared to our starting point (a base year of 2022.
- The Fund's carbon footprint increased by 48% to 71 tCO2e/£m invested.
- The percentage of assets with approved SBTi targets (ie aligning to Paris objectives) was 18%, an increase from 13% recorded in 2024.
- Data was obtained for 83% of the portfolio for calculating absolute emissions and carbon footprint. Although this is a fall from last year (93%), a significant improvement has been made in receiving the data directly from the manager, rather than having to proxy the data, which we view positively.

The IA Section set a target of increasing the percentage of the portfolio with a science-based target to 30% by 2030, across all IA funds. Over the year 4 out of 6 of the most popular funds reported more than 30% of the fund with targets.

Context

We acknowledge the significant challenges facing the global investment community in achieving net zero targets. These challenges include geopolitical tensions, fluctuating regulatory frameworks, and the need for substantial technological and infrastructural advancements. While these headwinds can make the path to net zero more complex, we remain committed to managing climate risk in the investment strategy and pursuing long-term sustainable outcomes to seek to optimise members' standard of living in retirement.

Introduction

The Trustee of the Syngenta UK Pension Fund (hereinafter referred to as the "Trustee", "we", "us" "our" and the "Fund", respectively) presents its annual report under the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 (the "Regulations") for the year ended 31 March 2025. The principal employer of the Fund is Syngenta Limited (UK).

The Fund is subject to the requirement to produce disclosures in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), as transposed into UK law in 2021. The aim is to improve and increase reporting of climate-related financial risks and opportunities.

This report sets out our continued approach in taking strides towards managing the risks and opportunities presented by climate change across the operation of the RA and IA Sections of the Fund.

The climate change framework requires disclosures in four broad categories:

Governance: around climate-related risks and opportunities

Strategy: the actual and potential impact of climate-related risks and opportunities on the strategy and financial plans of the scheme under different climate scenarios

Risk management: how the scheme identifies, assesses, and manages climate-related risks

Metrics and targets: the metrics and targets used to assess and manage climate-related risks and opportunities

Section 1: Governance

We have identified climate change, alongside other Environmental, Social and Governance (ESG) factors, as an important risk and opportunity which requires sustained, long-term oversight and management. We ultimately have responsibility for setting the Fund's strategy, policies, and actions in this area.

We delegate the day-to-day management for ensuring that the established policy for monitoring climate-related risk and opportunities is integrated in our investment strategy, risk management and decision making to the Investment Committee (IC). The IC is a sub-committee who handle the majority of investment matters and makes recommendations to the Trustee Board, where decisions are required to be taken by the Trustee. During the year the IC met 5 times. The Audit and Risk Committee performs the Risk Management Function, supervises the Fund's risk management framework including the risk register and typically meets 5 times a year. The Fund has a dedicated Investment Account (IA) Committee that focuses on matters arising for the IA strategy including risk management. This committee met 3 times over the year. The Fund also has a Valuation & Covenant Committee which considers matters that may impact the covenant, including climate risks, as well leading on actuarial valuations.

The main parties that support us in implementing its policies in relation to climate change and Sustainable Investment and risk management more widely are:

- **Investment consultant (WTW)** – Help us to formulate investment beliefs and to reflect these in the Fund's investment policies and strategy. The investment consultant also helps us with conducting scenario analysis, advises on how climate-related risks and opportunities might affect the Fund over the short, medium, and long term and provides ad hoc specialist advice on a variety of pension matters, including risk management. The Investment Consultant is expected to maintain a high level of climate expertise and is assessed against the competency framework published by the ICSWG.
- **Investment Managers** – Responsible for managing climate change risks and opportunities within their mandates as per their guidelines. This includes the selection of assets as well as stewardship activities. We receive reporting from our Investment Consultant on an annual basis to assess the underlying managers' competencies. This provides an assessment of the managers' approach to ESG integration and stewardship activities as well as consideration of a balanced scorecard of climate metrics which provide insight into the managers' underlying exposures to climate change risks and opportunities. Investment Managers also attend an IC meeting once a year in which they are challenged by the IC on the extent to which they are managing climate risks. The exception to this is small, residual holdings in illiquid mandates where managers may be asked to submit a written report.
- **The Fund Actuary (WTW)** – We take advice from the Fund's Actuary WTW, who performs valuations of the Fund, advises on how climate-related risks and opportunities might affect the Fund's funding position over the short, medium, and long-term and advises on the implications for the Fund's funding strategy.
- **The Covenant adviser (Penfida Limited London)** - The Covenant Adviser, Penfida Limited London provides advice to the Trustee Board on the ability of the Sponsor to support the Fund, assessing the financials of the business as part of each formal valuation and ad hoc covenant advice between actuarial valuations as and when either Penfida Limited London or the Valuation & Covenant Committee feel it would be useful. Covenant advice is expected to take climate risks affecting the Sponsor into account and Penfida are challenged on their climate expertise.
- **Dedicated pensions team** – We are supported by a Trustee Secretary, employed by the sponsoring employer who, whilst not having any decision-making powers, assists us when it comes to organising our meetings, day to day governance requirements and implementing strategy decisions. Because the Trustee Secretary does not have decision making powers and does not advise us on investments or risk management, they are not expected to have climate expertise, but they are expected to attend our training sessions.

The key overarching investment policies are detailed in our Statement of Investment Principles (SIP) which can be found online at the following links: https://www.syngenta.co.uk/uk-pension-trustee

We have considered how sustainability and ESG factors should be taken into account in the selection, retention and realisation of long-term investments. This includes climate change, which we recognise can present potentially material risks to the portfolio but could also potentially present new investment opportunities. The SIP also sets out our views with regards to Sustainable Investments. We review the SIP at least annually and without delay after any significant change in investment policy.

As part of the day-to-day management of the assets, we have largely delegated to the Investment Managers consideration of climate risk as part of their overall management process. As a result, we expect the Fund's Investment Managers, where appropriate, to have integrated ESG factors as part of their investment analysis and decision-making process. We review managers with respect to relevant matters including performance and risk as well as ESG factors. The IC meet or receive a written report from each manager on an annual basis and ask them to present on the managers' policies on ESG, stewardship, and engagement. Where necessary we will challenge managers on their approach to sustainability issues, for example:

- A manager selection exercise was conducted in November 2024, with the RA Section seeking to increase the portfolio allocation to investment grade credit. Both presenting managers, LGIM and Robeco, were asked to present on their approach to managing sustainability risks. Climate risk was also a consideration in choosing the asset allocation (shorter dated credit was preferred so as to reduce the risk of shock events, which could be driven by climate related issues, impacting value).

- When we met Alpha Real in March 2025, we challenged Alpha Real on how it was considering physical asset risks to properties that might arise as a result of subsidence, from changing ground conditions (due to drought and/or flooding), as well as direct flood risk. Alpha Real followed on with some risk views from their external sustainability consultants.

During the year, the IC also challenged some of the Fund's managers on their reporting on climate metrics including disclosure of TCFD and TNFD data. The IC keep records of manager presentations and meeting minutes. We receive performance monitoring updates on a semi-annual basis from WTW with performance updates provided monthly.

We received Stewardship focused training in September 2024, to provide information on the wide range of collaborative stewardship initiatives available that we will consider as part of our approach to stewardship and engagement. Training sessions and the regular IC and Trustee Board meetings provide an opportunity for us to assess the competency of ourselves and our advisers and receive updates on climate-related risks and opportunities and discuss output from the processes with relevant advisers. The sessions also provide a forum for open dialogue between the us and our advisers and provide the opportunity to question or challenge information provided to us. We seek to ensure an appropriate amount of time and resource is allocated to overseeing all risks and opportunities relevant to the Fund, including climate-related risk and opportunities.

We has also reviewed the competency of our investment advisers, WTW, to determine that they can appropriately advise us in matters on climate change. The last review was conducted as part of the November 2024 IC meeting where WTW was reviewed against a number of objectives including supporting us in managing climate risk.

We also recognise the importance of the covenant adviser being able to identify and quantify climate related risks in relation to the Sponsor. After the acquisition of Penfida by XPS in 2022, we met with Penfida to assess their ongoing suitability as covenant adviser. They satisfied us such that they have appropriate competencies and were retained.

Over the Fund year to 31 March 2025, we undertook a number of actions in order to help achieve the ultimate aim of appropriately managing climate change risks and opportunities. This includes the continued management of the portfolio allocation towards a low-risk position (for example, through the

run-off of and redemption from illiquid assets) refreshing portfolio scenario analysis and engaging with the investment managers on areas such as disclosure and portfolio management actions.

Section 2: Strategy

We believe that part of our fiduciary duty is to manage the impact of climate change and associated risks and opportunities on the Fund's investment portfolio. Climate change is a financially material consideration, and we have determined that climate change could have a negative or a positive impact on the Fund from the point of view of the returns available on its investments, its funding position, the potential impact on IA members' retirement outcomes, and the support made available by the Sponsor.

We have looked at the potential effects of climate change over a range of identified time horizons for the Fund.

Short Term

RA Section - A one year period, to 2026, is deemed to be a relevant short term period given the maturity of the Fund and the potentially material impact that a climate related shock could have on the day to day management of the Fund's assets.

IA Section - The period to 2026 is considered to be the short-term to allow for the evolution in regulations and allow for data availability to improve. A one year period also reflects the short-term climate related risk exposures of those IA members nearing retirement and is aligned to when the next investment strategy review will be completed.

