

BASF UK Group Pension Scheme Climate Change Report

A report for members by the Trustee of the BASF UK Group Pension Scheme (the “Scheme”)

Scheme year to 31 December 2025

The UK has become the first G20 country to make it mandatory for UK’s largest companies and financial organisations to disclose their climate-related risks and opportunities. This is part of the UK Government’s stated commitment to making the UK financial system the “the leading sustainable finance capital of the world”.

This report provides members the opportunity to find out more about the work carried out by the Trustee in relation to climate change, following the Taskforce on Climate related Financial Disclosures (TCFD¹) framework. It describes how the Trustee has identified, assessed, and managed climate-related risks and opportunities during the Scheme year, and is published alongside the annual report and accounts.

We hope you find it informative and would welcome any feedback.



¹ The Financial Stability Board (FSB) created the Task Force on Climate-related Financial Disclosures (TCFD) in 2015 to improve and increase reporting of climate-related financial information. Following the release of the Task Force’s 2023 Status Report, upon request of the FSB, the TCFD has fulfilled its remit and been disbanded.

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Executive Summary

Climate change continues to be a key focus for the Trustee. This report describes the activities and approach taken by the Trustee to understand and reduce the climate-related risks faced by the Scheme, and to potentially take advantage of any investment opportunities as part of the transition to a lower carbon economy. The Trustee continues to receive training from its advisers to understand how climate risk and opportunities may affect the Scheme, and to implement required activities to identify and protect against such risks.

Note that subsequent to the Scheme year end, the Trustee moved to a Professional Corporate Sole Trustee ("PCST") model. The appointed PCST is Ross Trustees Services Limited, trading as Independent Governance Group (IGG).

The Trustee has set climate change as one of its stewardship priorities, and communicated this to the Scheme's asset managers, to be considered when making investment decisions, engagement, and voting.

The Trustee views climate change to be a financially material factor for the Scheme, over the short-, medium- and long-term. For identification and assessment of climate-related risks and opportunities, the Trustee has defined the following time horizons:

Scheme Section	Short-Term	Medium-Term	Long-Term
DB Sections	3 years	8 years	25 years
DC Sections	3 years	8 years	25 years

The Trustee completed a triennial climate scenario analysis for both DB and DC Sections to support its assessment of climate-related risks and opportunities for the Scheme year to 31 December 2025. A review of the sponsor's exposure to climate risks showed that BASF reported its transformation-related spending to average €600 million per year from 2025 to 2028. Additionally, BASF continues to be recognised as a benchmark within the chemical industry according to leading ESG rating agencies.

A review of the asset managers' climate practices showed that the vast majority remain committed to net-zero targets, as evidenced through their adoption of formal targets in this regard, and all have now developed responsible investment policies and committees to consider climate risk in their investment decision process. The Trustee understands this is an evolving topic and regularly encourages them to enhance their approach even further. Where relevant, the Trustee liaises directly with asset managers to explore possible future enhancements to their adopted approach.

The Trustee has collected climate metric data on the Scheme's assets, including total greenhouse gas emissions (absolute emissions metric), carbon footprint (emissions intensity metric), proportion of the portfolio with Science Based Targets (SBT, to reduce emissions) (portfolio alignment metric) and data quality (non-emission metric).

Following a review of climate metrics in 2025, the Trustee revised the DB Sections' target to achieve 60% alignment with SBT or equivalent manager-assessed framework by 2026, and 75% by 2030. For the DC Section, the target remains to achieve net zero greenhouse gas emissions by 2050 (covering listed holdings where data is reported) with an interim target of achieving a 50% reduction by 2030 relative to a 2021 baseline. In practice, this means having at least 50% of portfolio companies with SBTi approved targets by 2030, for listed credit and equity assets where data is reported. The rationale for these targets is outlined later in this report.

This report is prepared by the Trustee of the BASF UK Group Pension Scheme and published in accordance with its obligations under the Climate Change Governance and Reporting Regulations 2021.

Signed

Catherine Edmondson

Catherine Edmondson
Trustee Chair

Introduction to the Scheme

The Trustee is required to produce a yearly Climate change report to set out how it has implemented requirements towards Governance, Strategy, Risk Management, Climate-related metrics, and targets.

The Trustee is responsible for ensuring effective governance of climate-related risks and opportunities in relation to the Scheme.

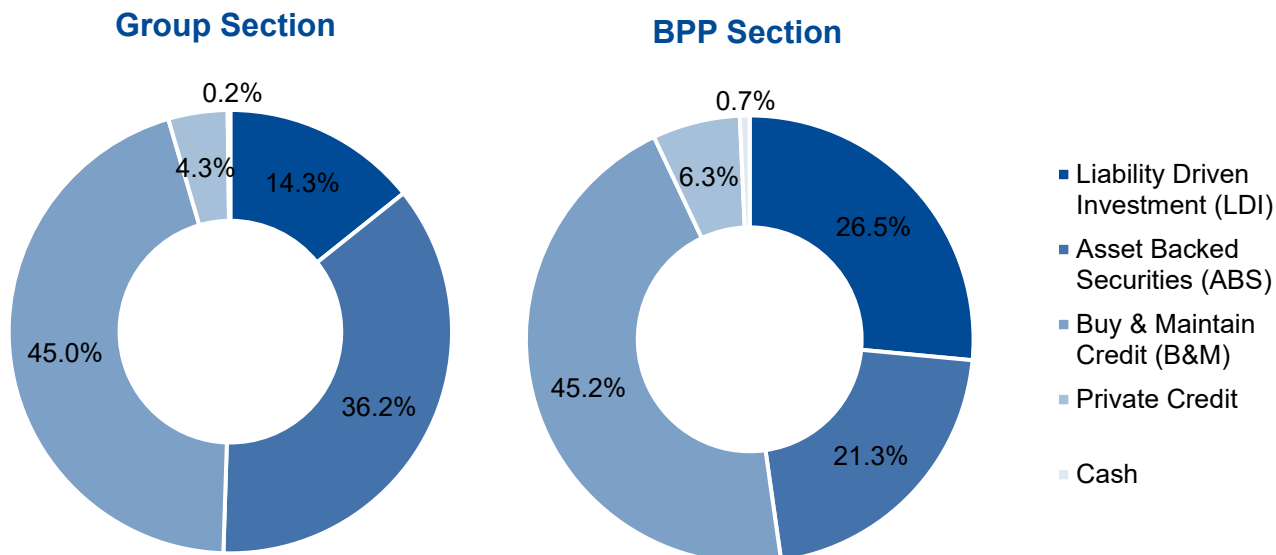
However, the risks and opportunities relating to DB and DC arrangements differ, and the Scheme also retains different specialist advisers for the DB and DC Sections. Accordingly, for the purposes of this report, the Trustee has considered the DB and DC Sections separately for reporting purposes.

This report considers all sub-sections within the Scheme, which are described in further details below.

DB Sections (based on LCP's Q4 2025 monitoring report)

- **Group Section:** assets of c.£408m and funding level of 120% on the agreed 2023 technical provisions funding basis as at 31 December 2025.
- **BASF Performance Products (BPP) Section:** assets of c.£655m and funding level of 110% on the agreed 2023 technical provisions funding basis as at 31 December 2025.
- **Chemetail Section:** nil assets within the Scheme as at 31 December 2025, as the Section's assets and liabilities were transferred out in October 2025.

Asset allocation per DB Section



DC Section

The Scheme offers members of the DC Section “LifePlan” and “FreePlan” investment options.

For members who wish to adopt an automated de-risking path on their approach to retirement, LifePlan is a ready-built investment route that reduces risk automatically as a member approaches their Target Retirement Date. Members can select a growth phase fund from the three risk-profiled funds (Adventurous, Moderate, or Cautious Fund), along with a benefit option to target at retirement, from cash, annuity (guaranteed income) or drawdown (flexible income). The default investment strategy was changed from the Moderate Flexible Income LifePlan to the Adventurous Flexible Income LifePlan in January 2026.

The FreePlan fund range is a selection of investment funds which aim to meet the varying investment needs and risk tolerances of members on a “self-select” basis. A description of all funds available to members is provided below.

Fund	Asset Allocation	Objective	Value at 31/12/2025 £000s
Moderate	50% Global Equities 50% Diversified Growth Funds	To achieve medium to high capital growth over the long-term with medium to high risk by investing predominantly in shares and other growth assets with some potential allocations to bonds.	97,768
Adventurous	100% Global Equities	Seeks to achieve high capital growth over the long-term with high risk by investing in shares.	83,252
Cautious	33% Global Equities 32% Diversified Growth Funds 35% Bonds (corporate & government)	To achieve medium capital growth over the long-term with medium risk by investing in shares and other growth assets including an allocation to bonds.	25,911
Pre-Retirement Annuity	100% Bonds (corporate & government)	To provide exposure to assets that reflect the investments underlying a typical level annuity.	21,156
Liquidity Environmentally Aware	100% Money Market instruments	To provide capital stability and a return in line with money market rates whilst providing access to liquidity.	18,847
Ethical	100% Global Equities	To track the total return of the FTSE4Good Global Equity Index.	15,488
Islamic	100% Global Equities	To track the S&P Global 1200 Shariah Select Index and to maintain compliance with Islamic Shariah principles.	18,681
Sukuk**	100% Global Sukuk	To provide regular income and capital growth by tracking as closely as possible the performance of the FTSE IdealRatings Sukuk Index (total return), while maintaining adherence to Shariah principles.	-

*Previously the DJ Islamic Titans 100 Index, until 23 March 2026.

**Available from January 2026.

Trustee Governance

Climate change is a financially material factor for the Scheme. It is a systemic risk to society, the economy, and the financial system (although the transition to a low carbon economy also presents opportunities). The Trustee believes that these risks and opportunities have the potential to impact the Scheme’s investments, the sponsoring employer, and the funding position in a financially material way over the short, medium, and long term. In its Statement of Investment Principles (SIP), the Trustee notes that Environmental, Social and Governance (ESG) and ethical factors (including, but not limited to climate change) should be considered in the selection, retention, and realisation of investments, given the time horizon of the Scheme and its members. As a result, the Trustee has dedicated time at meetings throughout the year to discussing climate-related risks and opportunities and taking action where appropriate.

Following the Department for Work and Pensions (DWP) guidance on stewardship, the Trustee has defined its stewardship priorities, which are the following:

- Climate change
- Diversity, equity, and inclusion
- Business ethics and transparency

These priorities have been communicated to the Scheme's asset managers, to be considered, among other ESG factors, when making investment decisions, engagement, and voting.

The Trustee has responsibility for ensuring effective governance of climate change risks and opportunities in relation to the Scheme. To ensure the proper governance over climate change, the Trustee has the following responsibilities:

- Ensure the Trustee has sufficient knowledge and understanding of climate change.
- Implement effective climate governance.
- Identify and assess climate-related risks and opportunities and add to the Scheme Risk Register.
- Incorporate climate-related considerations into strategic decisions for Scheme funding arrangements.
- Include climate-related considerations when assessing and monitoring the strength of the sponsoring employer's covenant.
- Ensure that, when applicable, the Scheme's professional advisers have clearly defined responsibilities in respect of climate change and assess their performance accordingly.
- Communicate with Scheme members and other stakeholders on climate change where appropriate, including public reporting in accordance with:
 - Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021
 - Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.
- In relation to the DC arrangements, the Trustee considers the following aspects of climate change governance: Determine short, medium, and long-term review periods to assess climate risks and opportunities.
- Incorporate climate-related considerations into strategic decisions and investment beliefs relating to the DC investments, for both the default investment strategy and the broader FreePlan (self-select) fund range.
- Ensuring that the DC investment managers are considering climate-related risks and opportunities in relation to the investment funds made available to members, and have appropriate processes, expertise, and resources to do this effectively.
- Select and regularly review climate metrics taking into account advice from its investment consultant.

During the year, the Trustee continued to receive training on topics related to climate risk, climate related metrics, and targets appropriate to the Scheme. The training was carried out by the Trustee advisors, prior to decisions taken to comply with the Climate Change Governance and Reporting regulations. For example,

- On 13 February 2025, the DC adviser provided training on climate change reporting, which included details of the Pensions Regulator's (TPRs) review of pension scheme climate change reports and the updated guidance from TPR on good practice.
- On 17 September 2025, the Trustee reviewed the actions highlighted in the 31 December 2024 TCFD to ensure that the appropriate action had been undertaken, as well as on the 25 November 2025, the DB adviser provided training on the Trustee's approach to setting Scenario Analysis for the 31 December 2025 TCFD.

Other parties' and advisors' roles

In-House Pension Team (IHPT)

Consisting of the Pension Manager, Pension Officer, and Asset Manager. This team has the following responsibilities:

- Ensure the Trustee has sufficient knowledge and understanding of climate change and organise training sessions to cover eventual knowledge gaps.
- Implement effective climate governance as defined by the Trustee.
- Identify and assess climate-related risks and opportunities and add to the Risk Register.
- Monitor and mitigate conflicts of interest, for which the Scheme has a Conflicts of Interest policy in place and a register to document conflicts identified. This register is revised regularly by the Trustee.

Actuarial adviser

- Provide training and updates to the Trustee on relevant climate-related matters.
- Advise how climate-related risks and opportunities may affect Scheme assumptions and the implications for the Scheme's funding strategy and journey plan.

