



2025 CLIMATE DISCLOSURES REPORT

JPMC UK RETIREMENT PLAN



Message from the Chair

Welcome to our third climate disclosures report.

Research published earlier this year confirmed that 2024 was the hottest year on record globally – the tenth consecutive year with average temperatures more than 1°C above pre-industrial levels. This continued trend reflects the growing challenge of aligning with the goals of the Paris Agreement.

At the same time, the global context for climate action is becoming more complex. Geopolitical tensions, fragmented regulation, and shifting market sentiment have contributed to rising uncertainty. Many institutions and asset managers are revisiting earlier climate commitments in light of practical implementation challenges.

The Trustee continues to view climate change as a financially material risk. We recognise that meeting long-term goals will require sustained effort across two dimensions: mitigation, through reducing portfolio emissions and supporting the low-carbon transition and resilience, through adapting to the effects of a warming planet and evolving market environment. As wider understanding of physical climate risks increases, we are aligning our approach accordingly.

Since our last report, we have taken a number of important steps that we believe strengthen the Plan's climate governance and investment approach:

- **Evolving our governance framework:** The Trustee regularly reviews how climate and broader ESG risks are identified and managed across its investment processes. This includes updates to our ESG beliefs, deeper integration of sustainability considerations within mandate guidelines, and work through our Governance & Risk Working Group to enhance overall risk oversight.
- **Reinforcing our stewardship expectations:** We retained signatory status to the UK Stewardship Code and have challenged investment managers on the credibility of their climate and engagement strategies. This includes seeking evidence behind decisions such as exiting net-zero alliances, and encouraging transparent stewardship of carbon-intensive assets.
- **Refining our net-zero framework:** The Plan remains broadly aligned with its net-zero ambition, based on current analysis. Over the year, we enhanced our carbon reporting methodology to incorporate improved data and manager reporting, and rescaled our Carbon Journey Plan to ensure consistency with this revised baseline.
- **Embedding climate into investment decisions:** ESG and climate-related considerations have been fully integrated into manager selection processes, including the appointment of new equity mandates aligned with the Trustee's sustainability beliefs. These steps help ensure that the portfolio is positioned for both long-term value and climate alignment.

While significant progress has been made, we recognise that the journey is not straightforward. Climate risk is dynamic and continues to evolve. The Trustee remains committed to taking action that is proportionate, evidence-based and aligned with members' long-term interests. We also believe that addressing climate risk requires strong engagement with managers, advisers and industry groups. By continuing to challenge and collaborate with our partners, we aim to ensure our approach remains credible, informed, and forward-looking.

We hope this report provides a transparent and balanced view of where we stand and where we are heading. We remain open to challenge and learning, and thank those supporting us along the way.

With best wishes

Denise Le Gal, Chair of the Trustee

Executive Summary

Governance



We have continued to evolve our governance framework to ensure that climate change is effectively embedded into all investment decision making. Sustainable investing is at the core of the Investment Committee's mission, with clear roles and responsibilities being defined within the Committee. Over the year, the Trustee has formally reviewed and developed its ESG beliefs to reflect the evolution of the Plan's governance structure and investment strategy, as well as industry developments.

Strategy



The Trustee's climate scenario analysis, carried out in early 2024 with its Investment Consultant, remains fit for purpose and continues to guide the assessment of climate-related risks and opportunities across the Plan. The analysis reflects the latest data and methodological developments observed across the industry. Its findings have been considered in the context of the most recent actuarial valuation and covenant review, supporting a wider understanding of climate risks as part of the broader funding and investment strategy.

A key development within the scenario analysis has been the inclusion of the "Hot House World" scenario, which explores the implications of insufficient global climate action leading to significant physical risks from higher levels of global warming. This scenario reflects recent scientific consensus and reinforces the importance of continued climate integration in investment decision-making.

Risk management



Managing climate change risk remains a strategic investment priority for the Trustee and forms a key component of the Plan's broader risk management framework. A well-structured process for identifying, assessing, and mitigating climate-related risks supports the Trustee's overarching objective of delivering better outcomes for members.