Medium Term

The period to 2030 was selected as a medium-term timeframe for the RA and IA Section: an interim point between the short and long-term time horizons, that is also aligned with the year of an Actuarial Valuation for the RA account.

We have set a target for both Sections with the medium-term date in mind and believe this is an appropriate timeframe given how risks and opportunities are expected to materialise. The targets can be found in Section 4 Metrics & Targets.

Long Term

RA Section – The period to 2035 is consistent with a likely time to having fully bought in all liabilities with an insurance company. We recognise that the member timeframe is much longer and when considering appropriate insurers for any future buy-ins we will consider their approach to climate risk.

IA Section – The period to 2050 is consistent with the Paris agreement timeframe and more aligned to the benefits timeline for these members.

As part of the analysis around the climate risk faced by the Fund, we have split out the following elements of this risk:

- **Physical risks**: Physical risks relate to the direct effects of climate change on the Fund and its members. These risks are expected to primarily impact the Fund in the long term (10 years or more), although we acknowledge that some climate related physical risks may already be emerging. They are expected to be largely the effects of climate change-related weather (impacting the liability side) and other natural events on the businesses of invested companies (affecting the asset side), and the effect of changing temperatures on the mortality of Fund members. However, there may be wider implications relevant to the fund, such as environmental migration causing political instability. These risks could have varying effects on the funding and investment strategy of the Fund, but the magnitude of the effects is unlikely to be clear for a considerable period of time. Physical risks will create drags on the Fund's asset return and liability streams, having a more significant impact in the longer term.

- **Transition risks**: Transition risks are an indirect impact of climate change, relating to the risks and opportunities arising from efforts made to transition towards a net-zero economy (both domestically and globally) in order to limit climate change. For example, this may be a short to medium term cost for a business to meet new climate regulations. These risks and opportunities are generally expected to occur in the medium term, with some occurring in the short term.

Since we consider the short term to relate to the next year for both the IA and RA Sections, this period is likely to be defined primarily by transition risk. In this timeframe the market risk will predominantly be the risk of a sudden repricing of assets in response to changing views on climate transition, however there is also the potential for a repricing of longer-term physical risks and the potential for some exposure to physical events. The impact of climate change on the Fund in this time will depend heavily on regulation changes, improvements in the understanding of emissions data and on developments in climate science. The risk management tool for us will be the ability of the Fund's Investment Managers to identify those companies which are likely to be most affected by climate transition, both positively and negatively, and to position the Fund's investments accordingly. For the IA Section, where the majority of assets are managed passively, we are seeking improvements in the coverage and quality of the emissions data to keep under review whether strategic changes to the investment strategy are appropriate and relying on the appointed manager's stewardship and engagement to help support real world decarbonisation.

Medium-term risks are those that will be present through to the end of the decade. These risks will be a combination of transition risks, the costs of which might strain business profitability, and increasing physical risks. This is expected to be the most important period where action taken will have a definitive impact on the ability of the global economy, and the Fund, to align to the Paris goal. To manage these risks, we expect our Investment Managers and advisors to help identifying those companies likely to be most affected negatively by climate transition risk, those which might offer investment opportunities, as they adapt to the transition and companies subject to future potential physical risks.

We expect our Investment Managers and advisors to engage with underlying companies, regulators and other investors over this period and this will be key to managing the risks relating to climate change. The professional trustee, Law Debenture, also engages with policymakers in relation to climate risk management.

In the long-term (10+ years) the physical risks resulting from climate change will become material. The impact of this is very difficult to ascertain at this point, limiting our ability to manage these risks. We expect the Fund's Investment Managers to work over the coming years to improve the quality of data and the resources available to better understand the risks and opportunities and to position the Fund's investments accordingly. We will also continue to explore the Fund's exposure and to consider what further changes might be made to ensure the security of members' benefits within both the RA and IA Sections. The Fund has a reasonable allocation to longer-dated assets and so we understand the impact the longer-term risk can have on the investment strategy.

Climate Scenario Analysis

We reviewed the climate scenario analysis for the RA Section in 2024 to reflect the change in the investment strategy, and the analysis was also updated to reflect a new set of WTW scenarios. The aim of this analysis was to help us to quantify the potential effects of climate change on the Fund's assets, liabilities, and covenant. In early 2025, the climate scenario analysis was updated for the IA Section using the same set of scenarios. We recognise the limitations in scenario analysis, in particular recognising that it might not be a true reflection of the climate science and might overlook the implications of tipping points.

Given that the scenario analysis was conducted last year and as there were no material changes to the objective and strategy of the RA Section during the year, we have concluded that updating the climate scenario analysis was not warranted for the RA Section. Our focus with respect of the RA Section has been to continue to progress actions identified as part of the analysis documented in our previous report.

We considered five separate scenarios which are in part defined through their success, or otherwise, in meeting the Paris Agreement target of a sub-2.0ºC temperature rise. The approach taken is consistent with the statutory guidance for pension schemes published by the Department for Work & Pensions. That said, we continue to recognise that there is a great deal of uncertainty around the assumptions used, and the outcome that could result under each of the five scenarios selected. Furthermore, the scenarios are not exhaustive and may not yet fully reflect climate science. We will consider further scenario analysis as data and methodologies improve over time. It is noted that the five scenarios include the "Hot House World" scenario, which is a more extreme scenario than any previously used by us to analyse the risks posed to the IA Section. The scenario explores what could happen if the efforts to decarbonise are costly but still result in a significant temperature rise. This is more reflective of recent industry findings, including those as set out in the paper published by the Institute and Faculty of Actuaries (IFoA) in collaboration with climate scientists, which indicate that global warming accelerated in 2023 and is now driving more severe impacts across the planet with the overshoot of the Paris Agreement target being more likely.

These scenarios have been considered as we believe that they cover a plausible range of climate outcomes over the long-term, even if they do not capture what might be the 'worst case' scenario. The scenarios include:

1. A clear transition narrative that describes the socioeconomic pathway, both globally and regionally, from climate policies implemented and resulting in technological and societal shifts that occur.
2. Modelled emissions pathways, (typically communicated using the Representative Concentration Pathways developed by the IPCC) resulting from the implementation of public policies and technologies resulting in the level of temperature rise.
3. A set of economic costs and benefits resulting from physical and transition risks and opportunities.
4. The impact on financial returns at the asset class level.

We understand that WTW made a series of simplifying assumptions to shield the analysis from being obscured by other factors. The updated analysis for the IA Section was conducted as at 31 December 2024.

The key assumptions WTW made were as follows:

- For the RA Section, no change to the level of prudence in the discount rate relative to the yield on government bonds
- The impact of the climate scenarios is experienced in a linear way over the projection period
- The impact of climate change is time dependant, with transition risk being front-loaded over the first 8 years, and physical risk following over the remainder of the projection period (up to 20 years)

- Investment return assumptions are calibrated from the long-term historical experience across a wide range of countries, but then further calibrated to reflect future returns being lower than suggested by the historical track record reflecting WTW's belief that markets are more expensively priced than they have been and a number of the historic tailwinds for markets (debt, demographics, globalisation) are likely to turn into headwinds in the immediate future and new headwinds such as climate change will emerge
- Gilts will not be materially impacted by climate risk over the short term

While each of the scenarios selected reflect pathways, it is broadly acknowledged that there is material uncertainty in all aspects of climate scenario modelling. It is not yet known which energy transition pathway will transpire and each could look quite different to how it has been modelled by WTW. The projections served to illustrate possible future long-term returns from different asset classes and their inter-relationship, but it is recognised that no economic model can be expected to fully capture future uncertainty, particularly the risk of extreme events. The projections also serve to illustrate the potential variability, but it is recognised that these are subjective, and arguments could be made for different outcomes.

As part of our discussions we identified a number of challenges relating to the analysis, most notably the logic of the directionality of some of the longevity assumptions in the analysis for the RA Section, the lack of an explicit allowance for climate tipping points, the physical risks from severe weather events being masked in models that only consider median average temperatures, the choice of scenarios based on their probability and realism, and the choice of base case. We have assessed the potential impact of changing some of these underlying assumptions in drawing conclusions from the analysis presented. The scenario analysis takes no account of developments after the date of its presentation to us. When discussing the IA scenario analysis, we discussed the results and noted a concern of scenario analysis is that it does not necessarily capture all relevant risks. We acknowledge the significant challenges facing the global investment community in achieving net zero targets. These challenges include geopolitical tensions, fluctuating regulatory frameworks, and the need for substantial technological and infrastructural advancements. While these headwinds can make the path to net zero more complex, we remain committed to integrating ESG factors into the investment strategy and pursuing long-term sustainable outcomes. The transition to a low-carbon economy is a gradual process, and we are focused on navigating these challenges responsibly while continuing to support the global effort towards a sustainable future.

The following scenarios were used in the analysis:

	Nationally Determined Contributions	Delayed Transition Below 2ºC	Below 2ºC	Net Zero 2050	Hot House World
Description	A 'business as usual' scenario where current policies continue with no further attempt to incentivise further emission reductions.	A delay in meaningful action but a rapid shift in policy in the mid/late 2020s. Policies are implemented but not in a very co-ordinated manner.	Policy makers agree on and immediately implement policies to reduce emissions in a globally co-ordinated manner.	An immediate, ambitious, and coordinated response in which aggressive policy is pursued and more extensive technology shifts are achieved.	Despite efforts to transition the resultant temperature outcome exceeds 2ºC due to a lower than expected remaining carbon budget and/or the impact of climate tipping points.