Covenant adviser

- Include climate-related considerations when assessing and monitoring the strength of the sponsoring employer's covenant.

Legal adviser

- Provide training and updates to the Trustee on relevant climate-related matters.
- Ensure the Trustee is aware of its statutory and fiduciary obligations in relation to climate change and working with the Trustee's other advisers to ensure alignment between these obligations and:
 - Any formulation of investment beliefs in relation to climate change; and
 - The identification and monitoring of climate-related metrics and targets in relation to the Scheme's investments.
- Assist (as required) with contractual requirements to be included in arrangements with the investment managers with respect to the governance, management, and reporting of climate-related matters.

Investment Managers

- Identify, assess, and manage climate-related risks and opportunities in relation to Scheme investments, in line with arrangements agreed with the Trustee.
- Manage the assets in line with the Trustee's climate beliefs where possible.
- Exercise rights (including voting rights) attached to Scheme investments, and undertake engagement activities in respect of those investments, in relation to climate-related risks and opportunities that seeks to improve long-term financial outcomes for members.
- Report on stewardship activities and outcomes in relation to Scheme investments (where feasible).
- Provide information to the Investment Consultants on climate-related metrics, as agreed from time to time, and use its influence with investee companies and other parties to improve the quality and availability of these metrics over time.

Investment Consultants (DB and DC)

- Advise how climate-related risks and opportunities might affect different asset classes and the funding position (DB Sections only) of the Scheme over the short, medium, and long-term, including implications for the investment strategy, long-term objectives, and journey plan.
- Advise how climate-related risks and opportunities should be considered as part of the DC default investment strategy review and the broader LifePlan and FreePlan (self-select) ranges.
- Assist the Trustee to incorporate climate change into governance arrangements, risk register, contingency planning and monitoring framework and communication with stakeholders (including, but not limited to, its Climate Change reporting) as appropriate.
- Provide training and updates to the Trustee on relevant climate-related matters.
- Help the Trustee to formulate investment beliefs in relation to climate change and reflect these in the Scheme investment policies and strategy.
- Advise on emerging risks and opportunities in relation to climate change. For example, as part of the Trustee's review of the DC default investment strategy during the year, the Trustee considered private markets investments and received a presentation from an investment manager which included details of opportunities in clean power, water sustainability, and the circular economy.
- Advise the Trustee on the appropriateness and effectiveness of the investment managers' processes, expertise, and resources for the management of climate-related risks and opportunities.
- Engage with the investment managers to improve their climate-related integration over time.
- Assist the Trustee to incorporate climate change into their investment monitoring.
- Undertake scenario analysis which illustrates how the Scheme may be affected under different climate pathways, assisting the Trustee with interpretation and use of the results, and advising on when it might be appropriate to update the analysis.
- Assist the Trustee to identify, monitor, and use suitable climate-related metrics and targets in relation to Scheme investments (including liaising with the investment managers regarding the metrics), and assisting with an annual review as to whether these metrics and targets remain appropriate.
- Take into consideration the investment beliefs set by the Trustee when making any new manager recommendations.

The Trustee, with support of the IHPT and investment consultants, monitor the investment managers with respect to climate-related practices. The investment managers are also invited, when required, to present to the Trustee. Climate risk management practices and credentials are considered when selecting new asset managers and advisors.

The Trustee questions and challenges its advisors and investment managers on relevant climate information and views. The Trustee satisfies itself with respect to the advisers' and investment managers' climate credentials and takes steps to identify/assess climate risks/opportunities of all other relevant parties including the IHPT, Actuary, legal and covenant advisers. For example:

- The Trustee met with two DB investment managers during the year to understand the position of both asset managers in respect of any changes in climate practice, developments in changes to the climate metrics and discussing potential holdings with poor climate practices. This was in advance of the Trustee considering, and setting, SBTs.
- In respect of the DC Section, the Trustee challenged the current climate related target and tested whether it was appropriate to have different targets for the DB and DC Sections. Having further discussed this and challenged the DC adviser, the Trustee agreed that different targets were suitable, owing to the different nature of the benefits, and the different types of assets held by the DB and DC Sections.

Having regard to the processes described above, the Trustee is satisfied that those assisting with, or advising on, climate-related matters are taking adequate steps in relation to identifying and assessing relevant climate-related risks and opportunities. The Trustee is reliant on its advisers to ensure that it can identify, assess, and manage climate risks and opportunities. The Trustee sets objectives for its investment consultants, which include activities related to climate monitoring and including climate related considerations in their investment advice. These objectives and performance against them are reviewed on a quarterly basis. The Trustee's other advisors are assessed through ongoing reviews.

Nature and frequency of monitoring

The Trustee considers a range of different information about the climate change risks and opportunities faced by the Scheme to enable the Trustee to fulfil its responsibilities.

Regular reviews

At one or more meetings each year, the Trustee will review and approve (where appropriate):

- The risk register, following review and updates from its advisers.
- An update report on the Scheme's climate metrics, following review by its investment consultants.
- Governance arrangements in relation to climate change and reporting.
- Whether to carry out climate change scenario analysis in years when this is not required because it has been carried out within the previous two years.
- Adviser competence, climate-related credentials, and performance against their climate-related objectives. The Trustee will explicitly consider climate change in the annual review of all advisers and will consider the Investment Consultants Sustainability Working Group's (ICSWG) guide on assessing the climate competency of investment consultants.
- Updates on investments from the investment consultants.
- The agreed SIP, including the aspects relating to climate change.
- Responsible investment reports that review the investment managers in relation to ESG factors and climate change.
- Data on ESG metrics for the investments, including the required climate-related metrics under Climate Change Governance and Reporting regulations, and performance against any targets set in relation to these metrics.
- Whether to retain or replace any metrics, or the targets set in relation to the metrics.

Less frequent reviews

The Trustee will consider climate-related risks and opportunities when the following activities are undertaken:

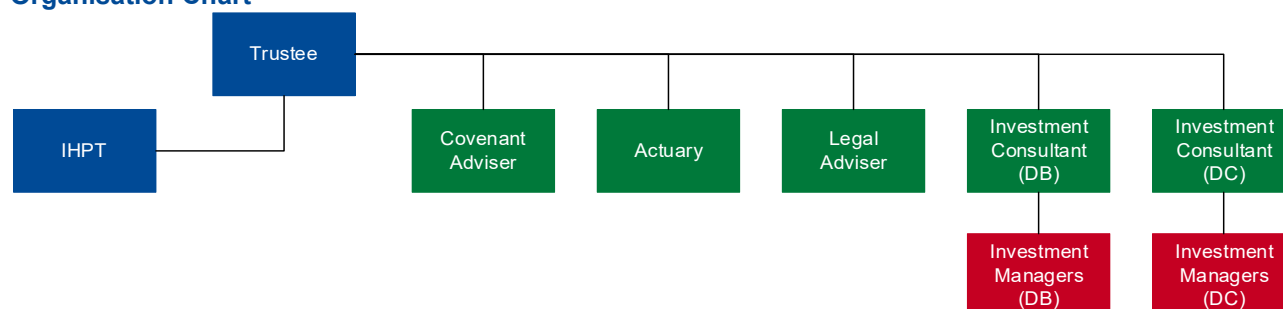
- Actuarial valuation of the Scheme (latest finalised valuation: 31 December 2023).
- Review investment strategy and update the SIP (DB SIP: Q4 2025, DC SIP: February 2026).
- Assessment of the sponsoring employer's covenant (latest assessment: March 2026).
- Triennial review of the DC default investment strategy and self-select fund range (the latest review commenced in 2024 and was concluded in 2025).

The Trustee will, at least every three years, and following any major changes in the Scheme's position, review:

- Its choice of short, medium, and long-term time periods to be used when identifying climate-related risks and opportunities.
- The results of scenario analysis that illustrates how Scheme assets and liabilities might be affected under various climate change scenarios, along with commentary on the potential impacts for the sponsoring employers and the implications of Scheme funding and investment strategies.

The Trustee will, at least every three years, review their choice of climate-related metrics to inform the identification, assessment, and management of climate-related risks and opportunities. When reviewing agreements with, or appointing new, advisers, the Trustee will consider and document the extent to which the advisers' climate-related responsibilities are included in the agreements and/or any adviser objectives set.

Organisation Chart



Strategy – Identification & assessment of climate-related risks & opportunities

The Trustee has defined the time horizons below when considering climate related risks and opportunities for the Scheme. Although it has two separate DB Sections in the Scheme, the Trustee considers them to be similar in governance and climate reporting, and the same time horizons were considered for both DB Sections.

Horizon	Period	Rationale
Short term	3 years	DB: In line with actuarial valuation cycle
	3 years	DC: Broadly aligned with the strategy review and climate change scenario modelling cycle
Medium term	8 years	DB: Reflecting the period where low carbon transition can be most impactful
	8 years	DC: Broadly reflecting the pre-retirement period during which members are eligible to take benefits
Long term	25 years	DB: To align with recognised industry objectives to achieve Net Zero emissions by 2050
	25 years	DC: To align with recognised industry objectives to achieve Net Zero emissions by 2050

DB Sections

The Trustee considers climate change to be a financially material factor for the DB Sections because it can affect markets, policy, the real economy and physical assets, and can therefore impact the DB Section's assets, liabilities, journey planning, and (through its effect on the sponsoring employer) the covenant available to support the Scheme.

The Trustee completed its triennial climate scenario analysis for the DB Sections during the Scheme year. The Trustee will review and update the analysis at least every three years (and sooner if circumstances warrant).

This year's climate scenario analysis supports the Trustee's identification and assessment of climate-related risk and opportunities through:

- Qualitative scenario analysis to highlight non-linear/systemic climate risks and to drive action (especially relevant to a de-risked DB strategy).
- Quantitative climate scenario analysis of Scheme assets and liabilities as a reference point, using updated scenarios and assumptions.
- Asset-class deep dives where the Trustee can have the most influence, particularly the DB Section's Buy & Maintain (B&M) credit portfolios, as well as an assessment of the LDI climate policy advocacy, and the structural limits to ESG integration in Asset-Backed Securities (ABS).
- Considering the appropriate duration of the medium term horizon to ensure that the true impacts of where the potential low carbon transition could be most impactful.
- Consider whether making changes to the asset portfolio to diversify the allocation to include investments in climate solutions and / or adaptation solutions.

Horizon	Key risks & opportunities
Short term	Transition-driven market repricing and volatility could affect asset values (for example abrupt market reaction in a rapid transition scenario). Although the DB Sections are significantly de-risked, which could help to reduce funding volatility under median modelled outcomes, adverse market movements are still able to affect the DB Sections' funding levels. Quantitative modelling such as scenario analysis may understate tail/systemic risks, so qualitative assessment is important to maintain readiness for abrupt repricing events. Trustee could look to strengthen stewardship over its assets and influence its asset managers to appropriately consider climate-related risks and opportunities.
Medium term	Credibility and implementation of transition plans across issuers in credit portfolios; data coverage limitations (particularly noted for RLAM) may hinder effective assessment. Structural constraints mean ABS has limited ESG integration and data availability. Trustee influence is greatest in B&M credit: engagement and tighter IMA climate guidelines/targets (for example SBTi alignment trajectory or emissions reduction targets) can improve alignment and risk management. Engage with managers (especially RLAM) on data gaps and climate measurement; consider embedding specific climate targets in IMAs; consider whether any allocation shift from ABS/private credit toward more RI-integrated assets or climate solutions is appropriate.
Long term	Physical risks and tipping points could drive severe economic disruption; many systemic effects (migration/conflict/food shortages, etc.) are not captured in the quantitative modelling and need qualitative consideration. In addition, insurer pricing volatility and wider financial system impacts could disrupt DB journey planning. Climate solutions / adaptation solutions may help mitigate adverse outcomes and capture climate 'upside'; policy advocacy and stewardship can contribute to systemic risk reduction. Monitor insurer/pricing and systemic risk developments; evaluate whether an allocation to climate solutions is appropriate for risk mitigation.

DC Section

The last climate scenario analysis was carried out as at 30 September 2025. The analysis supports statutory climate reporting and assesses the potential impacts of different climate pathways on members' outcomes, considering both transition and physical risks.

The analysis was carried out on the Adventurous Flexible Income LifePlan strategy (the Scheme default option), using an analysis date of 30 September 2025, and results were assessed for three illustrative member cohorts (25, 8, and 3 years from retirement) over the Trustee's agreed time horizons.

The key findings were as follows:

- Younger members are expected to be more exposed to climate risk: transition shocks can affect outcomes in the short term, while physical damages are the dominant driver over the long term in adverse pathways.
- Members closer to retirement are relatively more protected because the default lifestyle strategy de-risks, and growth assets (notably equities) are expected to be more impacted by climate risks owing to the effect on corporate earnings and share prices.
- The lifestyle strategy incorporates sustainable investment principles (including use of an equity fund with explicit ESG-related guidelines and managers with strong stewardship practices), which the Trustee and its DC adviser expects to provide a degree of protection from certain climate risks.
- Over the long term, a successful transition supports enhanced projected returns and member pot sizes, reinforcing the Trustee's focus on climate risk management and ongoing engagement with the investment managers.

Actions being taken forward in respect of the DC Section:

- The Trustee will use the scenario analysis to inform discussions with investment managers, including review of stewardship activities (for example, voting on climate resolutions) and engagement priorities.
- The Trustee will review whether the climate risks recorded in the Scheme's risk register (including mitigations and scoring) remain appropriate in light of the scenarios analysed.