To support this, the Trustee has developed a Carbon Journey Plan as a tool for monitoring progress towards net-zero carbon emissions by 2050. Alongside this, the Trustee is continuing to evolve its overall approach to risk governance. The newly formed Governance & Risk Working Group plays a central role in this process, with a remit to strengthen risk oversight across all areas of the Plan — including ESG and climate-related risks. This ongoing work reflects the Trustee's commitment to embedding sustainability more systematically into its risk management processes, while recognising the complexity and dynamic nature of climate risk.

Metrics and targets



*Net-zero carbon means that we remove as much carbon as we emit

We remain committed to working towards a net-zero carbon* outcome by 2050, with an interim goal of a 50% reduction in the Plan's current carbon footprint by 2030, while recognising the pathway may be complex and non-linear. This report provides insights into how we plan to achieve these targets through our investment strategies and stewardship activities. We believe that supporting the low-carbon transition is not only aligned with our fiduciary duty, but also likely to deliver more sustainable long-term returns for the Plan. This year's climate metrics analysis, which now includes Scope 3 emissions data where available, indicates that the Plan remains broadly on track to meet its stated objectives.

However, the Trustee recognises that the global low-carbon transition is proving more complex and slower than initially anticipated, and that achieving real-world decarbonisation across portfolios is increasingly challenging. Against this backdrop, the Trustee continues to engage with underlying investment managers to improve climate data quality, scrutinise net-zero alignment, and assess the ongoing suitability of the climate metrics being used.

Our Sustainability Journey

Sustainability has been at the core of our thinking and decision-making for many years. The Trustee firmly believes that companies and issuers that manage ESG risks (including climate risk) effectively, can protect and enhance value. Below we provide a snapshot of the actions taken to further integrate sustainable investing (including management of climate risk) into the Plan's strategy over the past couple of years.

Our influence*



Evolution of our governance framework

- The Plan's Sustainable Investment Group (SIG) has been integrated into the Investment Committee to streamline sustainable investment decision making.
- The Trustee formally revisited its ESG investment beliefs in 2024 to reflect changes in governance, investment strategy, and broader market developments.
- The Trustee remained a signatory to the FRC Stewardship Code and submitted a successful updated application in May 2024.
- Trustee training on biodiversity and nature-based risks helped support the integration of emerging ESG themes into oversight.
- We have communicated with J. P. Morgan Chase, as the Plan's Sponsor, to learn more about their own approach to sustainability, and ensure alignment where appropriate.

Positive investment decision making

- 2020: Switched all passive equities (DB and DC sections) to reward companies with strong and improving sustainability credentials
- 2020: Introduced an actively managed equity option to DC members that invests in companies with best-in-class ESG credentials .
- 2021: Invested in the Government's first wave of 'green' gilts, proceeds of which will be used to support green projects across the country.
- 2022: Invested £50m in a new bond fund in the DC section, tapping into debt issued by companies and organisations addressing social and environmental challenges.
- 2023: Within the DC section, adjusted the bond fund within the default strategy to reward companies with strong and improving sustainability credentials, replicating the approach taken with equities
- 2024: Integrated climate considerations more explicitly into the equity allocation process for the DB Section.

What is next?

- Continue engaging with the Plan's members on climate change and broader developments in sustainable investment.
- Challenge and seek evidence to support the credibility of net-zero targets, stewardship practices, and climate action, seeking evidence of progress and impact.
- Ensure ESG and climate-related risks are fully integrated into the new risk management framework being developed by the Governance & Risk Working Group.
- Focus engagement with underlying investment managers relative to the stewardship priorities selected by the Trustee i.e., climate change, biodiversity, Diversity, Equity and Inclusion ("DEI").
- Review the role of nature and biodiversity within the Plan's sustainable investment strategy, supported by upcoming Trustee training and manager engagement activity in 2025

* asset values as at 31 December 2024

Climate disclosures report for the JPMC UK Retirement Plan

Introduction

The aim of the Trustee is to be at the forefront of good practice within sustainable investment. As part of this, the Trustee has taken great strides to improve its understanding of the Plan's exposure to climate risks and has put in place a plan to achieve net-zero carbon emissions by 2050. The Trustee views sustainable investing as a critical factor in helping deliver the Plan's ultimate objectives. Therefore, the Trustee has taken, and will continue to take, suitable actions to integrate these considerations into their decision making and management of the Plan's assets.