Temperate rise	~2.5ºC	~2.0ºC	~2.0ºC	~1.5ºC	~3.0ºC
Physical risk level (longer term)	High	Medium	Medium	Low – Medium	High
Transition risk level (shorter term)	Low	High	Medium	High	High

IA Section – Impact of Climate on the Fund's Funding Level

We acknowledge that there are differences between the RA and IA Section when it comes to considering climate risk. As individual members in the IA Section bear their own investment and longevity risks, unlike in the RA Section, climate change is likely to impact members differently. For example, younger members are likely to be more exposed to the long-run physical risks due to their long investment time horizon whilst members close to retirement are more likely to be exposed predominantly to transition risks. Therefore, the modelling focused on 5 different illustrative members, details of which can be found in the Appendix.

The below IA analysis focuses on the potential reduction in final pot value for an early career IA member, compared to a base case, if the impact of climate change materialises as a drag on returns over time. The below table shows this for both the default Drawdown and Annuity strategies. Both strategies are classified as "popular" arrangements as they hold at least 10% of the total IA assets. It is important to note that the strawman members used for this climate scenario analysis are consistent with those considered as part of the DC strategy review.

Table 1: Reduction in final pot value of early career IA member

Reduction in final pot value: **Early career IA member**	**Drawdown Lifestyle**	**Annuity Lifestyle**
Base case	0%	0%
Nationally Determined Contributions	-24%	-21%
Delayed Transitions Below 2ºC	-9%	-9%
Below 2ºC	-7%	-6%
Net Zero 2050	-8%	-7%
Hot House World	-31%	-28%

For this illustrative member the most significant scenarios are the Nationally Determined Contributions and Hot House World, where later stage transition risks and longer-term physical risks impact more severely than under the other scenarios. The Drawdown lifestyle is more impacted than the Annuity lifestyle as it has a higher weighing to equities, where the returns are expected to be more impacted by climate change than fixed income investments.

Climate impacts on assets may not occur as a slow drag on realised investment returns over the longer term and may instead result in material short-term shocks to asset prices as markets price in new expectations. The scenario analysis considered therefore also examined the immediate impact on the pot sizes of the different illustrative members assuming that all of the climate impact occurred immediately.

Table 2: Reduction in current pot value of early career IA member in a shock scenario, expressed as a proportion of assumed salary

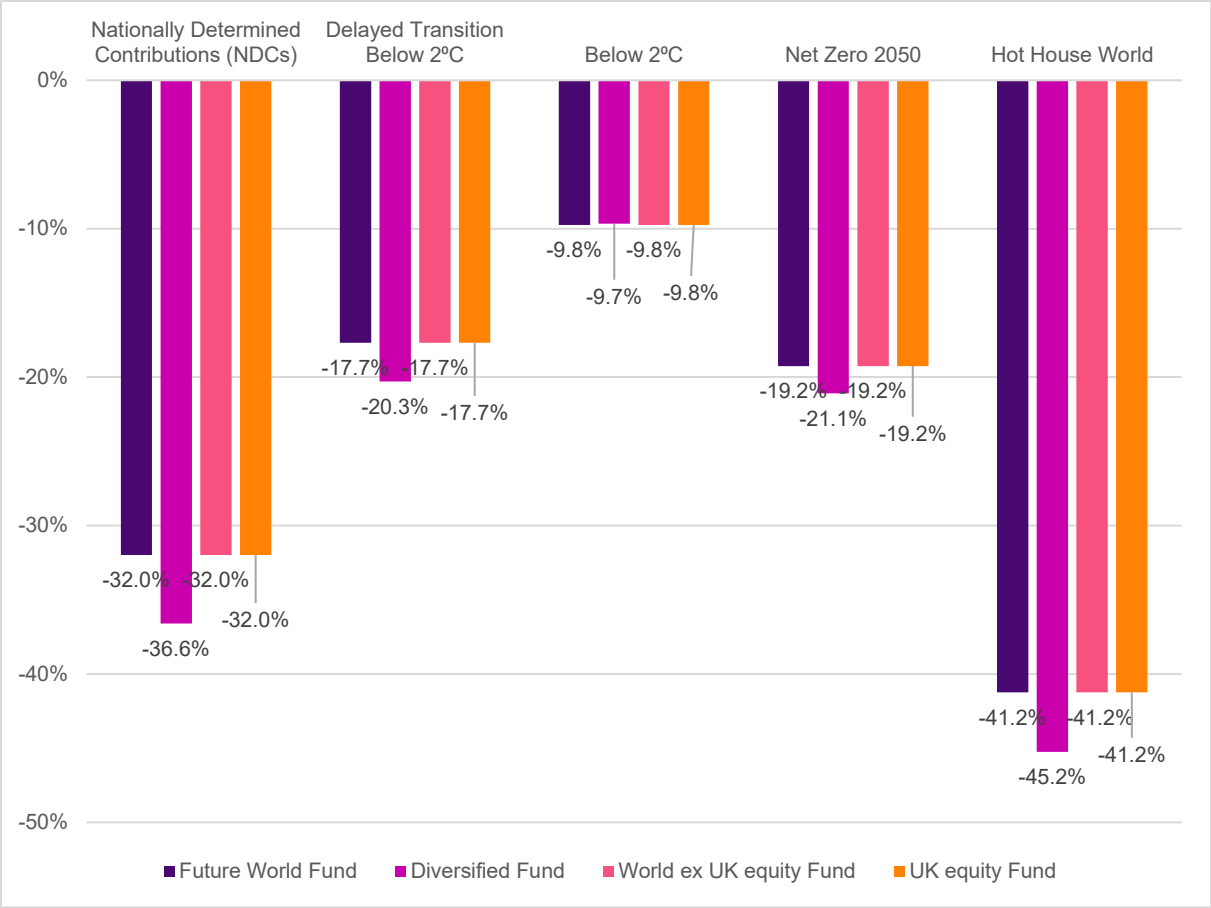
Reduction in final pot value: Early career IA member	Drawdown Lifestyle	Annuity Lifestyle
Base case	0%	0%
Nationally Determined Contributions	-16%	-16%
Delayed Transitions Below 2ºC	-9%	-9%
Below 2ºC	-5%	-5%
Net Zero 2050	-10%	-10%
Hot House World	-21%	-21%

The Appendix shows results from the IA Section scenario analysis for other illustrative members.

The full results of the analysis shows the different climate exposures of different members. Those closest to retirement are highly exposed to shock events as they have significant pot sizes invested but are less exposed to longer run impacts from climate as their investment strategies de-risk (dependent on choice of post-retirement strategy). Early career members see the opposite however, with small pot sizes that are less exposed to immediate climate impacts but a long-time horizon of significant investment risk taking that exposes them to the longer run costs of climate change.

We have also assessed the more popular self-select funds as part of the scenario analysis (those which held at least 10% of the total IA assets at the date of the analysis, 31 December 2024). The below graph shows the potential impact to these funds if the impact of climate change materialised as a 1-in-20 “shock” within one year. The biggest impact is under the Hot House World scenario, where assets are hit by material transition costs whilst failing to avoid significant physical risk outcomes. The LGIM Diversified Fund was identified as the most susceptible to the climate risk, due to its real asset exposure.

Chart 1: Impact of 1-in-20-year climate change shock on popular self-select funds



Conclusion on resilience of IA Section to climate change

Overall, the analysis shows that climate change is a material risk for members of the IA Section, even if the specific nature of the risks faced is very specific to each individual's circumstances. Given the requirement for investment return for adequate standards of living in retirement, the main mitigant of poor investment outcomes for IA members is higher contribution rates. Nevertheless, the analysis shows the importance for us of considering sustainability factors in determining default strategies and fund choices.

The impact is most severe under scenarios where members have greater exposure to equities. Recognising this we have managed these risks by:

- Providing a suitable range of self-select funds for members to choose.
- Diversification within default lifestyle strategies to reduce the risk for members closer to retirement who are more vulnerable to adverse market movements.
- Selection of LGIM Future World Global Equity Index fund over the year, which has an explicit decarbonisation pathway.

RA Section - Impact of Climate of the Fund's Funding Level

The scenario analysis outlined below was carried out for the RA Section of the Fund as part of the previous iteration of this report. Having reviewed the analysis we have determined that the results remain relevant, given there were no material changes to the investment strategy and on the understanding that there have been no changes to the underlying scenarios offered by WTW since the analysis was undertaken in the previous year.

The analysis examined the effect the climate scenarios had on both assets and liabilities over the next 20 years and how that impacts overall funding. The results are outlined below. The analysis shows that the Hot House World scenario has the most significant impact on expected returns as the high level of transition risk akin to that in the Net Zero 2050 scenario is coupled with high physical risks in the long term because of higher global temperature warming. However, the Hot House World Scenario has the least material impact on the funding level as lower longevity improvements under this scenario reduce the value of the liabilities, offsetting the impact of lower asset returns. We recognise that this netting of asset and liability risks may not be appropriate when both are so uncertain. In general, transition risks may have a bigger impact on the Fund than physical risks due to a combination of the Fund's time horizon and the de-risked nature of the portfolio.

The Below 2ºC scenarios, with higher longevity improvements, causes the largest decrease in expected funding level by 2030, albeit still above the target funding level of 103%. The impact on the Fund's liabilities has been calculated by modelling four different mortality outcomes, a large and moderate increase and decrease in life-expectancy before assigning a probability of each outcome in the scenarios above. The impacts on the Fund's liabilities are net of the pensioner buy-in policies.