Horizon	Key risks & opportunities
Short term	Transition risk dominates. Rapid Transition involves near-term repricing/shock effects which can reduce members' retirement outcomes, with the DC adviser illustrating short-term reductions in projected real asset values (especially for members still in growth assets). Lifestyle design and de-risking for those close to retirement reduces exposure to growth-asset shocks. As well as risks associated with these drivers, there could also be opportunities. For example, investing in climate solutions as policy support strengthens
Medium term	Risks are expected to be more balanced across transition and physical risks. Over this period the transition pathway will unfold, and the level of anticipated physical damage will become much clearer. While the full extent of the physical damage is unlikely to have occurred, markets are likely to be allowing for it to a large degree in asset pricing. Stewardship (voting and engagement) can be a valuable risk management tool, and the Trustee will assess manager voting decisions annually with a particular focus on significant climate related votes. De-risking of the LifePlan strategies on the approach to retirement helps to reduce risk for that nearer retirement with medium term investment horizons. Review whether risk register mitigations and scoring remain appropriate in light of delayed transition risk and member cohort impacts.
Long term	Physical risks dominate in adverse pathways. This includes the impact of natural catastrophes leading to physical damages through extreme weather events. Availability of resources is expected to become more important if changes in weather patterns affect the availability of natural resources such as water. The impact of global heating on productivity, particularly in areas closer to the equator, will also be a key driver. Scenario analysis shows the largest negative impacts on long-term member outcomes under a Limited or Failed Transition, particularly for younger members with a longer time in growth assets. A successful transition is associated with improved long-term outcomes; sustainable integration and stewardship are positioned as supportive mitigations. Continue manager engagement programme and consider whether further enhancements to stewardship/integration are appropriate. There are also opportunities to use funds with explicit objectives around long term climate change risk management, including identifying the emergence of low carbon opportunities and the decline of some traditional sectors.

Note: the various potential scenarios mentioned (e.g. "Rapid Transition") are defined and considered further later in this section of this report.

Review of sponsor's exposure to climate risk and opportunities

This review was prepared based on BASF's published reports and discussions between the IHPT with the dedicated team within BASF Corporate Centre.

BASF considers climate change as an important part of its corporate strategy. It aims to reduce greenhouse gas emissions from its production processes (Scope 1) and its energy purchases (Scope 2) by 25% by 2030 compared to the base year of 2018, and are aiming to achieve net-zero greenhouse gas emissions by 2050. BASF informed that already today, the plants for producing basic chemicals such as ammonia, methanol and high value chemicals have an emissions intensity below the values defined by the International Energy Agency (IEA) for 2030. BASF reported its transformation-related spending to average €600 million per year from 2025 to 2028. The investments focus on the following measures:

- **Renewable energy:** In 2025, electricity from renewable sources as a share of total electricity consumption rose further compared with the previous year to 36% (2024: 26%). BASF's electricity consumption will increase significantly in future due to the planned gradual electrification of the steam generation and the switch from natural gas-based to electricity-based, low-emission production processes.
- **CO2 abatement:** taking targeted measures to avoid CO2 emissions, such as lower-emission steam, the development of new technologies and continuous measures in the area of operational excellence (more than 550 measures implemented in 2025).
- **Circularity:** BASF is continuously examining recycling or thermal recovery options for its waste. In 2025, BASF recycled 1.32 million metric tons of its waste (2024: 1.09 million metric tons).

BASF continues to be considered as a benchmark within the chemical industry according to leading ESG rating agencies:

Agency	Rating	Last update
CDP	A (Leader)	January 2026
ISS ESG	Prime Status	December 2025
MSCI ESG	BBB	March 2026
Sustainalytics ESG Risk	25.4 points (top 3 in diversified chemicals)	August 2025

The Trustee considers this information as part of its wider covenant assessment. In particular, the Trustee considers whether climate-related transition and physical risks could affect BASF's financial resilience and therefore the support available to the DB Sections under adverse climate outcomes. Conversely, progress made by BASF in managing transition risk may support covenant resilience and reduce the likelihood of climate-related deterioration in the covenant.

Apart from the Sponsor's efforts to monitor climate risks and opportunities, the Trustee monitor annually the sponsor's covenant in view of different aspects, including climate related changes. In the event the covenant deteriorates, the Trustee engages with the sponsor to obtain a suitable solution. The Trustee agreed an underpin with BASF of £83m (until 2031), as an additional security layer.

Climate scenario analysis

DB Sections

In the Scheme year, with the support of its DB investment consultant, the Trustee undertook a triennial climate scenario analysis to help identify, assess and manage climate-related risks and opportunities. In particular, the Trustee used the analysis to identify the time horizons over which physical risks and transition risks could materialise. It then considered what the possible impacts of climate change could be over each of these time horizons and whether the Scheme's current funding and investment strategies are likely to be resilient against these risks (or whether it is able to take advantage of any opportunities).

The Trustee recognises that quantitative climate scenario modelling is a helpful reference point, but potentially underestimates physical risk impacts, for example climate tipping points are not well captured in the assumptions used, and shorter-term impacts from macroeconomic factors, such as geopolitical factors, are also not adequately reflected in the results. Therefore, the Trustee believes qualitative assessment is also important.

To understand the level of financial risk, the Trustee looked at three climate scenarios to calculate the eventual financial impact on its investments. Each climate scenario is designed to illustrate different combinations of transition risk (policy, technology and market repricing effects) and physical risks (economic impacts from climate change and potential tipping points). These scenarios consist of various assumptions (details on modelling approach and limitations in Appendix 2):

Scenario	Summary of assumptions
High Warming	No new low-carbon policies are enacted, and some existing policies are scaled back. Current technological trends continue. Paris Agreement goals are not met and high warming leads to severe physical impacts.
Limited Action	Policymakers implement limited new climate policies and fall short of meeting Paris Agreement goals, resulting in a combination of transition and physical risks.
Net Zero Financial Crisis	Global net zero CO ₂ emissions are achieved by 2055 via rapid and effective climate action, with financial markets reacting abruptly in 2026.

The Trustee acknowledges that many alternative plausible scenarios exist but found these were a helpful set of scenarios to explore how climate change might affect the Scheme in future. The quantitative modelling focused on the DB Section's long-term funding objective (expressed as gilts + 0.25% p.a.) and assumed the current investment strategy is maintained for the duration of the modelling period.

The analysis indicates that, under the median modelled outcomes, the DB Sections' current investment strategy and funding levels are relatively resilient, reflecting the relatively low level of investment risk now being run. The Trustee recognises that median outputs may understate the potential for more severe downside risks (especially in scenarios where physical impacts drive major economic disruption), so the Trustee also considers limitations and more adverse outcomes qualitatively when assessing resilience and setting priorities.

Compared to the previous triennial climate scenario analysis, the most significant change to the DB Sections has been the Chemetall Section's transfer out of the Scheme. The remaining DB Sections have also de-risked their investment strategy (including reductions in growth assets), meaning quantitative projections of funding outcomes generally show less volatility than previously. The Trustee's investment advisor emphasises that quantitative climate scenario modelling is a useful reference point but can understate extreme or systemic outcomes, so qualitative assessment is particularly important for more de-risked schemes.

The climate scenario analysis can be summarised as follows:

Section	Transition	Funding Level Projections		
		3 Year	8 Year	25 Year
Group	High Warming	123%	139%	506%
	Limited Action	123%	140%	515%
	Net Zero Financial Crisis	121%	140%	523%
BPP	High Warming	107%	111%	173%
	Limited Action	107%	111%	176%
	Net Zero Financial Crisis	105%	111%	177%

The Trustee notes that the modelling does not capture a range of tail risks and systemic effects (including wider macroeconomic or financial-system disruption). These limitations are considered qualitatively alongside the quantitative outputs.

DC Section

The Trustee completed a triennial climate scenario analysis as at 30 September 2025, to assess how climate change could impact the DC, “popular arrangements” as required by UK climate governance and reporting regulations. The analysis considers both transition risk (for example, arising from policy changes and technology developments) and physical risk (for example, extreme weather events and chronic damage), recognising that both can affect investment returns and retirement outcomes. The scenarios considered are summarised below (details on modelling approach and limitations are included in Appendix 2):

Transition	Summary of assumptions
Rapid	A rapid decarbonisation with high transition risk feeding into financial markets, creating both risks and opportunities; includes a market shock starting in 2026 as climate risks are priced in, with divestments from carbon-intensive sectors and “stranded assets” effects.
Delayed	Major policy changes are delayed until 2030, followed by a step-up in policy action including subsidies for renewable energy. This leads to market shocks due to transition risks in the early 2030s; physical risks become more severe in the long term due to delayed action.
Limited	Insufficient progress on decarbonisation, physical risks accelerate and create significant market disruption and a drag on global GDP; market disruption described from 2030 with shocks around 2040.
Failed	Backsliding on climate commitments by governments with severely negative impacts on wellbeing and wealth; physical risks accelerate with multiple tipping points and cascading disasters, and markets experience multiple shocks.

Mercer models climate impacts relative to a “climate-aware baseline”, representing what is assumed to already be priced into markets today; the climate impact is the scenario outcome relative to that baseline. The pre-smoothing composition of this climate-aware baseline is: 5% Rapid, 35% Delayed, 15% Limited, 10% Failed and 35% no/low impact.

The Trustee’s scenario analysis has been carried out for the Adventurous Flexible Income LifePlan strategy (which is the Scheme default option) based on an analysis date of 30 September 2025. The strategy includes allocations to the Adventurous Fund, the Cautious Fund and the Liquidity Environmentally Aware Fund (LEAF) and the broad conclusions can also be mapped qualitatively to the Scheme’s other DC funds, as there is asset class overlap.

The impact of climate risk was modelled for three illustrative member cohorts:

- 3 years from retirement (near-retirement member)
- 8 years from retirement (mid-life member, approaching de-risking)
- 25 years from retirement (young member),

These were assessed over the Trustee’s agreed time horizons: 3 years (2028), 8 years (2033), and 25 years (2050).

The analysis shows that:

- Younger members are expected to be more exposed to climate risk – particularly in the short term under a Rapid Transition (transition cost shock) and over the long term under Limited/Failed Transition (physical damages).
- Members closer to retirement experience lower impacts because the lifestyle strategy de-risks; growth assets (notably equities) bear more climate risk.
- Over the long term, a successful transition supports enhanced projected returns and pot sizes, reinforcing the Trustee's focus on sustainable investment principles and stewardship.

The following table sets out the modelled impact on projected asset value of the four climate scenarios, for the Adventurous Flexible Income LifePlan (default) strategy, relative to the baseline¹.

RAG status for overall score	Relative to the baseline
●	Worse than -10%
●	-10% to 0%
●	Positive (greater than +0%)

Strategy	Rapid Transition			Delayed Transition			Limited Transition			Failed Transaction		
	Year 3	Year 8	Year 25	Year 3	Year 8	Year 25	Year 3	Year 8	Year 25	Year 3	Year 8	Year 25
Near-retirement Member	-2.3%	-	-	0.0%	-	-	0.2%	-	-	-0.2%	-	-
Mid-life Member	-4.4%	-0.8%	-	0.0%	-5.2%	-	0.3%	-1.0%	-	-0.7%	-4.9%	-
Young Member	-4.4%	1.1%	11.4%	0.0%	-5.1%	-0.8%	0.3%	-2.3%	-23.9%	-0.7%	-7.5%	-43.4%

¹ Assumed to be 5% Rapid Transition, 35% Delayed Transition, 15% Limited Transition, 10% Failed Transition and 35% no/low impact scenarios.

Risk Management

Processes for identifying and assessing climate-related risks

The Trustee has identified, assessed, and managed climate-related risks and opportunities to the Scheme through discussions with its advisers, and by performing the following tasks:

- Attending climate change training to understand how climate-related risks might affect pension schemes and their investments.
- New and emerging risks are raised either by the Trustee or its advisers and IHPT. They are discussed at the appropriate meeting, and any required mitigation measures are agreed. This is then factored into the Scheme's risk register.
- Commissioning, if necessary, scenario analysis to understand how assets and liabilities might be affected and getting advice on the implications for the investment strategy and journey plan.
- Analysing how the sponsor might be affected by climate-related factors, and the implications for its ability to provide financial support for the Scheme.
- Reviewing its investment managers' climate practices, including how they incorporate climate-related factors into their investment process and how effectively they manage climate-related risks.
- Monitoring a range of climate-related metrics in relation to the Scheme's assets.
- In addition, the Trustee expects its investment managers to identify, assess and manage climate-related risks to the Scheme's assets on a day-to-day basis. It discusses climate change when it meets managers, to increase its understanding of the Scheme's climate-related risks and test the adequacy of the steps being taken to manage them.
- The SIP sets out how investment climate-related risks are managed and monitored.
- Communicating the Trustee's stewardship priorities to the investment managers and assessing their stewardship actions related to these priorities (including climate change).
- Integrating climate change into the risk management processes, such as risk register, covenant monitoring, investment performance reporting, and Integrated Risk Management (IRM) dashboard. These documents are revised for each Trustee meeting, which ensures that climate risk is regularly considered by the Trustee and their advisers.
- Annual review of DC value for members includes consideration of how effective the investment managers are in their integration of ESG factors, including climate change. This assists the Trustee in identifying any risks in this area.
- Considering climate when selecting new investment managers and encouraging the current managers to manage climate risks to the assets.