This report sets out the Trustee's continued approach in taking strides towards managing the risks and opportunities presented by climate change across the operation of the DB and DC sections of the Plan.

The climate change framework requires disclosures in four broad categories:

Governance: around climate-related risks and opportunities

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

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

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



This report sets out the Trustee's approach to compliance in each of these four areas above.

The Trustee of the JPMC UK Retirement Plan (hereinafter referred to as the "Trustee" and the "Plan", respectively) has produced its annual report under the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 (the "Regulations") for the year ended 31 December 2024 (formerly, the Taskforce on Climate-Related Financial Disclosures' ("TCFD's"). The principal employer for the Plan is J. P. Morgan Chase NA. The Plan is subject to the requirement to produce climate change disclosures in line with the above regulation. The aim is to improve and increase reporting of climate-related financial risks and opportunities.

1. Governance

The Trustee has ultimate decision-making responsibilities on all investment matters including identifying, assessing, and monitoring climate-related risks and opportunities. The Trustee is supported by several specialist committees (e.g., Funding Committee (“FC”), Investment Committee (“IC”), Compliance Committee and DC Committee (“DCC”)) and by third-party advisors covering actuarial, investment, DC, covenant, and legal aspects, amongst others. A formal Terms of Reference document governs the relationship between the Trustee and each of the Plan’s committees, setting out roles and responsibilities, and how each committee reports to the Trustee Board.

The Trustee continues to view climate change as a material financial risk, as well as a potential source of investment opportunity. In response, the Trustee has sustained its long-term commitment to embedding climate-related considerations across its investment strategy and governance processes.

The Trustee remains ambitious in its approach to sustainable investment, aiming to be at the forefront of good practice among its peers. This includes integrating climate change into all relevant decision-making processes and ensuring that climate-related risks and opportunities are considered in a proportionate and effective manner.

The Trustee recognises that strong governance is critical to achieving its climate ambitions and delivering positive long-term outcomes for members. As such, the Plan’s governance framework continues to evolve in line with emerging regulation, market practice, and the Trustee’s broader risk management objectives.

Evolution of governance framework over time

The Plan’s increasing focus on sustainable investment began over five years ago, with the establishment of the Sustainable Investment Group (“SIG”) in 2020 – a sub-committee of the Trustee dedicated to progressing the integration of ESG and climate considerations into the Plan’s investment framework. Meeting quarterly, the SIG was instrumental in setting the foundation for many of the Plan’s climate-related initiatives. This included formalising the Trustee’s net-zero target, setting stewardship expectations, and facilitating targeted workshops (such as the ESG Maturity Map developed by Accounting for Sustainability).

By 2022, the Trustee transitioned the SIG’s responsibilities into the Investment Committee (IC), reflecting the belief that sustainable investment should be an integral part of all investment decisions, rather than a parallel workstream. This move streamlined governance and embedded ESG considerations into core decision-making processes. Since the integration, the IC has actively led the implementation of the Trustee’s sustainability strategy.

Since this transition, the IC has overseen a wide range of initiatives linked to ESG, climate and stewardship. These include the publication of the Plan’s first and second TCFD-aligned climate disclosures reports (2023 and 2024 respectively), the agreement of stewardship priorities across environmental, social, and governance themes, and the appointment of managers with enhanced ESG and engagement credentials. The IC also played a key role in recent investment decisions that reflect the Trustee’s long-term sustainability beliefs, such as incorporating climate-aligned equity strategies into both the DB and DC sections.

The Trustee recognises that while climate change remains a key focus, sustainable investment extends beyond carbon to include other environmental issues (e.g. biodiversity, water, and nature), as well as broader social and governance considerations. Governance structures will continue to evolve to ensure that all these dimensions are addressed proportionately and effectively.

Members of the IC and wider Trustee Board comprise Sponsor-appointed and member-nominated trustees who have wide-ranging experience within the investment industry and across pensions investment, including ESG. Membership of the Trustee board is reviewed on a regular basis to ensure there is a sufficiently diverse range of experience across the Board (for example, member-nominated Trustee Directors are selected on a three-yearly basis as part of a competitive process, including a selection panel).