The results below are not forecasts of the Fund's funding position but are used to quantify possible outcomes under the specific illustrative scenarios. At the date of analysis, the Fund's funding position was strong and, given how close the Fund was to achieving its funding objective, the scenarios used did not demonstrate a risk of failing to meet the objectives. We note that the funding position has improved further since the date of analysis and therefore the Fund is further protected against the possible negative impacts of climate change.

The Nationally Determined Contributions scenario actually resulted in a better evolution of funding versus the base case over the period considered, as some of the worst physical effects on asset prices were expected to be in the 2040s, whilst mortality effects (an undesirable worsening of longevity, which is however improves funding) impact more quickly. We do not want to see funding improvements at the expense of members' life expectancy and recognise that even with the pension benefit paid in full, standards of living in retirement could be impaired if, for example, global warming:

- causes rampant inflation of food and other essentials, or

- state funding of healthcare reduces due to poor productivity growth..

Table 3: Impact of climate drags on Funding Level

	Asset Return Impact pa.	Liability Return Impact pa.	Projected Funding Level in 2030	Expected year of funding target (103%)
Base case	0.00%	0.00%	112%	2025
Nationally Determined Contributions	-0.25%	-0.15%	114%	2025
Delayed Transition Below 2ºC	-0.16%	-0.06%	112%	2025

Below 2ºC	0.11%	-0.11%	110%	2025
Net Zero 2050	-0.05%	-0.02%	112%	2025
Hot House World	-0.31%	-0.31%	116%	2025

The timing of the impact from climate change is uncertain, but the potential for a climate shock is the most material concern for the Fund. Therefore, as part of the analysis we have assessed the impact by looking at different time horizons. The below table shows the asset and liability impacts by assuming they occur as an instantaneous shock (allowing for the entire climate change impact to be capitalized instantaneously).

Table 4: Impact of instantaneous climate change shock on Funding Level

Scenario	Asset Shock (£m)	Liability Shock (£m)	Changes in deficit (£m)	Change in funding level	Projected Funding level in 2030
Nationally Determined Contributions	-140	48	92	-6%	104%
Delayed Transition Below 2ºC	-88	21	67	-4%	104%
Below 2ºC	-60	-34	95	-6%	100%
Net Zero 2050	-44	-7	37	-2%	107%
Hot House World	-160	82	78	-5%	107%

The analysis shows that the Hot House World scenario has the greatest immediate impact on asset values, as the high level of transition risk akin to that in the Net Zero 2050 scenario is coupled with high physical risks in the long term as a result of higher global temperature warming. The smallest impact on funding position comes from the Net Zero 2050 scenario, where the temperature rise is lower, meaning asset values are less impacted by physical risk, but this is driven by policy rather than social factors, so the benefits of healthier lifestyles aren't feeding through into longevity improvements in the same way as in the Below 2ºC scenario.

Conclusion on resilience of RA Section to climate change

The analysis completed would indicate that climate change is a material but manageable risk for scheme funding and, based on the scenarios used, does not appear to be outsized relative to other funding risks that the Fund faces.

- Climate change is a material risk to the Fund but the buffer within the strong funding level, and given the low risk investment strategy, means the funding plan should be able to absorb this in these scenarios (absent any other downside events).

- The main source of climate-related risks to the Fund are in relation to the illiquid real assets portfolio. We intend to reduce this allocation over time, although we are limited in how quickly this can be achieved due to the nature of these assets. Exposure to climate risk, alongside other factors, is being considered by us in determining the approach for redeeming the assets within the illiquid portfolio.

The scenario analysis suggests that members' life expectancies might increase more slowly (relative to the base case) under some of the scenarios considered. Whilst this would be beneficial to the Fund's funding level, there remains considerable uncertainty relating to the potential impact. Therefore, hedging these liabilities remains an important part of the Fund's risk management. The Fund has implemented two buy-in's, which cover a portion of the current pensioners to help manage these risks and is actively monitoring the possibility of further transactions as part of the management of the investment strategy.

Impact of climate change on the Sponsor

To inform the analysis above, we engaged with Syngenta AG, the global owner of Syngenta's Crop Protection and Seeds businesses and the Funds guarantor, to provide further detail on how the company is working to appropriately manage and monitor its own climate risks and opportunities.

Syngenta AG, produces an annual ESG report which has been reviewed by us and our investment advisers. The annual reports can be found at; https://www.syngenta.com/en/sustainability/reporting-sustainability

In the 2020 ESG report, Syngenta AG conducted deep dive scenario analysis on five climate-related risks and opportunities to understand their potential financial impact on Syngenta's Crop Protection and Seeds business by 2030. Two contrary climate-related scenarios were analysed for their impact:

- A low-carbon transition scenario representing a successful transformation of the economies to curb greenhouse gas emissions and limit global warming well below 2°C (i.e., <2°C scenario)
- A physical climate impact scenario in which greenhouse gas emissions are not reduced rapidly enough and physical climate change impacts materialise (i.e., 4°C scenario)

The full results of the scenario analysis can be found in the following report: https://www.syngenta.com/sites/syngenta/files/sustainability/reporting-sustainability/Syngenta-ESG-Report-2020.pdf#page=73

The climate scenario analysis conducted by Syngenta AG in 2020 showed that by the year 2030, growers would be facing increased risks from droughts and floods. Among other insights, the analysis showed that by offering farmers products that can help them adapt to climate change, Syngenta can tap into new market opportunities related to the transition to a low-carbon economy.

The Sponsor has confirmed that they are currently reviewing the scenarios and confirmed that updated analysis would be available in April 2026.

In 2024, Syngenta AG has realigned its sustainability priorities with the four priorities set by Syngenta Group (its parent company) to address the challenge of producing more food to feed a growing global population with less climate impact, setting targets for improvement by 2030 against four key areas. Representatives of the Trustee Board, including Law Debenture as the professional trustee, and their

advisers WTW, visited Syngenta's site at Jealott's Hill in 2024, where they had a presentation from Tzutzuy Ramirez, Head of Climate and Nature on the four key areas which are:

1. **Higher yields, lower impact** - Accelerate crop productivity of the agricultural sector while reducing the impact on the planet through more sustainable technologies
2. **Regenerate soil and nature** – enable the adoption of regenerative agriculture practices to help farmers improve productivity, soil health, biodiversity and climate
3. **Improve rural prosperity** – improve the prosperity of low-income and under-served farmers by improving their access to inputs, knowledge, finance and markets
4. **Sustainable operations** – Reduce the environmental impact of our operations and supply chain, strengthen our diverse and inclusive culture and ensure the health and safety of our people

We noted that the Sponsor had identified measurable targets to measure progress against each priority identified and outlined the approach for each. More information on the priorities can be found in the 2024 Syngenta Group ESG report

https://www.syngentagroup.com/sites/default/files/2025-04/Syngenta-Group-ESG-Report-2024.pdf

In 2025, a sub-group of the Trustee Board met with representatives from Syngenta AG to discuss performance against the firm commitments and sustainability priorities. We noted that in 2024, the Sponsor introduced a firm wide climate operating model to help drive the firm commitments for Scope 1, 2 and Scope 3 targets. We viewed this positively in terms of the firm making progress against targets. Syngenta AG Group noted that in 2024 the climate targets had been realigned to reflect the new structure of the Group.

We have noted that since the first Syngenta AG climate report, strategic changes have been made to improve climate risk management. It was also acknowledged that the Sponsor committed to investing $2bn in sustainable agriculture breakthroughs by the end of 2025 and the Sponsor was on track to deliver against this target with c.92% of investments made by end of 2024.

We have been reassured by the publicly available information on climate change, as well as the discussions with the representatives of Syngenta AG, that it is managing its risks, will benefit from opportunities and overall will be resilient under the scenarios that we are considering.

We have also engaged with the Sponsor, Syngenta Limited, to understand how the Syngenta AG analysis can be viewed in the context of Syngenta Limited. Given the strong funding position of the Fund, we also have a relatively low likelihood of reliance on the Sponsor in the long-term horizon.

Syngenta AG's ESG Report 2024 is available below:
https://www.syngenta.com/sites/default/files/2025-04/Syngenta-AG-ESG-Report-2024.pdf

Section 3: Risk Management

Risk management is of fundamental importance to pension scheme management as all pension funds are exposed to multiple risks. Climate change is a key risk and opportunity and therefore receives particular attention from us as part of the ongoing risk management processes.

Governance

We seek to identify, assess, and mitigate relevant risks, including those related to climate change, through its established governance structure detailed in Section 1. The risk register, maintained by the Audit and Risk Committee on a quarterly basis, includes climate change as a specific risk. This clearly details the size and likelihood of the risk, the controls in place and the actions we take to manage, mitigate, and exploit both this risk and opportunity. Although we retain ultimate ownership, the risk register clearly sets out the parties that assist us and our responsibilities. The risk register is monitored on an ongoing basis and reviewed by the Trustee Board on a quarterly basis.

Top-down Analysis

The climate change scenario analysis for the RA Section presented to us, mentioned in Section 2, provides a holistic overview of possible impacts of climate change and how they may affect the Fund's funding and investment positions (across assets, liabilities, and covenant). The analysis for the RA and IA Sections respectively suggests that the Fund is expected to be resilient to the potential impacts of both transition and physical risks.