In addition, the advisors will take climate-related risks and opportunities into account as part of the wider strategic investment advice provided to the Trustee. This includes highlighting the expected change in climate-risk exposure through proposed asset allocation changes, both from the top-down level (via climate scenario analysis) and bottom-up (via climate-related metrics).

Tools used to identify, assess, and manage climate risks and opportunities

The Trustee assessed the risks and opportunities it had identified using the following tools:

- Climate scenario analysis
- Investment manager reports and meetings with their Responsible Investment teams
- Climate-related metrics
- Training sessions provided by the Trustee's advisers
- Risk register
- Stewardship, including reviewing the voting and engagement practices of the investment managers and reporting on these activities through the Implementation Statement.

Review of investment managers' climate practice

The process for selection of investment managers differs between the DB and DC Sections. Within the DB Sections, the Trustee appoints investment managers directly. Within the DC Sections, the Trustee does not contract with investment managers but instead uses an investment platform to access pooled funds.

The Trustee, supported by the IHPT, has reviewed its appointed asset managers' climate practices for investment decisions and engagement with investees. This review was done via calls with each manager's Responsible Investment team and by researching their publicly available climate-related policies and reports. To consolidate the results of these interactions and to be able to comprehensively compare the approach, the following aspects were considered:

- If the manager has a commitment to net-zero targets and if it is a signatory to ESG related initiatives
- The manager's rating on Investment & Stewardship under the United Nations Principles for Responsible Investment (UNPRI)
- If the manager has Responsible Investment (RI) committees and climate policies in place
- If the manager utilises ESG scoring and/or ESG as criteria for investment decisions
- If the manager monitors emission metrics in the portfolios invested by the Scheme

At the time the climate practices were reviewed for the DB and DC Sections, the main conclusions were:

- Most of the Scheme's managers have adequate RI governance and integrate ESG considerations in the investment process. In the case of index-tracking (passive) funds this is typically via voting and engagement activity.
- Carbon data is mainly available for publicly owned companies. Therefore, funds that invest in credit and alternative assets may obtain data via the asset manager's proprietary research or third-party estimations.
- ESG scoring mainly uses proprietary methodologies as there is no standard approach in the market.
- Carbon metrics adopted mainly consist of Weighted Average Carbon Intensity (WACI), Carbon footprint and Absolute GHG emissions.
- Where applicable, managers use voting and engagement as a tool to improve ESG practices in invested companies.

In addition, the Trustee receives a voting and engagement activity summary on an annual basis as part of the preparation of the Scheme's Implementation Statement. The statement summarises how the investment managers vote and engage on climate-related issues (among the other key engagement priorities as detailed within the Governance Section of this report). The statement is available on the [Pension Website](#).

As part of any future manager appointments or as a factor when considering the termination of a manager's appointment, the Trustee, with advice from its Investment Consultants, will consider an investment manager's approach to managing climate-related risks and opportunities.

DB Sections

The investment strategy and mandates were set whilst considering climate-related risks and opportunities. For example, the Trustee instructed the managers of the BPP and Group Sections segregated buy & maintain credit mandates to target lower emissions by limiting investment into unconventional fossil fuel extraction or thermal coal companies and introducing investment terms that would expect the portfolio to reduce the average carbon footprint over time. Further, the Trustee regularly questions the investment managers on their climate credentials and investment integration to ensure that climate risks and opportunities are being considered appropriately. For instance, the Trustee continued to engage with Insight and RLAM in 2025 to understand the position of both asset managers in respect of any changes in climate practice, developments in changes to the climate metrics and discussing potential holdings with poor climate practices.

The Trustee will regularly review its asset managers' climate practices to ensure they are considering climate-related risks and the Trustee's stewardship priorities in their investment decision process and when engaging with investees. Additionally, the Trustee monitor regularly, with support from the research team of its investment consultants, the RI practices of its managers. The Trustee will engage with investment managers to improve practices where necessary and would be prepared to disinvest if the manager did not improve sufficiently.

Based on the review of the climate practices, the Trustee is comfortable with the investment managers' credentials and approaches and does not intend to make any changes as a result of its review.

DC Section

The Scheme's DC investment funds are accessed via an investment platform arrangement held via a policy of assurance issued to the Trustee by Scottish Widows Limited. The Trustee therefore does not contract directly with the asset managers to the DC Section but instead selects which funds to make available via the Scottish Widows Limited platform. As at 31 December 2025, the selected managers were:

- Allspring Global Investments (**Allspring**)
- Baillie Gifford & Co (**Baillie Gifford**)
- BlackRock Asset Management (**BlackRock**)
- Legal & General Investment Management (**L&G**)
- HSBC Global Asset Management (**HSBC**)
- Mercer Global Investment Management Ltd (**MGI**)

The table below summarises the main findings:

	Allspring	Baillie Gifford	BlackRock	HSBC	L&G	MGI
100% net-zero targets	Not currently	2050	Not formally*	2050	2050	2050
Signatory of ESG initiatives	UNPRI UK Stewardship Code	UNPRI UNGC UK Stewardship Code	UNPRI UNGC UK Stewardship Code	UNPRI UNGC UK Stewardship Code	UNPRI UNGC UK Stewardship Code	UNPRI UNGC UK Stewardship Code
UN PRI rating for asset class	★★★★☆	★★★★☆	★★★★☆	★★★★☆	★★★★★	★★★★☆
Climate Policies	Yes	Yes	Yes	Yes	Yes	Yes
ESG scoring	Yes	Yes	Yes	Yes	Yes	Yes
RI committee	Yes	Yes	Yes	Yes	Yes	Yes
Monitors climate metrics required by the scheme	Yes	Yes	Yes	Yes	Yes	Yes
ESG as selection criteria	Yes	Yes	Yes, for active funds, no for passive funds	No (passive funds)	Yes, for active fund, yes for some passive funds	Yes

* BlackRock anticipate that by 2030, at least 75% of its corporate and sovereign assets managed on behalf of clients will be invested in issuers with science-based net zero targets or equivalent.

Based on the review of the climate practices, the Trustee is comfortable with the investment managers' credentials and approaches and does not intend to make any changes as a result of its review.

Additionally, during the year, the Trustee carried out the following actions relating to climate change risk and opportunity management:

- The Trustee reviewed the voting records of the investment managers, including examples of significant votes relating to climate change. This allowed the Trustee to ensure that there is alignment between the Trustee's stewardship priorities and the actions of the investment managers who exercise voting rights on the Trustee's behalf.
- As part of the triennial review of the default investment strategy, the Trustee used ESG characteristics as one of the factors used when comparing different potential default investment products, to ensure that any changes to the strategy contribute effectively to the management of ESG risks and opportunities.

This activity was completed alongside the regular climate governance processes, such as discussions with the investment managers, and quarterly monitoring of the investment managers' ESG capabilities, through research ratings provided by the DC investment consultant.

Metrics

The Trustee chose to maintain the four climate-related metrics from previous years, to help it monitor climate-related risks and opportunities to the Scheme. These are listed below and reported for the DB and DC sections (as far as the Trustee was able to obtain the data).

Metrics	High-level methodology
Absolute emissions: Total greenhouse gas emissions	The sum of each company's most recent reported or estimated greenhouse gas emissions attributable to the Scheme's investment in the company, where data is available. Emissions are attributed across equity and debt investors in proportion to the value of their investment in the company. Reported in tonnes of CO₂ equivalent. This methodology was chosen because it is in line with the statutory guidance. For sovereign emissions, the emissions are defined as those that relate to production (scope 1) and consumption (scope 1, 2 and 3 minus exported emissions) in line with the Partnership for Carbon Accounting of Financials ("PCAF") guidance. Emissions in this report are showing including and excluding those from land use, land use change and forestry. Production emissions: those attributable to emissions produced domestically and include domestic consumption and exports; and Consumption emissions: these include - production emissions, minus exported emissions, plus imported emissions (emissions related to energy and non-energy imports from goods or services from outside the country territory as a result of activities taken place in the country territory).
Emissions intensity: Carbon footprint	The total greenhouse gas emissions described above, divided by the value of the invested portfolio. For the DB Sections, this is reported in tonnes of CO₂ equivalent per £1m invested. For the DC Section, this is reported in tonnes of CO₂ equivalent per \$1m invested. This methodology was chosen because it is in line with the statutory guidance. For sovereign bonds, sovereign carbon intensity is used which represents the amount of carbon dioxide and equivalents (tCO₂e) emitted per million dollars of GDP.
Portfolio alignment: Science-based targets (SBT)	The proportion of the portfolio by weight of holdings with science-based targets to reduce their greenhouse gas emissions, demonstrated by a target validated by the Science Based Targets initiative (SBTi) or equivalent manager-assessed SBT alignment. This measures the extent to which the Scheme's investments are aligned to the Paris Agreement goal of limiting global average temperature rises to 1.5°C. Reported in percentage terms. The Trustee chose this "binary target" measure because it is the simplest and most robust of the various portfolio alignment metrics available.
Additional climate change metric: Data Quality	Represents the proportions of the portfolio for which there is high quality data. In the past, the Trustee selected data coverage (representing the proportion of a portfolio for which data is provided) due to mixed availability of the data quality metric. As reporting has evolved, the Trustee is now using data quality to give a fuller picture of the extent to which there is high quality information available.

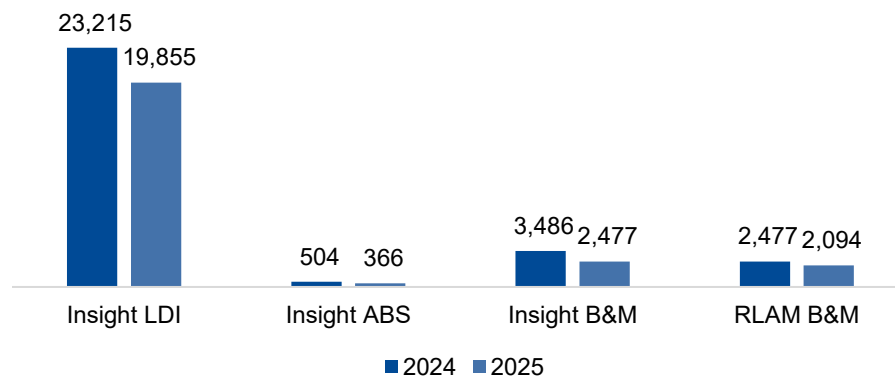
DB Sections

The Trustee monitors its selected climate-related metrics for the DB Section in graphical form, using a dashboard format, which compiles the climate-related metrics provided by the asset managers. The graphics, containing all metrics calculated based on portfolio holdings at 31 December 2024 and 31 December 2025, can be seen below. The detailed tables with the metrics per section can be seen in Appendix 3. Where values are unavailable, incomplete, or not shown for a metric, the relevant mandate/fund has been omitted from the chart.

The graphics enable the Trustee to have a more comprehensive view of the consolidated metrics for the Scheme, and to compare the Emissions and Carbon Footprint data between different funds. Based on the metrics monitored, the Trustee engaged with all managers to ask how they plan to improve data coverage and reducing carbon intensity for the funds, and how the managers are using ESG as an investment criteria. The Trustee engaged with Insight and RLAM in 2025 to ask about the plan to increase data coverage for the High-Grade ABS fund. As a result, Insight replied it has increased coverage to CLOs within the ABS fund in 2025.