Over 2024, the Trustee Board continued to benefit from a diverse and experienced group of individuals with strong expertise across investment and sustainability. One Trustee Director was appointed as European Head of Sustainable and Transition Solutions at a leading global asset manager, bringing deep insight into decarbonisation and net-zero investment strategy. This individual also remains a director on the Pensions for Purpose board – an industry-wide initiative focused on accelerating the flow of capital towards impact investments.

Another Trustee previously involved with a Local Government Pension Scheme asset pool has since taken up a role at a UK-based pension provider, offering continued expertise across investment governance, risk management, and ESG integration. The Trustee Board also includes individuals with a broad range of experience from within JPMorgan and the wider finance and asset management industry. The Trustee continues to be supported by a stable and experienced in-house pensions team.

The Trustee Board carries out self-assessments on a regular basis to consider its effectiveness and better understand the various areas impacting on the effectiveness of the Board. The most recent self-assessment carried out in Q1 2025 indicated that the Trustee has the right background, experience, diversity, knowledge and skills to carry out its responsibilities.

The Trustee receives regular investment training sessions to stay abreast of the rapidly evolving sustainable investments landscape, which is provided by its Investment Consultant WTW and other service providers such as the Scheme Actuary and legal advisers. Training is incorporated into the Trustee's annual ESG workplan and also delivered on an ad-hoc basis when specific needs arise, including for newly appointed Trustee Directors.

Over the reporting period, the Trustee has received training on a number of key sustainability topics, including nature and biodiversity and climate scenario analysis. The Trustee also received updates on sustainable investment developments directly from underlying managers, who presented on their ESG practices and stewardship priorities.

In March 2025, a fund manager presented at a Trustee training day, providing valuable insights into the role of nature-based solutions in sustainable investing in the UK. Looking ahead, the Trustee will continue to engage directly with investment managers on stewardship practices through regular dialogue and presentations, supported by WTW's annual Sustainable Investment Review.

ESG beliefs




In 2020, the Trustee established a set of beliefs relating to sustainable investment which cover a range of areas within sustainable investment. Over the period since the previous climate disclosures report was published, the Trustee has formally reviewed the beliefs to reflect relevant changes in Plan's governance structure and investment strategy, as well as industry developments. The current beliefs are set out below.

The Trustee considers that holding a set of ESG beliefs is an important part of the governance framework and should aid the IC in future investment decision making. The ESG beliefs have been designed to empower corresponding actions which the Trustee is committed to implementing. The beliefs and actions, which were last reviewed in Q1 2024, will continue to be reviewed on a regular basis and are expected to evolve over time as industry-wide developments progress and views evolve.

<i>Category</i>	<i>Belief</i>	<i>Related Action</i>
General	1 Long-term sustainability issues have a material impact on risk and outcomes, both financial and non-financial and therefore should be fully integrated into decision-making alongside more traditional investment factors.	Fully integrate sustainability considerations into investment decision making, manager selection and monitoring processes.
	2 Our approach to sustainable investment should aspire to be at the forefront of good practice amongst peers.	Go above and beyond minimum compliance to regulatory requirements with respect to sustainable investment, undertaking a range of appropriate activities.
	3 The Trustee should engage with the Sponsor with regard to its sustainable investment practices and look to align with the Sponsor if deemed appropriate.	Communicate with the Sponsor to determine any key areas within sustainable investment that are a particular focal point.
	4 The Trustee should be open and transparent in its sustainable investing activities and communicate progress to members.	Communicate transparently and clearly with members on a regular basis through various means.
Governance	5 A robust governance framework with clear definition of roles and responsibilities will help enable the integration of ESG considerations within all aspects of investment decision-making	The IC and DCC apply sustainable investment considerations in investment decisions. ESG is a regular agenda item at IC, DCC and Trustee meetings.
Stewardship	6 Voting and engagement is a more effective strategy to pursue than exclusion.	Monitor and proactively engage with managers with respect to voting & engagement activity and outcomes. The Trustee expect that managers resort to implementation of exclusions / divestments only as a matter of last resort.
	7 The Trustee and associated third parties should participate in collaborative initiatives to strengthen our own voice and leverage our impact.	Join industry-wide participation initiatives as appropriate and encourage all Plan stakeholders to be active participants in relevant industry-wide groups
	8 Ensuring effective stewardship of assets by the Plan's investment managers is a critical part of the fiduciary duty towards members.	Monitor investment managers' stewardship activity and carry out focused and proactive engagement with managers.
Monitoring	9 It is important to hold managers to account in their approach to ESG integration and stewardship.	Monitor managers' approach to sustainable investment and stewardship on an ongoing basis. Challenge managers on areas the Trustee is unsatisfied with. Terminate managers who fail to improve adequately within an appropriate timeframe.
	10 Monitoring sustainable investment credentials at a Plan level is as important as monitoring the Plan's underlying investment managers.	Undertake Plan-level assessment of key ESG risks including climate change, diversity, equity & inclusion, and biodiversity, and monitor Plan level reporting across E, S and G factors.
Climate change	11 Climate change presents a material financial risk to the Plan and therefore merits particular attention.	Undertake climate change analysis of the Plan's portfolio and integrate climate metrics into the Plan's monitoring process.