Stewardship

We conduct an annual review of the Investment Managers and underlying Investment Manager policies, processes, and actions in the area of Sustainable Investment, which includes a focus on climate change. Our policy is to delegate to the Investment Managers stewardship activities such as the exercise of rights attaching to investments, including voting rights, and engagement with relevant persons about matters including ESG considerations. When appointing new Investment Managers and choosing insurers, we utilise WTW's Manager Research capabilities, to support in an effective assessment of the climate related risks and opportunities posed. Additionally, we meet with existing and potential asset managers to discuss their approach to Stewardship and an assessment of the integration of climate change and other financially material ESG factors is an integral part of the assessment.

Whilst our policy is to delegate stewardship activities to the Investment Managers, we recognise that the responsibility for these activities remains with us. We have identified the following stewardship priorities; climate change, biodiversity and corporate governance and has communicated these priorities to Investment Managers. We encourage the Fund's Investment Managers to adopt the UK Stewardship Code, published by the Financial Reporting Council in July 2010 (and updated in September 2012, January 2020,July 2024 and June 2025) intended to promote shareholder activism. We expect the Investment Managers to cast votes on our behalf in a manner that is consistent with the agreements of the relationship and the Fund's SIP. These votes and engagement are documented on an annual basis as part of the Fund's Implementation Statement.

Engagement case study – Real Asset Fund – Ecological Impact

The Fund's real asset manager partnered with the Ecology and Biodiversity department of a university, granting them access to solar farms in order to collect acoustic Avifauna data. This dataset is one of the key metrics of biodiversity at a specific location. Initial results indicated no detrimental effect due to the assets on bat and bird presence. The manager intends to use the same recording devices on a wider range of assets in order to collect data that will further support the university project.

Engagement case study – Infrastructure Debt Fund – ESG in private credit

The manager worked with a key borrower to restructure their financing, in order to provide them with the flexibility to incur costs associated with decarbonisation and the upgradation of properties to an EPC rating of “C” and above. The manager engaged with the borrower to understand their updated business plan and to negotiate the amendments. The manager was able to secure additional control through the inclusion of ESG covenant metrics, which will allow the manager to track progress in upgrading the properties and decarbonising.

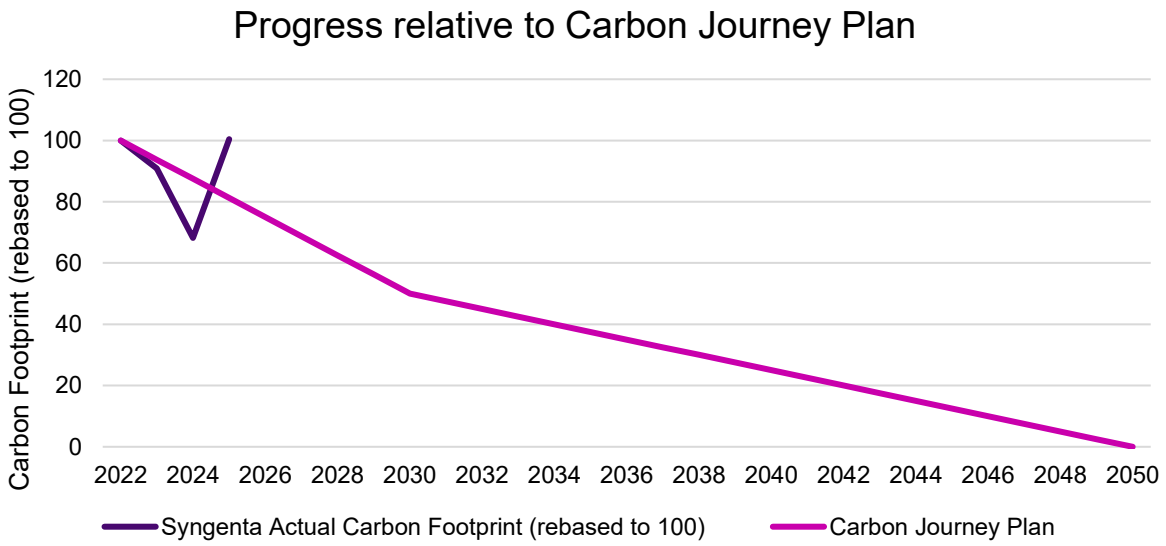
Sponsor Covenant

We also receive updates from the covenant advisers as part of each formal valuation, and ad hoc advice between each actuarial valuation as to the ability of the Sponsor to meet its obligations to the Fund. The Valuation and Covenant Committee receive periodic updates from the Sponsor based on publicly available information. Between meetings if there are material changes relating to the Sponsor, we seek further information from the Sponsor and utilise our covenant adviser, Penfida Limited London when necessary.

The Fund Actuary, WTW, who performs actuarial valuations of the Fund and who advises on how variations in experience compare with the assumptions adopted, has supported us in considering climate risk as part of the 31 March 2024 actuarial valuation process.

Carbon Journey Plan

In order to manage the Fund’s climate risks, we have developed a structure for a ‘Carbon Journey Plan’, which we believe will act as a tool in helping the Fund meet its carbon target and lead to effective decision-making along the way. We have set a target for the RA Section of 50% reduction in carbon footprint by 2030, starting with a baseline of 31 March 2022. The below chart illustrates the progress the RA Section of the Fund has made against this target.



Over the year to end March 2025, the Carbon Footprint was broadly unchanged relative to its March 2022 baseline, due to an increase in the carbon footprint over the year since March 2024. For much of the portfolio the carbon footprint of the underlying assets has reduced since March 2022, through a combination of de-risking activity, improvements in data quality and a reduction in the carbon footprint of the underlying companies the Fund is invested in. However, updated data for a small number of carbon intensive holdings within the Fund’s SIA portfolio have offset these improvements despite representing only a very small proportion of total Fund assets. After engaging with the Investment Manager, we understand that the increase in the reporting emissions is due to improved data coverage and changes to the methodology for asset level emissions.

We acknowledge that there are a number of ways the Fund will be able to achieve the target:

• **Free Rider -** Recognising common goals across the finance industry, the Fund will expect to benefit from a reduction in emissions due to the actions taken by other market participants, such as the UK Government, and notes that financial markets may move more quickly as companies look to meet their own targets and high carbon industries fall in value or are taken private. However, this effect alone will be insufficient to meet our ambitions and goals.

• **Mandate Changes -** We are reviewing, and will continue to review, mandate guidelines, restrictions and benchmarks. This includes implementing policies to reduce emissions, reviewing investment strategies to understand any disproportionally emitting strategies, and ultimately selling assets that are most exposed to climate risk if deemed necessary to do so.

• **Engagement -** We will aim to reduce emissions through changing the behaviour of existing companies. This will involve engaging with managers of key mandates and the Fund's buy-in providers and expecting them to do the same with their underlying holdings.

• **Impact Investing -** The Fund already has allocations to sustainable assets through its investments in Greencoat and LGIM (see case studies) and the RA Section investment strategy is mature, therefore we will continue to review the investments it already has in place.

• **De-risking of the RA Section –** The Fund has undertaken material de-risking over the previous three years due to strong progress against funding targets and this has acted to reduce the carbon footprint. Whilst further investment de-risking is less likely from the current position, we will continue to assess the overall level of risk within the Fund's investment strategy, including climate related risks, as part of the management of the Fund.

We actively seek climate related opportunities. The below case studies provide examples of such investments that are currently in the Fund's portfolio.

Case Studies

GREENCOAT SOLAR II LP

Greencoat's solar business acquires and manages ground mount solar assets in the UK. Each solar farm has a life span of over 25 years and preserves natural habitats as far as possible through hedgerow and tree planting, placement of bat and bird boxes, and animal grazing from neighbours.

The Fund's investment in this strategy has contributed to the building of one of the largest solar portfolios in the UK with over 125 assets, totalling 1,162MW capacity, powering the equivalent of c262,000 homes every year. Approximately 316,000 tonnes of CO_2 have been avoided through the renewable energy generated form the solar projects in the Solar II fund.

LGIM FUTURE WORLD GLOBAL EQUITY INDEX FUND

The LGIM Future World Global Equity Index is utilised as a key component of the IA default strategy and also as the largest equity mandate in the RA investment strategy. The Future World fund is tilted towards companies with higher environmental, social and governance scores, while screening companies from the portfolio that persistently fail to meet the investment manager's minimum standards as set out in LGIM's climate impact pledge.

Section 4: Metrics and Targets

Introduction and overview

A key facet of our ongoing monitoring and management of climate change is having good data on the Fund's carbon exposures. Although there are limitations with some of the metrics presented and the completeness of data, we believe that the data can helpfully inform us in our ongoing monitoring and management of the Fund. We consider metrics across the Sustainable Investment spectrum, but the focus within this statement are carbon metrics, which are likely to drive climate change. The metrics disclosed have been selected from the following required categories:

- An absolute emissions metric
- An emissions intensity metric
- An alignment metric
- One additional climate change metric

It is important to be clear which emissions are captured within the above metrics and therefore we have referred to the categories of emissions identified within the Kyoto Protocol. These are as follows:

- Scope 1 emissions: all direct emissions from the activities of an entity or the activities under its control
- Scope 2 emissions: indirect emissions created during the production of energy which an entity uses Scope 3 emissions: all other indirect emissions from the activities of the entity, which occur from sources that the entity does not directly control. These include emissions from products and services purchased (upstream) and products and services sold (downstream).
- Scope 3 emissions: all indirect emissions from the activities of the entity, other than scope 2 emissions, which occur from sources that the entity does not directly control.

This report includes Scope 3 emissions, alongside Scope 1 and Scope 2 emissions. Due to the nature of scope 3 emissions, they are significantly more difficult to calculate than scope 1 or scope 2 emissions for any given entity. It is likely that reported Scope 3 emissions will increase over time, not necessarily because real world emissions are increasing but because more data is captured. It is also the case that, for some investments, even scope 1 and scope 2 emissions are difficult to calculate.