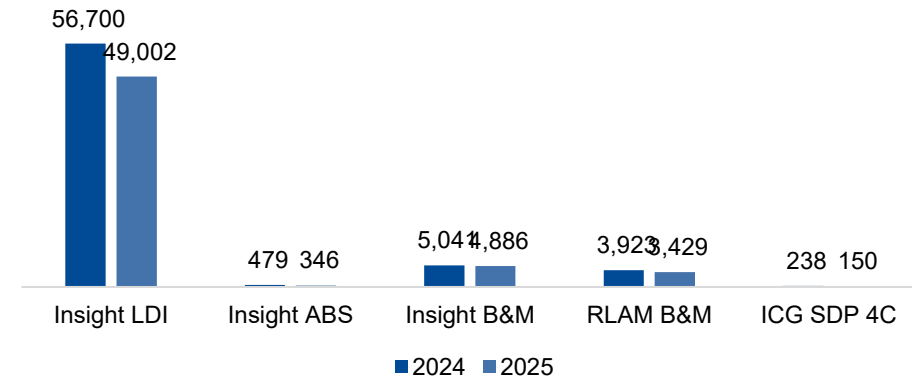
Group Section:

Scope 1 & 2 Total GHG Emissions (tCO₂e)

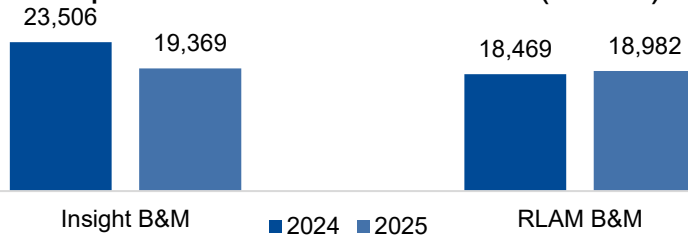


BPP Section:

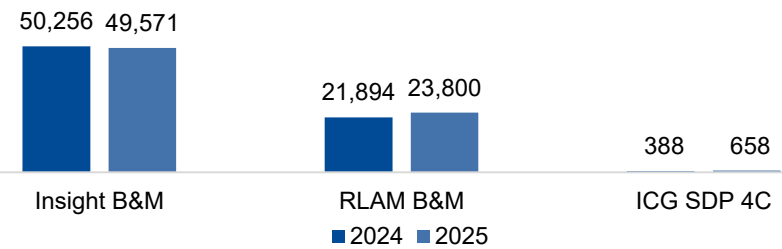
Scope 1 & 2 Total GHG Emissions (tCO₂e)



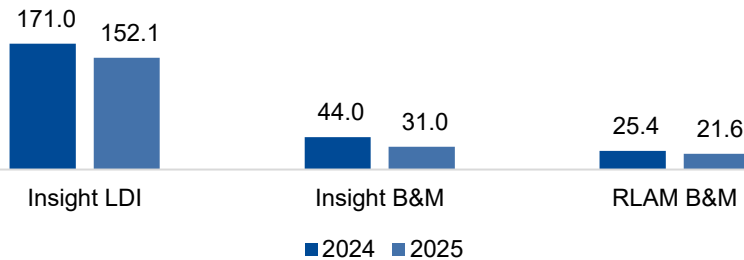
Scope 3 Total GHG Emissions (tCO2e)



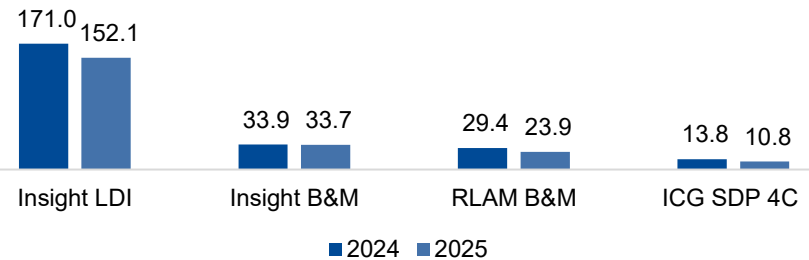
Scope 3 Total GHG Emissions (tCO2e)



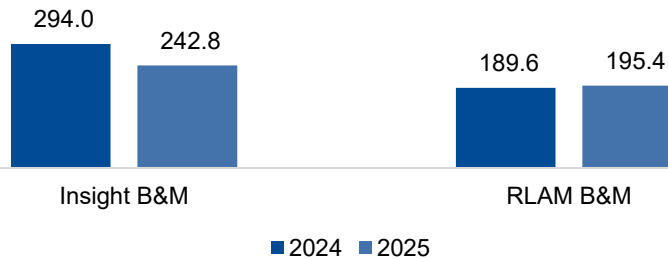
Scope 1 & 2 Carbon Footprint (tCO2e/£m)



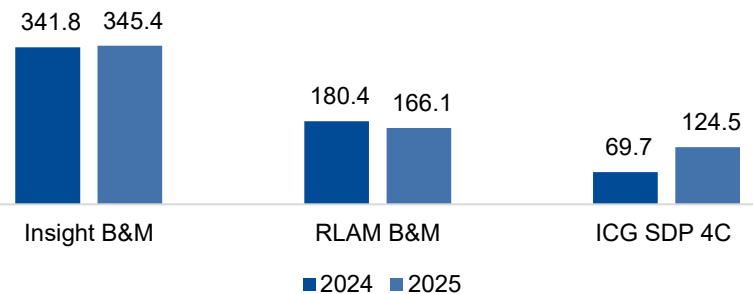
Scope 1 & 2 Carbon Footprint (tCO2e/£m)



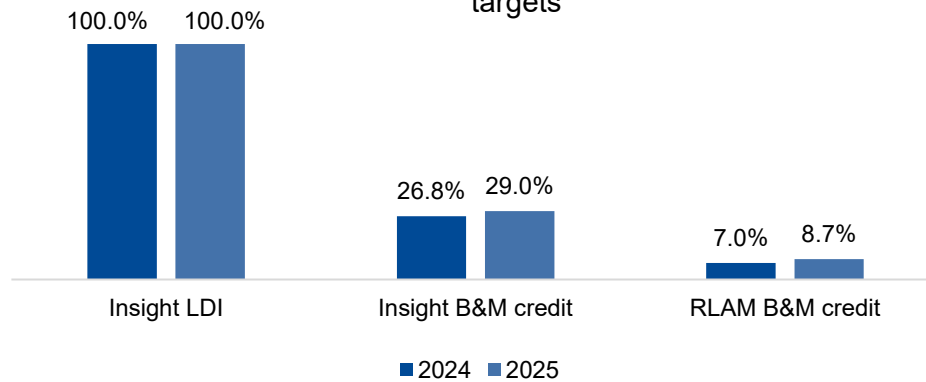
Scope 3 Carbon Footprint (tCO2e/£m)



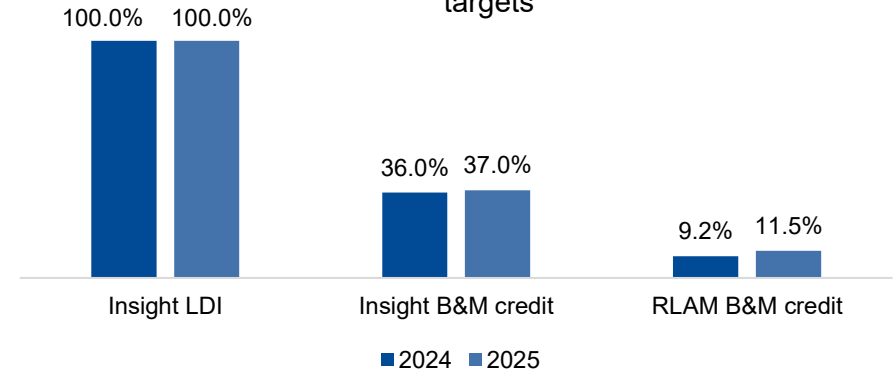
Scope 3 Carbon Footprint (tCO2e/£m)



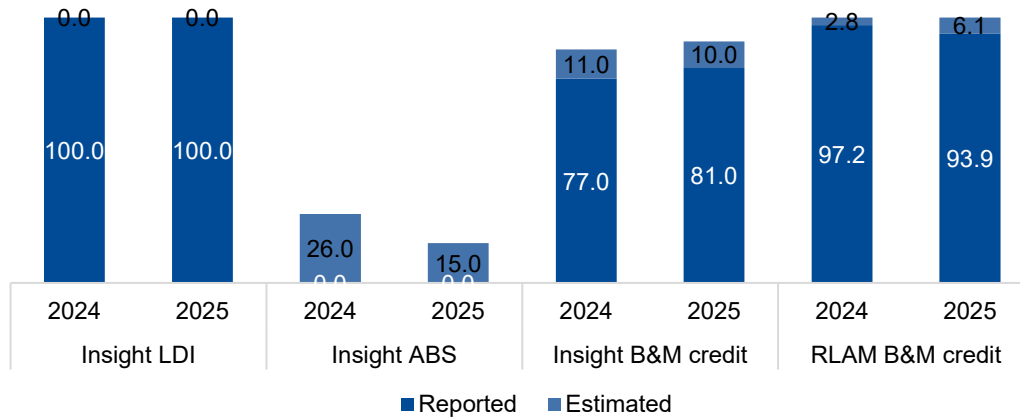
Proportion with SBT alignment or manager equivalent targets



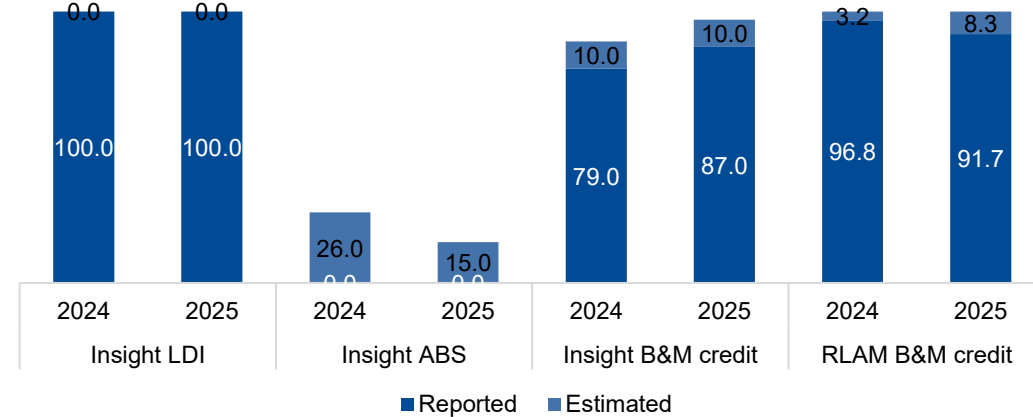
Proportion with SBT alignment or manager equivalent targets



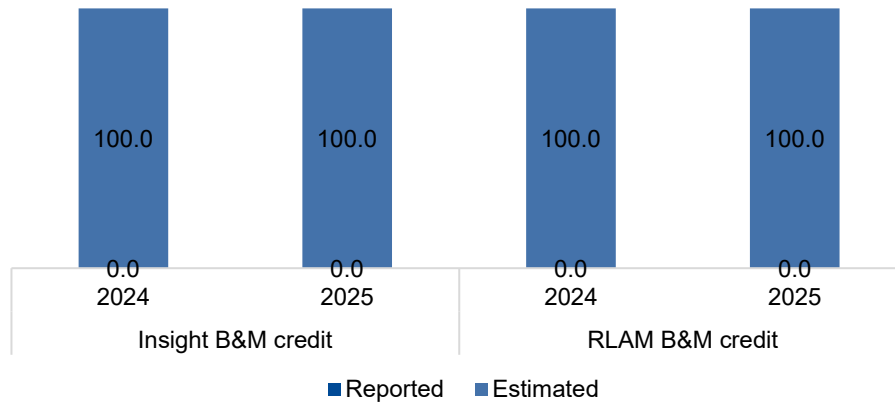
Scope 1 & 2 Data Quality (%)



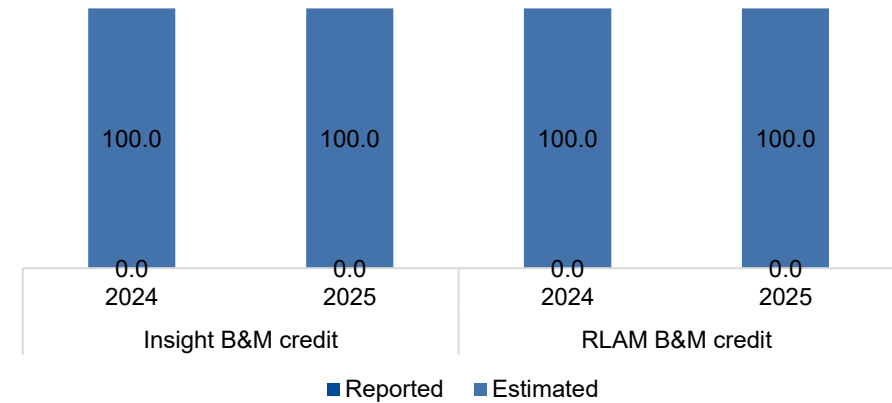
Scope 1 & 2 Data Quality (%)



Scope 3 Data Quality (%)



Scope 3 Data Quality (%)



The average Scope 1 & 2 Total Emissions have reduced in comparison with previous year across both sections. A similar pattern is visible for Scope 1 & 2 carbon footprint, which also generally reduced year-on-year across the reported DB mandates.

In both DB Sections, Insight B&M credit shows lower Scope 3 total emissions in 2025, whereas RLAM B&M credit shows slightly higher Scope 3 total emissions year-on-year, with Scope 3 carbon footprints following this trend. The proportion of holdings with SBT alignment or manager equivalent targets increased for the reported B&M credit mandates in both DB Sections, while Insight LDI remained at 100% in both years.

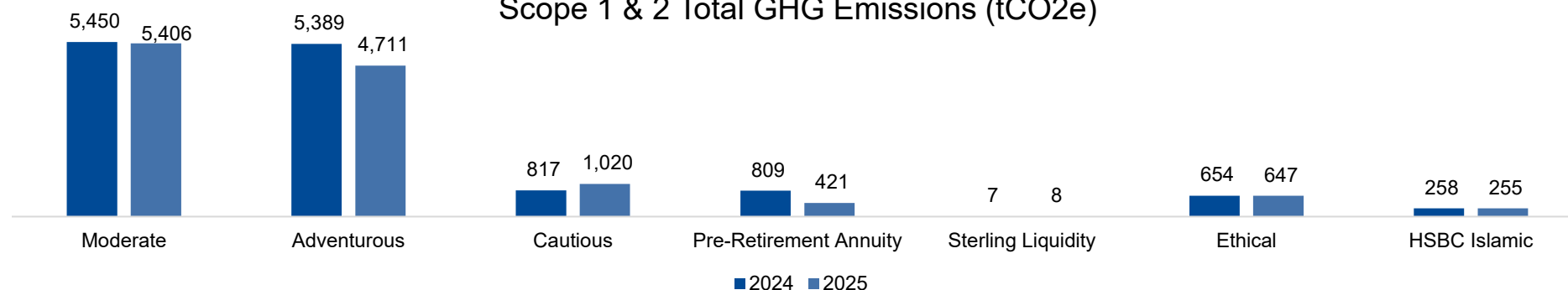
The Data quality which generally remained the same or improved slightly apart from a small deterioration in the RLAM B&M credit fund for both sections.