The Trustee also maintains a risk register, which incorporates ESG risks, and is reviewed on at least an annual basis. In 2024, the Trustee set up the Governance and Risk Working Group in response to a new regulatory code, to strengthen pension scheme oversight. The group's remit is to act as the Plan's formal Risk Management Function, evolving the risk framework, maintaining the risk register, and coordinating governance improvements across all Trustee committees. It meets regularly to review major risks and ensures compliance with the Pension Regulator's governance standards. From an ESG perspective, the group aims to integrate environmental, social and governance factors into the scheme's risk management processes, thereby upholding high governance standards and addressing emerging ESG risks. The group has undertaken a detailed review of the register to ensure ESG-related risks, including those linked to climate change, regulatory developments, and reputational factors continue to be appropriately identified, assessed, and monitored as part of the Plan's broader risk management framework.

The Trustee has undertaken several other actions to help achieve the aim of managing climate change risks and opportunities. A few key case studies and examples are set out below:

 Stewardship priorities	 Portfolio updates	 Net-zero focus
<p>Stewardship priorities – The Trustee considers stewardship to be a core lever in managing risk and improving long-term financial outcomes for the Plan. Recognising the broad scope of stewardship activities, the Trustee has chosen to focus efforts on a small number of key priorities that align with statutory guidance and best practice. These were reaffirmed in 2024 as: climate change, biodiversity, and Diversity, Equity and Inclusion (“DEI”).</p> <p>These priorities reflect the Trustee’s assessment of the Plan’s long-term risks and opportunities, areas of focus highlighted by the Sponsor, and the ESG themes most actively addressed by the Plan’s managers. The Trustee continues to monitor how these priorities are being actioned across the portfolio, with progress discussed as part of the annual sustainable investment review and through regular manager engagement.</p>	<p>Over 2024 and the start of 2025, the Trustee implemented enhancements to the DB Section’s equity strategy by selecting two new mandates: an active global sustainable equity fund and a passive global equity fund with an explicit carbon objective. These decisions reflect the Trustee’s commitment to integrating sustainability within the investment process, while maintaining appropriate diversification and risk control.</p> <p>Allied with previous changes to both DB and DC sections, both sections of the Plan now incorporate funds that explicitly reward companies with strong and improving sustainability credentials.</p>	<p>Testing credibility of net-zero targets - The Trustee remains committed to its net-zero investment ambition and continues to monitor how this is reflected across the Plan’s investment arrangements. Engagement with underlying managers over 2024 focused on assessing the credibility of climate-related targets and the extent to which those targets are embedded into mandate guidelines and decision-making frameworks.</p> <p>That said, the Trustee recognises the evolving market context and the practical challenges faced by investment managers in formalising net-zero targets. Engagements over the year revealed a mixed picture: while some managers are able to reference net-zero targets within their fund strategies, others have indicated that formal inclusion within the Plan’s investment guidelines may not be feasible or appropriate. In these cases, reasons cited include the risk of limiting the investible universe, particularly in asset classes with meaningful emerging market exposure, and potential constraints on alpha generation in certain strategies. The Trustee remains committed to its climate goals but acknowledges these constraints. It continues to take a pragmatic, manager-specific approach – pushing for transparency and accountability in climate commitments while recognising the complexity of implementation across different mandates and asset classes.</p>