Overview of analysis

The table details the statistics for the 4 metrics we have selected, which are:

1. **Total Carbon Emissions** – This is an 'absolute emissions' metric which gives the total greenhouse gas emissions attributable to the Fund's assets. This is calculated in line with the GHG protocol methodology and currently includes only Scope 1 and 2 Emissions. A denominator of Enterprise Value Including Cash (EVIC) is used to attribute emissions for corporates. For sovereign bonds the issuer does not have a readily available EVIC measure therefore in calculating the production-based emissions of the jurisdiction, a denominator of GDP is used to attribute emissions.

2. **Carbon Footprint** – This is an 'emissions intensity' metric which gives the total greenhouse gas emissions attributable to the Fund's assets per pound invested. For sovereign bonds emissions intensity is normalised by GDP.

3. **Percentage of assets with approved Science based targets (SBTi)** or equivalent – This is an 'alignment' metric used to measure the number of companies in a portfolio with their own carbon reduction targets that are aligned to the Paris Agreement and are validated by the Science-Based Targets Initiative – a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). SBTi defines and promotes best practice in emissions reductions and net-zero targets in line with climate science for companies and financial institutions to follow. Greenhouse gas (GHG) emissions reduction targets are considered "science-based" if they are in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement - to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

4. **Exposure to climate related opportunities** – This metric aims to assess the balance of the risks and opportunities presented by the transition to a low carbon global economy with the potential to enhance investment returns through investment in such assets. It is calculated as the percentage of the portfolio that may be considered EU Taxonomy eligible based on the criteria set out in the taxonomy. This metric has been selected as it reflects our beliefs that the global response to climate change can reward those who respond and adapt quickly as well as punishing the laggards.

Targets

We have identified carbon footprint as the metric on which to set a target for the RA Section. The target is to reduce the Fund's Carbon footprint (scope 1 and 2 emissions) by 40% by 2030. For the IA Section, we have set a target of increasing the percentage of the portfolio with a science-based target to 30% by 2030, across all IA funds.

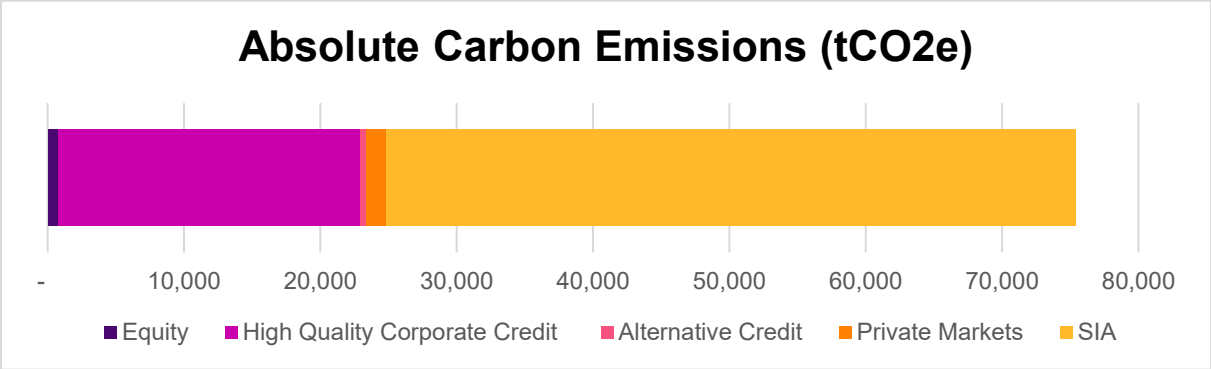
Progress, relative to the Fund's 2022 baseline Carbon Footprint, against these targets has been included in Section 3 of this year's report. We expect this goal will be achieved through engagement (with our underlying managers and the companies the Fund invests), investing in climate opportunities (in assets such as green energy), strategic changes (investing in assets with lower climate risk) and also as a result of the 'free-rider' effect. This recognises that although we will take positive actions, as outlined in Section 3 of this report, we will not be able to achieve our goal alone and will require the continued collaboration of the global community to combat climate change.

RA Section

Metric 1 - Total Carbon Emissions ("tCO2e")

The total carbon emissions for the portfolio (ex-sovereign bond allocations) as at 31 March 2025 was 75,436 tonnes of carbon dioxide (CO2) equivalent (tCO2e). This represents an increase compared to the 2024 total carbon emissions but emissions are still on a downward trend compared to the 78,131 tCO2e recorded in 2023. The chart below shows the carbon emissions by asset classes. While most asset classes show significant reductions, these are comparatively small sections of the portfolio. High quality credit, which is a very material asset class in the portfolio, and SIAs saw an increase in total carbon emissions. This was primarily driven by further investment into the credit portfolio over the year and also improved data quality within the SIA portfolio, with one of the Fund's underlying SIA managers reporting significantly higher emissions over the year. Changes over the year also reflect improvements in data quality, with a greater proportion of the Funds underlying managers reporting carbon emissions data, particularly managers investing in unlisted assets within the SIA and private markets allocations. These changes make it difficult to draw conclusions from the year on year comparison of total emissions. The Fund has increased holdings of cash and UK Government bonds (gilts) in its LDI portfolio. The emissions data for the LDI portfolio is included separately, below.

Chart 2: Breakdown of Absolute Carbon Emissions (tCO2e) by asset class



The emissions from the Funds UK Government Bond allocations can be found in the table below:

	Absolute Carbon Emissions (tCO2e)
LDI (Funded Emissions)	69,768 tonnes
LDI (Additional emissions exposure - derivatives)	23,620 tonnes

We also report on the Plan's Scope 3 emissions, which are materially higher than Scope 1 and 2 emissions combined, as expected given that they represent the emissions in the entire supply chain. The total Scope 3 carbon emissions for the Fund was 328,871 (tCO2e).

The emissions from the annuity policies held with PIC can be found in the table below:

	Absolute Carbon Emissions (tCO2e)
Scope 1 & 2	8,229
Scope 3	33,540

In relation to the bulk annuity assets, these are contracts with an Insurer to pay the pension benefits for a particular group of members. As the assets are, in effect, transferred to an insurer, the Fund does not have direct influence on how these are invested. Given the limited influence, we have decided not to include these assets within the target set. The Trustee monitors the Insurer over time to understand how they are investing and how their approach to climate change is evolving. We have engaged with the Insurer to provide climate metrics, where available, for the assets the Insurer holds as capital to pay the promised pension payments.

Metric 2 – Carbon Footprint ("tCO2e/£m invested")

The table below shows a breakdown of carbon footprint by asset class, excluding sovereign bond allocations (for which there is no suitable carbon footprint metric). The Fund's carbon footprint has increased from 48 tCO2e/£m last year to 71 tCO2e/£m. The increase over the year has been driven by changes to the asset allocation, which resulted in a higher allocation to the Fund's higher emitting strategies such as high quality corporate credit. Improvements in data quality were also a key factor in the increase in the portfolio's carbon footprint, particularly for the Fund's Secure Income Assets ("SIAs") where data improvements have resulted in the carbon footprint increasing from 60 tCO2e/£m

to 122 tCO2e/£m. The key driver for the significant increase in carbon footprint in the SIA portfolio was driven by the investment in the Macquarie Infrastructure Debt Fund II. The underlying assets within this portfolio consist of assets that have limited data availability and during the year there has been a change in the approach to asset level emissions. These assets include councils, hospitals, schools and street lightings.

Table 5: Breakdown of Carbon Footprint by asset class

Scope 1 and 2 Carbon Footprint

	2025			2024		
	Carbon footprint (tCO2e/£m invested)	**Portfolio weight**	**Weighted carbon footprint (tCO2e/£m invested)**	**Carbon footprint (tCO2e/£m invested)**	**Portfolio weight**	**Weighted carbon footprint (tCO2e/£m invested)**
Equity	26	2.9%	1	29	2.9%	1
High Quality Corporate Credit	41	50.8%	21	30	29.8%	9
Alternative Credit	18	2.3%	0	30	4.0%	1
Private Markets	27	5.1%	1	51	11.1%	6
Secure Income Assets	122	39.0%	47	60	52.1%	31
Total			**71**			**48**

The absolute emissions intensity for LDI is 72.5tCO2e/£m.**Scope 3 Carbon Footprint**