DC Section

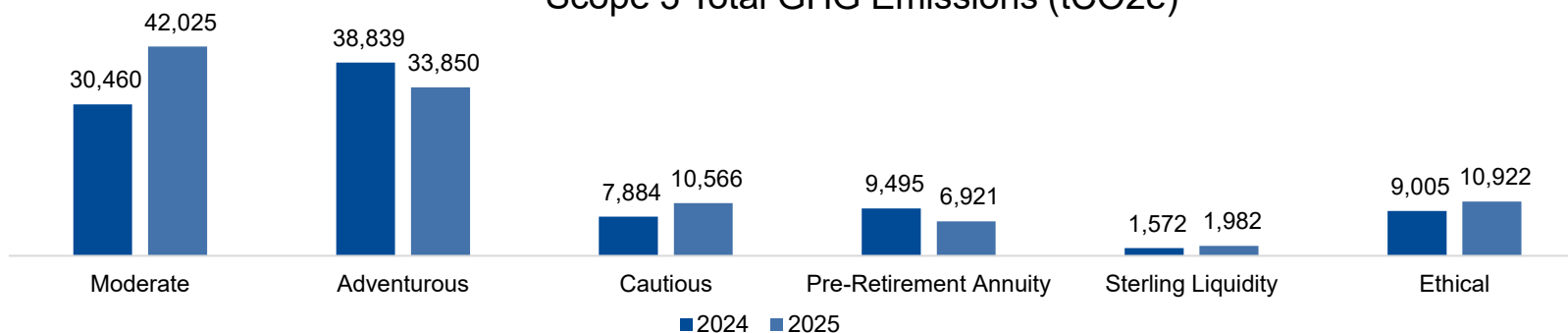
Climate-related metrics provided by the DC investment consultant, Mercer, have been sourced from the investment managers and aggregated through modelling and calculations completed by Mercer. This year, Scope 1, 2 and 3 emissions data has been included where possible.

The climate-related metrics have been calculated using portfolio holdings and metrics on 31 December 2024 and 31 December 2025 for the funds available to members during the year is shown where this is available. The metrics are also presented in graphical form, similar to the DB section, for better comprehension and comparison with the previous year. The detailed tables with the metrics per section can be seen in Appendix 3. Where values are unavailable, incomplete, or not shown for a metric, the relevant mandate/fund has been omitted from the chart.

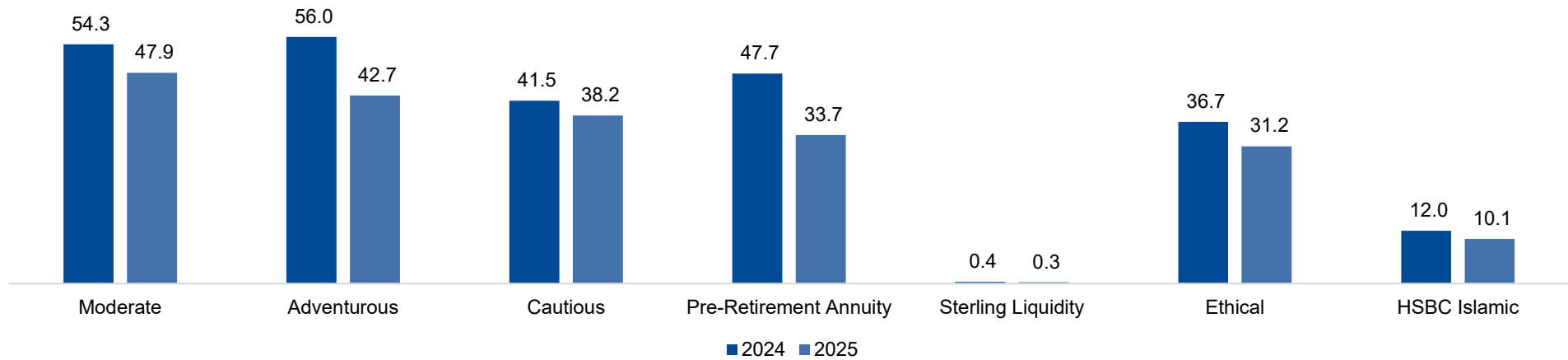
Scope 1 & 2 Total GHG Emissions (tCO₂e)



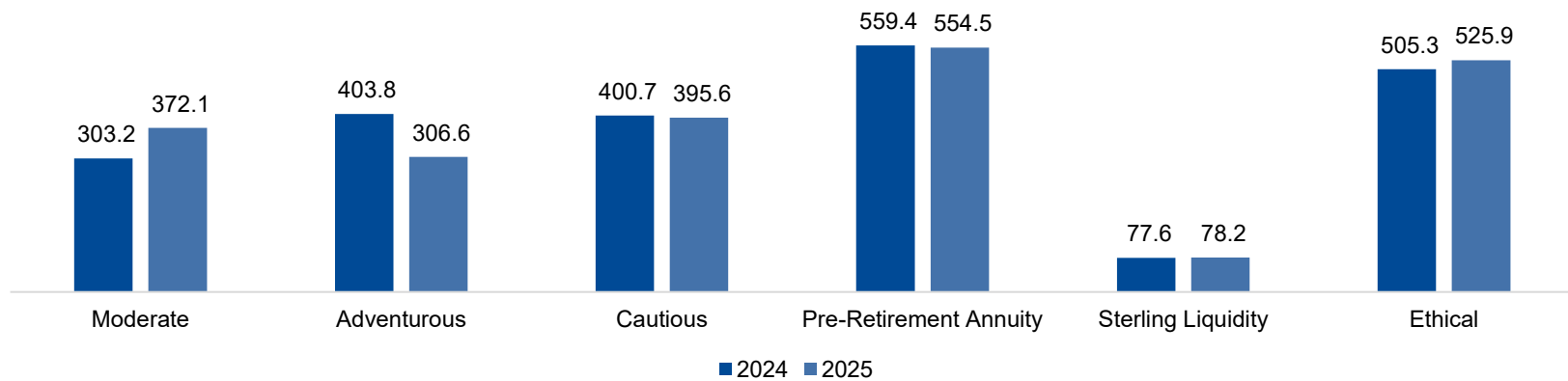
Scope 3 Total GHG Emissions (tCO₂e)



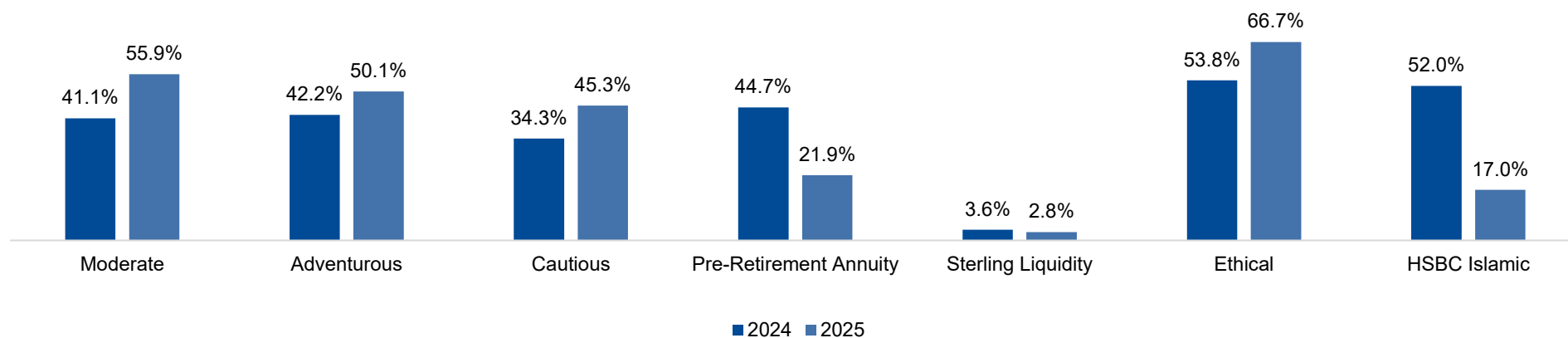
Scope 1 & 2 Carbon Footprint (tCO₂e/\$m)



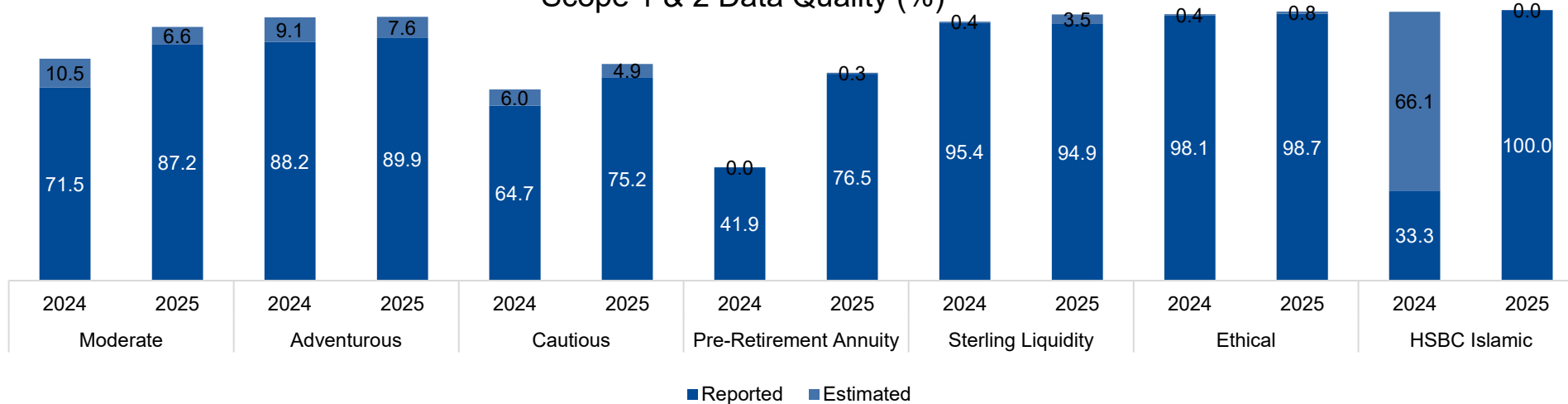
Scope 3 Carbon Footprint (tCO₂e/\$m)



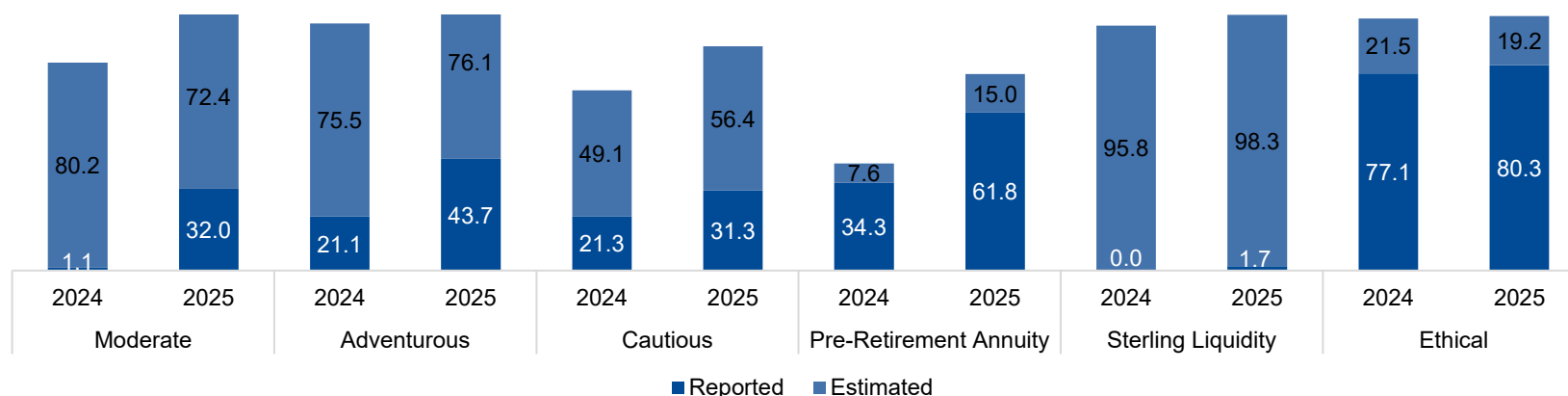
Proportion with SBTi Approved Targets



Scope 1 & 2 Data Quality (%)



Scope 3 Data Quality (%)



The Trustee has observed the following:

- Changes in total greenhouse gas (GHG) emissions with scope 1 and 2 are driven by asset values, which is reflected by the mixture of decreasing and increasing figures. Scope 3 absolute emissions were also mixed across funds, as data quality and coverage is still building in relation to scope 3 emissions.
- The scope 1 & 2 carbon footprint figures have reduced across all reported DC funds between 2024 and 2025. This is driven both by sector/regional allocation as well as the fact that companies are generally on a decarbonisation pathway and hence emissions intensity is expected to fall over time. Scope 3 carbon footprint figures were mixed across funds.
- Portfolio alignment metrics (SBTi proportions) have increased for the majority of funds, as more companies have now set science based targets, which the Trustee views positively. The Moderate, Adventurous and Ethical fund are all above the 50% target. There have however been meaningful falls in SBTi proportions for the Pre-Retirement Annuity Fund and the HSBC Islamic Fund. Our understanding is that this has been driven by a change in the categories used to calculate the metric (namely whether “committed” targets are included in the total figures, or just “verified” targets. The Trustee, through its advisers, will be engaging with the relevant managers on this point.
- Data quality has generally improved across all funds.