Interaction with our advisors and other third parties

The Trustee believes that it is critical for the Plan's advisors to have the capabilities to assist the Trustee in meeting their net-zero objectives and to match the Trustee's aspiration to be at the forefront of good practice amongst peers within sustainable investments. As such, the Trustee expects its advisors to demonstrate strong ESG expertise, align with the Trustee's net-zero objectives, and provide forward-looking guidance in a rapidly evolving investment landscape.

The Plan's investment consultant, WTW, provides support and advice to the Trustee across a range of investment topics, including ESG matters. The Trustee sets investment consultant objectives for WTW, which are reviewed annually. These objectives explicitly reference an expectation for WTW to assist the Trustee in maintaining Plan's position at the forefront of good practice within the area of sustainable investment. WTW also co-founded the Investment Consultants Sustainability Working Group ('ICSWG') which brings together leading UK investment consulting firms with the aim of seeking to improve sustainable investment practices across the investment industry.

The Trustee receives quarterly investment reports from WTW that are discussed at IC meetings. In addition, the Trustee reviews and discusses in detail an annual sustainable investment report prepared by WTW, which summarises the ESG and stewardship capabilities of the Plan's underlying investment managers. Furthermore, the Trustee receives ad-hoc information from underlying investment managers, with targeted meetings arranged on a needs basis to discuss specific topics. The IC and Trustee Board have a robust process in place whereby the information provided by WTW as Investment Consultant and by asset managers is reviewed, challenged, and discussed during IC and/or Trustee Board meetings.

Examples of meeting interactions with underlying investment managers over the year

Over the course of 2024, the Trustee continued its programme of direct engagement with the Plan's investment managers to deepen understanding of how climate considerations are being integrated into portfolio construction and stewardship.

In Q1 2024, the Investment Committee received a detailed presentation from the Plan's bond manager focused on their stewardship approach and climate strategy. The manager outlined their commitments to aligning portfolios with net-zero objectives, including the use of interim decarbonisation targets and portfolio coverage metrics to track progress.

The session also explored their climate engagement framework, which highlighted both the opportunities and challenges involved in holding investee companies accountable to emissions targets, such as regional policy differences, disclosure inconsistencies, and greenwashing risks. The manager discussed various levers for climate action, including enhanced corporate engagement, product innovation targeting climate outcomes, and selective portfolio tilts to reflect decarbonisation progress.

Discussion also focused on the manager's involvement in collaborative initiatives. The Trustee challenged the manager's recent decision to withdraw from Climate Action 100+, a prominent investor-led initiative aimed at ensuring the world's largest corporate greenhouse gas emitters take necessary action on climate change. The manager indicated that they had concluded the initiative was no longer delivering sufficient value relative to their expectations, and that they preferred to pursue climate engagement independently. However, it was acknowledged that the decision reflected a complex balancing of competing priorities across different stakeholders.

While the Committee noted encouraging progress in certain areas, there was nonetheless some disappointment expressed over the withdrawal from such a significant industry initiative, particularly given the collective influence such efforts can have in driving systemic change. The Trustee will continue to monitor the manager's individual engagement activity to ensure that its climate stewardship approach remains robust and transparent in the absence of participation in formal collaborative initiatives.

This session provided valuable insight into how the Plan's investment managers are approaching the evolving net-zero landscape and reaffirmed the importance of direct stewardship dialogue as part of the Trustee's broader ESG oversight.

The Trustee envisages the investment consultant working closely with the Plan's actuarial and covenant advisors (WTW and Cardano, respectively). This is reflective of the direction of travel set by The Pensions Regulator, whereby there is an expectation that climate risk permeates across the three pillars of the Integrated Risk Management framework.