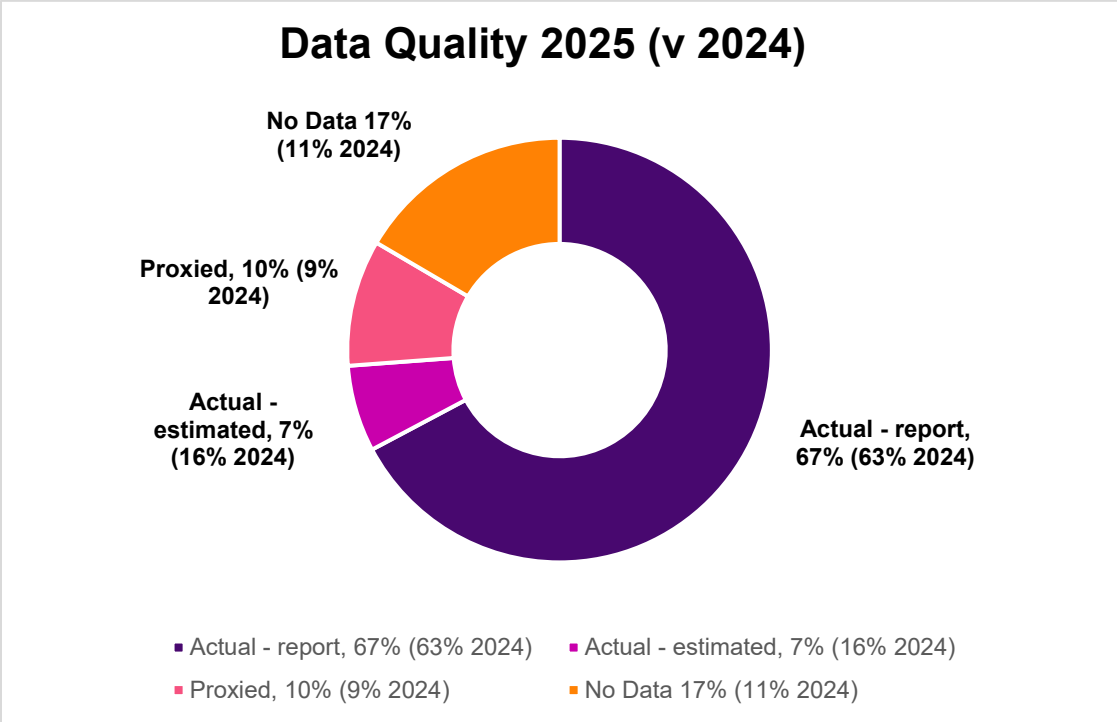
	2025			2024		
	Carbon footprint (Scope 3) (tCO2e/£m invested)	Portfolio weight	Weighted carbon footprint (tCO2e/£m invested)	Carbon footprint (Scope 3) (tCO2e/£m invested)	Portfolio weight	Weighted carbon footprint (tCO2e/£m invested)
Equity	478	2.9%	14	533	2.9%	16
High Quality Corporate Credit	470	50.8%	239	225	29.8%	7
Alternative Credit	228	2.3%	5	184	4.0%	3
Private Markets	172	5.1%	9	284	11.1%	10
Secure Income Assets	108	39.0%	42	101	52.1%	38
Total			**308**			**174**

The below table shows the carbon footprint of the annuity contracts held with PIC:

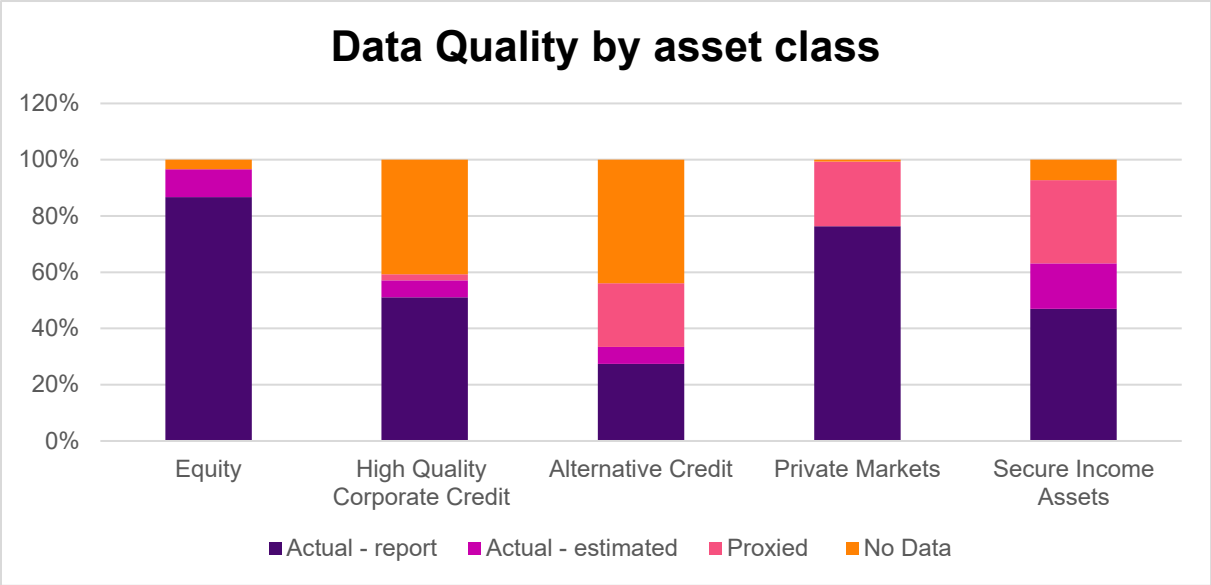
	Carbon Footprint (tCO2e/$m)
Scope 1 & 2	111
Scope 3	451

Data quality

In calculating absolute emissions and carbon footprint, we have been able to disclose data on c83% of the portfolio. While this is a slight decrease in data availability when compared to last year, significant progress has been made in obtaining actual carbon emissions data from the managers. For the private assets where manager data was not available, we have sought to proxy the exposure based on appropriate geographic and sector weights for the underlying holdings. The charts below provide a more detailed breakdown of the data quality of the portfolio.



Actual data includes emissions data provided directly from the Fund's underlying managers.



The Fund's investment consultant uses a combination of manager-provided data, proxied data and relevant benchmark data to calculate the climate metrics set out above and relies on MSCI as their sustainability data provider. WTW assesses the suitability of climate data providers on an ongoing basis and concluded that MSCI was best suited to provide the level of coverage required for the ESG metrics required for this report. As data coverage and quality both improve, we will look to leverage any other data sources that become available.

Metric 3 - Percentage of assets with approved Science based targets (SBTi)

As at 31 March 2025, 18% of the applicable underlying investments held in the portfolio had approved SBTi targets. This represents an increase of 5% when compared to last year, due to an increase in the percentage allocation to listed high quality corporate credit within the portfolio.

Table 6: Breakdown of percentage of assets with approved Science based targets (SBTi) by asset class

	2025			2024		
	% SBTi targets	Portfolio weight	Weighted % SBTi targets	% SBTi targets	Portfolio weight	Weighted % SBTi targets
Equity	49%	2.9%	1%	46%	2.9%	1%
High Quality Corporate Credit	30%	50.8%	15%	33%	29.8%	10%
Alternative Credit	14%	2.3%	0%	0%	4.0%	0%
Private Markets	-	5.1%	0%	18%	11.1%	2%
SIA	3%	39.0%	1%	0%	52.1%	0%
Total			**18%**			**13%**

The % of assets with SBTi targets for the annuity contracts held with PIC is 8.0%.

Metric 4 - Exposure to climate related opportunities (%)

As at 31 March 2025, 26.1% of the portfolio was invested in climate related opportunities, increasing by 9.3% relative to the percentage reported last year. The increase in reported percentage exposure to climate related opportunities is a result of better data quality, with direct data being received from a number of managers rather than being proxied.

Table 7: Breakdown of exposure to climate related opportunities (%) by asset class

	2025			2024		
	Climate Solutions	Portfolio weight	Weighted % Climate Solutions	Climate Solutions	Portfolio weight	Weighted % Climate Solutions
Equity	31.9%	2.9%	0.9%	7.6%	2.9%	0.2%
High Quality Corporate Credit	35.0%	50.8%	17.7%	14.2%	29.8%	4.2%
Alternative Credit	0.0%	2.3%	0.0%	0.0%	4.0%	0.0%
Private Markets	0.0%	5.1%	0.0%	0.0%	11.1%	0.0%
SIA	19.1%	39.0%	7.4%	19.3%	52.1%	10.1%
Total			**26.1%**			**16.8%**

IA Section

The tables below show the selected metrics for the funds within the default Drawdown strategy and the previous (pre-2021) default Annuity strategy. Additionally, we have assessed the most popular self-select funds (those which hold at least 10% of the total IA assets as at 31 March 2025) as part of the analysis. We note that a greater percentage of data has been sourced directly from the Section's investment managers this year. This leads to better data quality but has inevitably meant a step change for some metrics for some funds.

Metric 1 - Total Carbon Emissions ("tCO2e")

Table 8: Absolute Carbon Emissions of popular self-select funds

Fund	Absolute Scope 1 & 2 Carbon Emissions (tCO2e)		Absolute Scope 3 Carbon Emissions (tCO2e)	
	2025	2024	2025	2024
Sustainable Global Equity Fund (hedged)	1,255	1,254	23,482	23,371
Blended Diversified Fund	4,340	2,118	37,992	18,683
Inflation Linked Fund (Annuity Aware) *	574	168	-	1,422
World ex UK Equity Index Fund	1,901	1,266	21,923	18,522
World Equity Hedged Index Fund	743	671	11,096	9,928
UK Equity Index Fund	1,971	1,672	32,308	23,662

*Difference in emissions data is driven by the fact that 2024 emissions data was proxied while 2025 was provided directly from the manager.

We transitioned to the Sustainable Global Equity Fund during the year, having previously been invested in the Robeco Sustainable Multi-Factor Equity Fund. For comparison purposes, the 2024 data for the Sustainable Global Equity Fund shows the data collected for the previous Robeco Fund last year.