Targets

DB Sections

In 2025, following a review of climate metrics, the Trustee revised the DB Sections' target to achieve 60% alignment with SBT or equivalent including manager-assessed frameworks by 2026, and 75% by 2030. The Trustee believes it will have a fuller picture of its assets' climate-related risks by including manager-assessed, SBT-equivalent metrics due to its greater data coverage. This target allows the Trustee to contribute to risk reduction by engaging with (and where appropriate) reducing allocations to companies not aligned with SBT.

The percentage of the portfolios with SBT alignment increased from c.36% by the end of 2024 to c.38% at the end of 2025. This increase was driven by increased alignment increase across both the B&M credit portfolios and an increase in the portfolio allocated to LDI (assumed to have 100% alignment with SBT). It was partially offset by an increase in the portfolio allocated to ABS (with 0% alignment with SBT).

The latest data continues to show a wide variation in SBT alignment across mandates, with some portfolios remaining relatively low in absolute terms.

The Trustee recognises that progress towards this target will depend on:

- the availability and coverage of SBT data, and
- the approach taken by underlying issuers and managers.

The Trustee will therefore continue to:

- engage with investment managers (particularly within B&M credit) to understand how SBT alignment can be improved over time.
- monitor the proportion of SBT-aligned holdings as part of the Scheme's regular climate reporting.

DC Section

The Trustee has set a net zero greenhouse gas emissions by 2050 target for the DC Section (covering listed holdings where data is reported). The rationale is that this target is required to reduce GHG emissions and keep global warming to 1.5°C, meeting the goals of the Paris Climate Agreement. Additionally, the majority of the DC investment managers are committed to net zero by 2050 and have signed up to this initiative. Therefore, the funds invested for the DC section are expected to get to net zero and the Trustee can objectively follow up against this objective with their managers.

In order to monitor progress towards this longer-term target, the Trustee will work towards an interim target of having, by 2030, at least 50% of relevant assets aligned to a net zero by 2050 target – i.e., credible plans in place to reach the 2050 target. The baseline is 31 December 2021 and progress is assessed on this basis. In practice, this means having at least 50% of portfolio companies with SBTi approved targets by 2030, for listed credit and equity assets where data is reported. Significant progress was made towards the interim target over the Scheme year, as summarised in the metrics section of this report. The Moderate, Adventurous, and Ethical Fund have all met the target. These funds represented c. 69% of Scheme assets as at 31 December 2025.

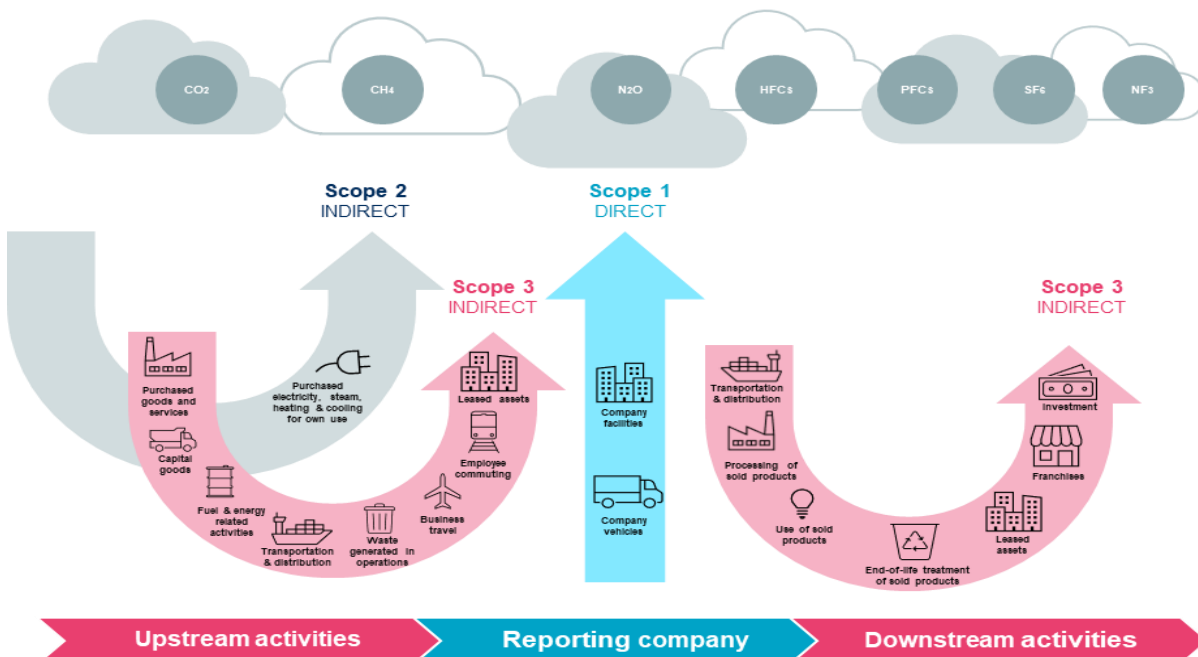
The Trustee has reviewed the target set for the DC Sections during the year and consider that it remains appropriate.

Appendix 1 – Greenhouse gas emissions explained

Within the 'metrics and targets' section of the report, the emissions metrics relate to seven greenhouse gases – carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃). The figures are shown as "CO₂ equivalent" (CO₂e) which is the amount of carbon dioxide that would be equivalent to the excess energy being stored by, and heating, the earth due to the presence in the atmosphere of these seven greenhouse gases.

The metrics related to greenhouse gas emissions are split into the following three categories: Scope 1, 2 and 3. These categories describe how directly the emissions are related to an entity's operations, with Scope 1 emissions being most directly related to an entity's everyday activities and Scope 3 referring to indirect emissions in an entity's value chain. Scope 3 emissions often form the largest share of an entity's total emissions but are also the ones that the entity has least control over.

- **Scope 1** greenhouse gas emissions are all direct emissions from the activities of an entity or activities under its control.
- **Scope 2** greenhouse gas emissions are indirect emissions from electricity purchased and used by an entity which are created during the production of energy which the entity uses.
- **Scope 3** greenhouse gas emissions are all indirect emissions from activities of the entity, other than scope 2 emissions, which occur from sources that the entity does not directly control.



Source: GHG Protocol

Appendix 2 – Climate scenario analysis: modelling approach and limitations

DB Sections

Modelling approach

The triennial climate scenario analysis uses a top-down quantitative modelling approach to estimate how climate pathways could affect asset class returns and the DB Sections' funding position. The projections use climate scenarios as at 31 December 2024, with market conditions updated to 30 June 2025.

The modelling is aligned to the DB Sections' long-term objective and assesses climate impacts on both assets and liabilities using a consistent framework:

- Liability measure: focused on the long-term objective of gilts + 0.25% p.a.
- Investment strategy: assumes the current strategy is maintained.
- Trustee actions: no allowance is made for changes to funding or investment strategy in response to climate pathways.

The three scenarios modelled in the triennial analysis are summarised below:

Scenario	Core features
High Warming	No new low-carbon policies and some rollbacks; Paris goals not met; severe physical impacts (including an allowance for tipping points in this scenario).
Limited Action	Limited additional climate policies implemented; Paris goals not met; mix of transition and physical risks (higher physical impacts than an orderly transition).
Net Zero Financial Crisis	Net zero CO ₂ by 2055 via rapid action; abrupt market reaction in 2026 capturing potential repricing and volatility as transition accelerates.

Modelling limitations

The Trustee recognises that climate scenario modelling has significant limitations and is best used as one input into a wider assessment. For that reason, the Trustee also places weight on qualitative assessment of climate risk.

The quantitative modelling does not include (or may not reflect) a number of potentially material risks and second-order effects. The analysis note flags the following areas as not included in the quantitative modelling and therefore to be considered qualitatively:

- Tail risks and variations from median outcomes,
- The impact and timing of systemic risks and broader macro-financial disruption (including severe economic decline, widespread defaults/downgrades, or counterparty failures);
- Knock-on effects such as migration, conflict, food and resource shortages, and other systemic consequences (e.g. new pandemics, energy security shocks);
- The timing and severity of market pricing-in shocks and the level of adaptation are highly uncertain, so actual outcomes could differ materially from modelled results.

In practice, the Trustee uses the quantitative outputs as a reference point and considered the limitations above qualitatively when deciding how to manage climate-related risks and opportunities (including stewardship priorities and assessment of resilience under more adverse outcomes).

DC Section

Modelling approach

The DC climate analysis is Mercer's triennial assessment of climate impacts on member outcomes for the Scheme's default lifestyle strategy. The modelling is designed to support statutory climate reporting requirements.

The analysis was completed based on an analysis date of 30 September 2025, using:

- Mercer's capital market assumptions as at 30 September 2025; and
- Ortec's climate scenarios as at 31 December 2024

The analysis was run through the lens of three illustrative member cohorts (3, 8 and 25 years from retirement) and assessed over the Trustee's agreed time horizons: 3 (2028), 8 (2033) and 25 years (2050).

The analysis is performed relative to a climate-aware baseline representing Mercer's view of what markets are already pricing in. Climate impacts are reported as the additional effect under each scenario relative to that baseline. The climate-aware baseline composition (pre-smoothing) was: 5% Rapid, 35% Delayed, 15% Limited, 10% Failed and 35% no/low impact.

Mercer's scenarios are developed in partnership with Ortec Finance and Cambridge Econometrics, mapping warming pathways to economic impacts and then to investment return impacts, with explicit assumptions about what is priced into market and the timing of future pricing shocks.

The four scenarios modelled are set out below:

	Rapid Transition	Delayed Transition	Limited Transition	Failed transition
Summary	Highly ambitious low-carbon policy and rapid technology transition. Divestments in 2026 to align with the Paris Agreement goals have disruptive effects on financial markets with sudden repricing followed by stranded assets and a sentiment shock.	Limited additional action until 2030, at which point a highly ambitious set of low-carbon policies is introduced. Financial markets price in transition and physical risk in 2030 to align with the ambitious policy change, associated with stranded assets and a sentiment shock	Emissions targets and commitments are not fully met. Financial markets price in climate-related risks in 2030 and 2039 as the scale of future risks become more widely accepted and understood.	No new climate policies are enacted, but transition progresses on economic grounds. Financial markets price in climate-related risks in 2030 and 2039 as the scale of future risks become more widely accepted and understood.
Temperature change	Average temperature increase stabilises at 1.6°C from 2050 onwards.	Expected increase of 1.9°C by 2100	Expected increase of 2.9°C by 2100.	Expected increase of 3.7°C by 2100
Expected Emission and energy production	Net Zero by 2056. Cumulative emissions of c. 500GtCO ₂ by 2064. 92% of energy production from renewable sources (excluding nuclear) by 2060.	Cumulative emissions of c. 940GtCO ₂ by 2064. 91% of energy production from renewable sources (excluding nuclear) by 2060.	Cumulative emissions of c. 1,490GtCO ₂ by 2064 54% and 82% of energy production from renewable sources (excluding nuclear) by 2040 and 2060 respectively.	Cumulative emissions of c. 1,750GtCO ₂ by 2064 51% and 75% of energy production from renewable sources (excluding nuclear) by 2040 and 2060 respectively.
Key policy & tech assumptions	A highly ambitious low-carbon policy and rapid technology transition. Higher carbon prices, larger investment in energy efficiency and faster phase out of coal-fired power generation	Limited additional action until 2030, when a highly ambitious set of low-carbon policies is introduced. The world is faced with moderate impacts from extreme weather and temperature change.	Moderate policy steps taken to increase climate action including working towards 2030 targets but commitments are not fully met because policy actions are too weak and not urgent enough.	Existing policy regimes are continued with the same level of ambition, with no new policies enacted.

	Rapid Transition	Delayed Transition	Limited Transition	Failed transition
Financial climate modelling	Pricing in of transition and physical risks over the coming 40 years occurs within 1 year in 2026. As a result of this aggressive market correction, a confidence shock to the financial system takes place in the same year.	Pricing in of transition and physical risks occurs in 2030. As a result of this aggressive market correction, a confidence shock to the financial system takes place in the same year.	Pricing in of transition and physical risks occurs at two different timepoints: 2030 (risks of first 40 years) and 2039 (risks of 40-80 years).	Physical risks are priced in two different timepoints: 2030 (risks of first 40 years) and 2039 (risks of 40-80 years).
Impacts on inflation	Transition risk is associated with inflationary pressures over the short-term. Transition costs, including policy costs (e.g. carbon pricing) and costs associated with deploying new low-carbon technologies modestly increase short-term inflation under rapid and delayed transition scenarios.		Chronic physical risk is associated with inflationary pressures over the medium- to long-term. Higher projected temperatures reduce agricultural yields and drive up food prices, increasing medium- to long-term inflation under the limited and failed transition scenarios (Kotz et al., 2024).	
Physical risks considered	Physical risks are regionally differentiated and increase dramatically with rising global temperature. Physical risks are built up from: Gradual physical impacts associated with rising temperature (agricultural, labour, and industrial productivity losses) Economic impacts from climate-related extreme weather events. The Failed Transition incorporates the adverse effects of hitting multiple climate tipping points (e.g. collapse of the Greenland and West Antarctic ice sheets, the collapse of East Antarctic subglacial basins, loss of mountain glaciers, Amazon rainforest dieback, and boreal permafrost collapse). Risks such as climate-related migration and conflict are not captured.			