As per the Trustee's ESG beliefs, influencing and changing company behaviour through voting and engagement is a critical area of focus for the Plan. As ongoing signatories to the FRC Stewardship Code, the Trustee has adopted robust stewardship and engagement practices. Having delegated responsibility for stewardship to investment managers, the Trustee expects these practices to be reflected within the approach adopted by the Plan's investment managers. Over 90% of the Plan's investment managers are signatories to the FRC Stewardship Code and many have made public climate commitments, although the broader market has seen some reduction of participation in initiatives such as the Net Zero Asset Managers Initiative. The Trustee recognises these shifting dynamics and continues to monitor how its managers adapt in this evolving environment.

The Financial Reporting Council (FRC) recently announced that a revised UK Stewardship Code will take effect from January 2026. The updated code aims to cover a broader range of asset classes and offer clearer guidance on how to apply it effectively. In response, the Trustee intends to re-engage with investment managers who previously felt the code did not apply to their assets and ask them to reconsider their position. We believe alignment with the UK Stewardship Code is important for promoting transparency, accountability, and long-term sustainable value for our members.

The Trustee believes that the explicit integration of ESG factors into its investment process, alongside the potential for sustainable investments, provides opportunities to increase expected financial returns and to have a positive environmental and social outcomes, as well as encouraging better governance practices in investee companies. Therefore, the Plan wishes to promote the proactive management of ESG risks and opportunities amongst the companies in which the Plan invests and expects its appointed investment managers to have integrated ESG factors as part of their investment analysis and decision-making process, and also to exercise their voting rights and undertake positive engagement with investee companies.

The Trustee continues to explore ESG factors through regular meetings with managers and via its annual sustainable investment review. The 2024 review maintained a focus on stewardship quality and assessed the degree to which manager practices aligned with the Plan's selected priorities: climate change, biodiversity, and Diversity, Equity and Inclusion (DEI). Where manager practices are assessed to be misaligned or underdeveloped, the Trustee engages further to encourage stronger implementation. Should concerns persist following engagement, the Trustee may consider replacement. This process is equally applied when assessing new mandates. For example, in 2024 the Trustee carried out an equity manager selection exercise, where ESG integration and stewardship were key components of the assessment scorecards used to evaluate managers.

While the Plan continues to mature and the pace of manager changes may reduce, the Trustee expects long-term partners to adopt and maintain leading sustainable investment practices, with a particular focus on robust stewardship, transparency on climate alignment, and responsiveness to engagement. The key overarching investment policies of the Plan are further detailed in the Statement of Investment Principles, which was last updated on 1 January 2025. This document can be found online at the following link: [JPMC UK Retirement Plan - Statement of Investment Principles](#)

All of the above said, the global context surrounding climate change remains complex, with many challenges to the climate transition and broader ESG objectives. This includes both the headwinds in policy and regulation and the evolving nature of the risks associated with climate change. Against this backdrop, the Trustee acknowledges the importance of striking the right balance – continuing to make meaningful progress in addressing climate-related risks while ensuring that any actions taken are expected to benefit the Plan's members over the long term. As the Trustee moves forward, it will continue to assess the evolving landscape, taking a pragmatic and measured approach that aligns with the Plan's long-term investment goals.

2. Strategy

Recognising the existential threat to the planet and to society that unmitigated climate change represents, in 2015 several countries came together and agreed to limit global warming to 2°C and to pursue efforts to limit the temperature increase to 1.5°C. A key part of the Paris Agreement was the objective to make finance flows consistent with a pathway towards low carbon emissions and climate resilience. This recognises the critical role asset owners (including pension schemes) play in supporting the pace and scale of the change required to manage climate risk.

The Trustee firmly believes that the purpose of embedding considerations around climate risk and opportunities into investment decisions is twofold – improving investment outcomes for members, as well as positively impacting the world they live in. Climate change is a financially material risk to the Plan and merits significant attention.