Both the Blended Diversified Fund and the Inflation Linked Annuity Aware Fund include allocations to sovereign bonds which are not included in the absolute carbon emissions shown in the table above. The emissions from the sovereign bond allocations of these funds can be found in the table below:

	Absolute (Scope 1 & 2) Carbon Emissions (tCO2e) – Sovereign holdings	
	2025	2024
Blended Diversified Fund	935	4,269
Inflation Linked Annuity Aware Fund	390	550

Metric 2 – Carbon Footprint ("tCO2e/£m invested")

Table 9: Carbon Footprint of popular self-select funds

	Carbon footprint (Scope 1 & 2) (tCO2e/£m invested)		Carbon footprint (Scope 3) (tCO2e/£m invested)	
	2025	2024	2025	2024
Sustainable Global Equity Fund (hedged)	26	29	478	533
Blended Diversified Fund	93	52	815	459
Inflation Linked Fund (Annuity Aware)	43	12	908	105
World ex UK Equity Index Fund	53	38	612	562
World Equity Hedged Index Fund	43	39	638	574
UK Equity Index Fund	72	69	1181	975

Both the Blended Diversified Fund and the Inflation Linked Annuity Aware Fund include allocations to sovereign bonds which are not included in the carbon footprint metrics shown in the table above. The emission intensity from the sovereign bond allocations of these funds can be found in the table below:

	Carbon footprint (tCO2e/£m invested)	
	2025	2024
Blended Diversified Fund	105	105
Inflation Linked Annuity Aware Fund	61	41

Metric 3 - Percentage of assets with approved Science based targets (SBTi)

Table 10: Percentage of assets with approved Science based targets (SBTi) of popular self-select funds

	% SBTi targets	
	2025	2024
Sustainable Global Equity Fund (hedged)	49%	46%
Blended Diversified Fund	26%	36%
Inflation Linked Fund (Annuity Aware)	21%	20%

World ex UK Equity Index Fund	47%	43%
World Equity Hedged Index Fund	44%	41%
UK Equity Index Fund	52%	46%

Metric 4 - Exposure to climate related opportunities (%)

Table 11: Percentage exposure to climate solutions of popular self-select funds

	Climate Solutions	
	2025	2024
Sustainable Global Equity Fund (hedged)	32%	8%
Blended Diversified Fund	34%	13%
Inflation Linked Fund (Annuity Aware)	27%	5%
World ex UK Equity Index Fund	51%	14%
World Equity Hedged Index Fund	31%	14%
UK Equity Index Fund	50%	2%

The below table illustrates the selected metrics based on the funds that members for both the default Drawdown strategy and the previous (pre-2021) default Annuity strategy would be invested in early in their career and three years prior to retirement. Last year's metrics is included in brackets for comparison purposes.

Table 12: Climate metrics for early career IA members

Early career IA member	Drawdown	Annuity
Absolute Carbon Emissions (tCO2e)	0 (1)	0 (1)
Carbon footprint (tCO2e/£m invested)	19 (29)	19 (29)
% SBTi targets	49% (46%)	49% (46%)
% Climate Solutions	32% (8%)	32% (8%)

Table 13: Climate metrics for pre-retirement IA members

Pre-retirement IA member	Drawdown	Annuity
Absolute Carbon Emissions (tCO2e)	18 (16)	16 (7)
Carbon footprint (tCO2e/£m invested)	62 (41)	55 (24)
% SBTi targets	21% (24%)	19% (26%)
% Climate Solutions	27% (10%)	24% (7%)

Members pre-retirement invest in a more diversified pool of assets, including sovereign bonds which are not included in the carbon footprint metrics shown above. The carbon footprint from the sovereign bond allocations for these members can be found in the table below:

Pre-retirement IA member	Drawdown	Annuity
Carbon footprint (tCO2e/£m invested)	20 (83)	40 (60)

As can be seen from the results above, members in the earlier stages of the lifestyle strategy have a higher carbon footprint (ex-sovereigns) due to the higher equity exposure compared to members pre-retirement but lower absolute carbon emissions given the smaller pension pot sizes of these members.

Data quality

The table below provides a breakdown of the percentage of each fund where we were able to obtain data to calculate the metrics disclosed in this report, this is inclusive of both reported and estimated carbon emissions as provided by the manager:

Fund	Coverage	
	2025	2024
Sustainable Global Equity Fund (hedged)	97% (87% reported / 10% estimated)	100% (91% reported / 9% estimated)
Blended Diversified Fund	80% (66% reported / 14% estimated)	82% (75% reported / 7% estimated)
Future World Inflation Linked Annuity Aware Fund	85% (84% reported / 1% estimated)	85% (85% reported / 0% estimated)
World ex UK Equity Index Fund	99% (88% reported / 11% estimated)	100% (92% reported / 8% estimated)
World Equity Hedged Index Fund	94% (83% reported / 11% estimated)	100% (92% reported / 8% estimated)
UK Equity Index Fund	94% (94% reported / 0% estimated)	92% (92% reported / 0% estimated)

Additional commentary and going forward

This is the second year in which Scope 3 emissions have been reported and therefore the first year we can make a comparison. Scope 3 emissions are pivotal in building a better picture in which to help the portfolios efforts in decarbonisation. However, we believe that current reported Scope 3 emissions data is largely inadequate for purposes including making accurate climate-informed investment decisions or setting targets. Further, given data issues, we believe that disclosures of the Scope 3 emissions of investment portfolios at this stage will necessarily be limited in coverage, subject to large estimation errors, and not fit for meaningful comparison between investors or over time. At a minimum, we believe any Scope 3 emissions disclosures should be disaggregated from Scope 1 and 2 emissions. Data providers, like MSCI, have tried to solve for this problem by providing Scope 3 datasets using proprietary models and internally vetted methodologies. However, current solutions rely significantly on top-down sector emissions data with limited use of bottom-up data (which is company-specific). Models that rely on sector information limit users' ability to distinguish companies from peers. While there is sizable support from the investment industry and others for better disclosures, we acknowledge the need to be realistic around the current issues of reliability of Scope 3 data available.

We continue to monitor the evolving climate measurement landscape with the expectation that the robustness of the metrics will improve over time. We look forward to sharing updates on our progress in monitoring and managing climate risks and opportunities over time.

We are also aware of the interconnected nature of many Environmental, Social and Governance decisions and does not consider climate risk management in a vacuum. We are aware of the development of Nature Related Financial Disclosures and the likely development in Inequality Related Financial Disclosures and look to try and understand and manage these risks alongside climate risk.

Appendix – IA scenario analysis

The below table outlines the 5 illustrative members that have been used for the IA Section scenario analysis. These have been chosen as representative of the DC membership, from both the Investment Account (IA) and Retirement Account (RA) populations.

Table 14:

Member Status	Age	Retirement Age	Initial /existing pot size (£)	Initial salary (£)	Contribution rate	Salary increases
Early career IA member	32	62	20,000	40,000	Up to 45: 12% Age 45-62: 16%	Up to 45: CPI+1.5% Age 45-62: CPI
Mid-career IA member	42	62	150,000	50,000		
Pre-retirement IA member	59	62	300,000	60,000		
Mid-career RA member	42	62	75,000	60,000	5% employer 3% employee	
Pre-retirement RA member	59	62	90,000	70,000		

Table 15:

Mid-career IA member	Reduction in final pot value (return drag scenario)		Reduction in current pot value as a proportion of salary (shock scenario)	
	Drawdown Lifestyle	Annuity Lifestyle	Drawdown Lifestyle	Annuity Lifestyle
Base case	0%	0%	0%	0%
Nationally Determined Contributions	-14%	-12%	-96%	-96%
Delayed Transitions Below 2ºC	-7%	-6%	-53%	-53%
Below 2ºC	-4%	-3%	-29%	-29%
Net Zero 2050	-6%	-6%	-58%	-58%
Hot House World	-18%	-15%	-124%	-124%

Table 16:

Pre-retirement IA member	Reduction in final pot value (return drag scenario)		Reduction in current pot value as a proportion of salary (shock scenario)	
	Drawdown Lifestyle	Annuity Lifestyle	Drawdown Lifestyle	Annuity Lifestyle
Base case	0%	0%	0%	0%
Nationally Determined Contributions	0%	0%	-161%	-110%
Delayed Transitions Below 2ºC	0%	0%	-89%	-61%
Below 2ºC	0%	0%	-43%	-29%
Net Zero 2050	-2%	-1%	-93%	-63%
Hot House World	-1%	-1%	-199%	-136%

Table 17:

Mid-career RA member	Reduction in final pot value (return drag scenario)		Reduction in current pot value as a proportion of salary (shock scenario)	
	Drawdown Lifestyle	Annuity Lifestyle	Drawdown Lifestyle	Annuity Lifestyle
Base case	0%	0%	0%	0%
Nationally Determined Contributions	-15%	-13%	-40%	-40%
Delayed Transitions Below 2ºC	-7%	-7%	-22%	-22%
Below 2ºC	-4%	-4%	-12%	-12%
Net Zero 2050	-7%	-7%	-24%	-24%
Hot House World	-19%	-16%	-52%	-52%

Table 18:

Pre-retirement RA member	Reduction in final pot value (return drag scenario)		Reduction in current pot value as a proportion of salary (shock scenario)	
	Drawdown Lifestyle	Annuity Lifestyle	Drawdown Lifestyle	Annuity Lifestyle
Base case	0%	0%	0%	0%
Nationally Determined Contributions	0%	0%	-41%	-28%
Delayed Transitions Below 2ºC	0%	0%	-23%	-16%
Below 2ºC	0%	0%	-11%	-7%
Net Zero 2050	-2%	-1%	-24%	-16%
Hot House World	-2%	-1%	-51%	-35%

The results shown in the tables above demonstrated the concepts discussed in the main report – the closer to retirement that an individual member is, the more likely they will be more greatly exposed to the short term risks of climate change (via a climate related shock) than the longer term impacts.