Source: Mercer and Ortec. Climate scenarios as at 31 December 2024

Modelling limitations

The Trustee recognises that climate scenario modelling is complex and subject to limitations. In particular:

- The further into the future you go, the less reliable any quantitative modelling will be.
- There is a reasonable likelihood that physical impacts are grossly underestimated. Feedback loops or 'tipping points', like permafrost melting, are challenging to model particularly around the timing of such an event and the speed at which it could accelerate.
- Financial stability and insurance 'breakdown' is not modelled. A systemic failure may be caused by either an 'uninsurable' 4°C physical environment, or due to the scale of mitigation and adaption required to avoid material warming of the planet.
- Most adaptation costs and social factors are not priced into the models. These include population health and climate-related migration.
- The analysis includes only four scenarios, so many plausible outcomes are not covered.
- The analysis focusses specifically on climate risks; other risks should be considered as part of wider risk reviews (e.g. broader modelling).

Appendix 3 – Detailed climate-related metrics

The year-on-year percentage change of the climate metrics is detailed in the following tables and have been colour-coded as follows:

	The change in the climate metric is positive. This would apply to a decrease in total emissions, carbon footprint, sovereign carbon intensity, or implied temperature rise. It would also apply to an increase in coverage or share of companies with approved SBTi targets.
	The change in the climate metric is negative. This would apply to an increase in total emissions, carbon footprint, sovereign carbon intensity, or implied temperature rise. It would also apply to a decrease in coverage or share of companies with approved SBTi targets.
	The climate metric is unchanged.
	Climate metrics are unavailable. This includes metrics which are not applicable due to the type of the mandate (e.g., sovereign carbon intensity is only available with sovereign bond exposures), or because the manager is unable to provide the metric although it theoretically applies to the mandate.

DB Sections

The climate-related metrics were provided by the respective asset managers, using the following methodologies:

- **LDI:** annual UK GHG emissions of 371.0m tCO₂e for 2024 (published as a provisional figure by the UK government), total UK government debt taken as the market value of gilts in issuance of £2,438,834m (at 31 December 2025), UK PPP-adjusted GDP estimate of GK\$4,286,574m for 2024 (published by the IMF), gilts posted out as collateral are included in gilt valuations; gilts received as collateral are excluded, derivatives, cash and short gilt positions have also been excluded. Total emissions based on PCAF methodology.
- **Insight ABS fund:** Carbon metrics for ABS assets remain subject to limited market data availability and evolving methodology. Insight estimates emissions using issuer “data tapes”, public data sources and sector-level modelling. For UK RMBS exposures, emissions are estimated using underlying property and energy efficiency data, while CLO emissions are estimated using Fitch leveraged loan sector data and collateral composition. In 2024, Insight quoted carbon footprint as “emissions per £m invested”, using fund NAV as the denominator. On this basis, the carbon footprint reduced from 3.7 tCO₂e per £m invested at 31 December 2024 to approximately 2.5 tCO₂e per £m invested at 31 December 2025. In 2025, the methodology evolved to introduce Enterprise Value Including Cash (“EVIC”)-based denominator methodologies, reflecting the nature of the underlying asset classes and prevailing market practice.
- **Insight B&M credit:** EVIC is enterprise value including cash, book value based notional values, any calculation for non-base currency denominated data use current FX rates. Carbon emissions data obtained from MSCI or for a small number of issuers it is manually sourced from the issuer reporting.
- **RLAM B&M credit:** Emissions are attributed to a fund based on the portion of the company’s value the fund holds, using enterprise value including cash for publicly listed corporates. Emissions associated with private issuers of corporate bonds were excluded, because market values (EVIC) tend to be systematically higher than account values (equity + debt) and this therefore can make private issuers emissions look artificially higher. Carbon emissions data obtained from MSCI.

The Total GHG emissions is calculated based on the data coverage for each fund and not on renormalised figures. The trustee understands this approach underestimates the value of emissions for the whole fund, but they prefer to report the actual value together with the data quality to encourage managers to improved data coverage for the invested funds.

Group Section

Fund	Year	NAV (£m)	Scope 1 and 2 emissions		Scope 3 emissions		Portfolio alignment
			Total GHG emissions (tCO ₂ e)	Carbon footprint (tCO ₂ e/£m) Data Quality (Reported / Estimated)	Total GHG emissions (tCO ₂ e)	Carbon footprint (tCO ₂ e/£m) Data Quality (Reported / Estimated)	Proportion with SBT alignment or manager equivalent targets
Insight LDI	2024	71	23,215	171.0 (100%/0%)			100.00%
	2025	59	19,855	152.1 (100%/0%)			100.00%
	Change	-13	-14.5%	-11.1%			-
Insight ABS	2024	138	504	3.7** (0%/26%)			
	2025	147	366	13.5 (0%/15%)			
	Change	9	-27.3%				
Insight B&M credit	2024	78	3,486	44.0 (77%/11%)	23,506	294 (0%/100%)	26.80%
	2025	80	2,477	31.0 (81%/10%)	19,369	242.8 (0%/100%)	29.00%
	Change	2	-28.9%	-29.4%	-17.6%	-17.4%	8.2%
RLAM B&M credit	2024	100	2,477	25.4 (97.2%/2.8%)	18,469	189.6 (0%/100%)	7.00%
	2025	102	2,094	21.6 (93.9%/6.1%)	18,982	195.4 (0%/100%)	8.70%
	Change	2	-15.5%	-15.0%	2.8%	3.0%	24.3%
Barings Private Credit	2024	27					
	2025	17					
	Change	-10					

Source: Investment Managers as at 31 December 2024 and 31 December 2025. Where there have been methodology changes over the year, prior year figures have been restated to ensure consistency between reporting periods

** Insight 2024 value provided based on carbon footprint per £1m invested. Whereas 2025 value provided based on tonnes/GBPm EVIC

BPP Section

Fund	Year	NAV (£m)	Scope 1 and 2 emissions		Scope 3 emissions		Portfolio alignment
			Total GHG emissions (tCO ₂ e)	Carbon footprint (tCO ₂ e/£m) Data Quality (Reported / Estimated)	Total GHG emissions (tCO ₂ e)	Carbon footprint (tCO ₂ e/£m) Data Quality (Reported / Estimated)	Proportion with SBT alignment or manager equivalent targets
Insight LDI	2024	160	56,700	171.0 (100%/0%)			100.00%
	2025	177	49,002	152.1 (100%/0%)			100.00%
	Change	17	-13.6%	-11.1%			-
Insight ABS	2024	131	479	3.7** (0%/26%)			
	2025	138	346	13.5 (0%/15%)			
	Change	7	-27.7%				
Insight B&M credit	2024	148	5,041	33.9 (79%/10%)	50,256	341.8 (0%/100%)	36.00%
	2025	144	4,886	33.7 (87%/10%)	49,571	345.4 (0%/100%)	37.00%
	Change	-4	-3.1%	-0.6%	-1.4%	1.1%	2.8%
RLAM B&M credit	2024	147	3,923	29.4 (96.8%/3.2%)	21,894	180.4 (0%/100%)	9.20%
	2025	150	3,429	23.9 (91.7%/8.3%)	23,800	166.1 (0%/100%)	11.50%
	Change	3	-12.6%	-18.8%	8.7%	5.3%	25.0%
Barings Private Credit	2024	30					
	2025	20					
	Change	-10					
ICG SDP 3C Private Credit	2024	20					
	2025	9					
	Change	-11					
ICG SDP 4C Private Credit	2024	18	238	13.8 *	388	69.7 *	7.70%
	2025	12	150	10.8 *	658	124.5 *	
	Change	-6	-37.3%	-21.9%	69.4%	62.0%	

Source: Investment Managers as at 31 December 2024 and 31 December 2025. Where there have been methodology changes over the year, prior year figures have been restated to ensure consistency between reporting periods

*Data Quality not provided.

** Insight 2024 value provided based on carbon footprint per £1m invested. Whereas 2025 value provided based on tonnes/GBPm EVIC

DC Section

Popular Arrangement	Year	NAV (£m)	Scope 1 and 2 emissions		Scope 3 emissions		Portfolio alignment
			Total GHG emissions (tCO ₂ e)	Carbon footprint (tCO ₂ e/\$m) Data Quality (Reported / Estimated)	Total GHG emissions (tCO ₂ e)	Carbon footprint (tCO ₂ e/\$m) Data Quality (Reported / Estimated)	Proportion with SBTi approved targets
Moderate	2024	93.3	5,450	54.3 (71.5%/10.5%)	30,460	303.2 (1.1%/80.2%)	41%
	2025	97.8	5,406	47.9 (87.2%/6.6%)	42,025	372.1 (32.0%/72.4%)	56%
	Change	4.5	-1%	-12%	38%	23%	36%
Adventurous	2024	78.0	5,389	56.0 (88.2%/9.1%)	38,839	403.8 (21.1%/75.5%)	42%
	2025	83.3	4,711	42.7 (89.9%/7.6%)	33,850	306.6 (43.7%/76.1%)	50%
	Change	5.3	-13%	-24%	-13%	-24%	19%
Cautious	2024	20.5	817	41.5 (64.7%/6.0%)	7,884	400.7 (21.3%/49.1%)	34%
	2025	25.9	1,020	38.2 (75.2%/4.9%)	10,566	395.6 (31.3%/56.4%)	45%
	Change	5.4	25%	-8%	34%	-1%	32%
Pre-Retirement Annuity	2024	22.5	809	47.7 (41.9%/0.0%)	9,495	559.4 (34.3%/7.6%)	45%
	2025	21.2	421	33.7 (76.5%/0.3%)	6,921	554.5 (61.8%/15.0%)	22%
	Change	-1.3	-48%	-29%	-27%	-1%	-51%
Sterling Liquidity	2024	16.2	7	0.4 (95.4%/0.4%)	1,572	77.6 (0.0%/95.8%)	4%
	2025	18.8	8	0.3 (94.9%/3.5%)	1,982	78.2 (1.7%/98.3%)	3%
	Change	2.6	9%	-25%	26%	1%	-22%
Ethical	2024	14.3	654	36.7 (98.1%/0.4%)	9,005	505.3 (77.1%/21.5%)	54%
	2025	15.5	647	31.2 (98.7%/0.8%)	10,922	525.9 (80.3%/19.2%)	67%
	Change	1.2	-1%	-15%	21%	4%	24%
HSBC Islamic	2024	17.2	258	12 (33.3%/66.1%)			52%
	2025	18.7	255	10.1 (100.0%/0.0%)	3,880	154.4 (99.1%/0.0%)	17%
	Change	1.5	-1%	-16%			-67%

Source: Investment Managers as at 31 December 2024 and 31 December 2025. Asset values (NAV) are for the total Scheme assets invested in the relevant fund.

Metrics for funds with fixed income excludes sovereigns.

The Trustee, via the DC adviser, will be engaging with investment managers regarding the rationale for movements in the metrics. In particular, those where there was a negative movement in the SBTi metrics, given that this is a good forward-looking indicator of progress. While SBTi proportions increased for the majority of funds there were meaningful falls in SBTi proportions for the Pre-Retirement Annuity Fund and the HSBC Islamic Fund. Our understanding is that this has been driven by a change in the categories used to calculate the metric (namely whether “committed” targets are included in the total figures, or just “verified” targets). The Trustee, through its advisers, will be engaging with the relevant managers on this point.

Note: The coverage figures indicate the share of the eligible popular arrangement for which the relevant metric is available. Absolute carbon emissions have been calculated as the product of the specific carbon footprint of the underlying fund(s), their investment value. For mixed asset mandates absolute emissions have been adjusted for the eligibility ratio of the underlying fund(s). For any funds with underlying mandates managed by Legal & General, total carbon emissions and carbon footprint figures include sovereign bond exposures.

At the time of writing the report, different managers take different approaches in relation to how they report on sovereign carbon emissions. The different approaches make it difficult to aggregate sovereign metrics across portfolios. The Trustee expects that managers' reporting capabilities will mature making sovereign carbon metrics more comparable in the future so that they can be reported for all popular arrangements in an aggregated format.

Fund	2025 Carbon Footprint (Approx incl. sovereigns)	2025 Carbon Footprint (excl. sovereigns)	2025 Carbon Footprint (only sovereigns)	2025 Scope 1 & 2 Total GHG emissions (tCO2e)
Moderate	65.1	47.9	217.4	2,771
Cautious	60.4	38.2	146.0	1,014
Pre-Retirement Annuity	74.2	33.7	106.4	1,672

Note: The sovereign emissions metrics provided are for production emissions only, expressed in tons CO2e for absolute emissions, and tCO2e / \$M PPP-Adjusted GDP for production sovereign carbon intensity. Where managers have not specified the unit of measurement used, the Trustee has assumed alignment with the definition of production emissions as defined in the Partnership for Carbon Accounting Financials (PCAF) guidance. Sovereign emissions metrics for consumption emissions were not readily available at time of writing. The Trustee is continuing to work with the managers to show sovereign metrics for consumption emissions as data becomes more available in future reporting periods.