The Trustee has identified the following climate-related risks and opportunities:

- **Transition risks.** This relates to the risks and opportunities arising from efforts made to transition towards a net-zero economy (both domestically and globally) to limit climate change. The financial impact of these risks and opportunities is generally expected to occur in the medium term, with some perhaps occurring in the short term. Risks arising could include regulatory or societal changes rendering parts of the business of invested companies worthless – for example, fossil fuels ‘in the ground’ which become economically unviable to extract due to a lack of a suitable market or due to regulations preventing their extraction. Opportunities include early investment in assets which are likely to benefit from climate change adaptations, such as green energy providers.
 - o *Within the Plan’s portfolio, equities and credit assets are most impacted by transition risk, particularly in a scenario that sees a delayed transition, thus forcing more material action (and cost) later on. The effect on equities is more acute, however the Plan holds more bonds, and hence the impact on the Plan is broadly the same from each. This impact is most likely to manifest itself over the medium short- to medium-term.*
 - o *From a liability perspective, there may be improvements in life expectancy owing to healthier lifestyles and technological developments, though these may be more than offset by the costs of transition reducing personal wealth and wider investment in public services*
- **Physical risks.** This relates to the direct effects of climate change on the Plan and its members. Whilst these comprise both acute or short-term risks (e.g., extreme weather or wildfire events) and chronic or long-term risks (e.g., rising sea levels), the main financial effects are expected to be longer-term in nature. An increased number and magnitude of extreme events may cause changes to the physical landscape, which could lead to assets being devalued or destroyed. This would directly impact asset classes such as property or infrastructure, as well as the value of a company’s equity and bonds if they own assets that are affected or if physical events impact their business model. Changing temperatures is also expected to have a long-term impact on the life expectancy of Plan members.
 - o *Within the Plan’s portfolio, property and infrastructure assets are likely to be most impacted by physical risk (with the potential for some impairment of underlying investments), with a lesser impact from the Plan’s equities. This impact is most likely to manifest itself in the long-term, i.e. beyond a decade. The impact on bond assets is expected to be limited.*
 - o *From a liability perspective, the impact of hotter summers and greater temperature volatility throughout the year including the potential for more extreme winters is likely to have an impact on Plan mortality over the long-term (and thus liability values), all else being equal*

In a consistent manner to last year, the Trustee continued to consider how climate change may be impacting the DB and DC sections of the Plan over different time horizons:

Time horizon	Commentary
Short term – <i>through to 2025</i>	<ul style="list-style-type: none"> Consistent with three-year actuarial valuation and investment strategy review cycle The implementation of the Corporate Sustainability Reporting Directive (“CSRD”) is now underway, with the first set of disclosures expected in 2025. This represents a key step towards improving the availability and quality of corporate climate-related reporting. However, the evolution of the EU Omnibus Package, which includes updates to the CSRD, may temper some of these expectations. In particular, recent proposals suggest a potential softening of certain disclosure requirements, which could limit the breadth and consistency of data available in the near term. Transition risk remains a key short-term consideration, especially as market expectations adjust to mixed policy signals, increasing climate litigation, and growing scrutiny of corporate transition plans. The Trustee anticipates greater differentiation between issuers over this horizon and will continue to monitor and respond accordingly.
Medium term – <i>through to 2030</i>	<ul style="list-style-type: none"> Financial effects of “transition risk” are expected to dominate Target to halve the Plan’s carbon emissions by 2030 Position of considerable maturity for the DB section, with majority of the members expected to have retired by 2030 Period over which the bulk of the Plan’s DC members start to reach retirement Over the medium term the Plan will continue being exposed to transition risk, but the physical risk will become more significant
Long term – <i>through to 2050</i>	<ul style="list-style-type: none"> Financial effects of physical risk exposure are expected to be more pronounced Target to achieve carbon neutrality by 2050 Vast majority of both DB and DC members will have reached retirement The effect of physical risk exposures is expected to be more significant over the long term

The Trustee recognises that climate change could have a material impact on the potential success of the overarching funding strategy and therefore seeks to ensure that this matter is given appropriate consideration. To support this, the Trustee undertakes climate change scenario analysis to test the resilience of the Plan’s funding and investment strategy under a range of plausible climate scenarios.

The Trustee relied on the detailed climate scenario analysis conducted in early 2024 (which underpinned last year’s disclosures), having reviewed its continued relevance for this year’s report. Given that the Plan’s high-level investment strategy has remained broadly unchanged, and there have been no material developments necessitating a reassessment, the Trustee considers the analysis to remain fit for purpose. This is consistent with regulatory guidance, which recognises that scenario analysis should only be updated where there is a significant change in circumstances.

The analysis continues to provide a robust framework for understanding climate-related risks and opportunities under a range of plausible future pathways. One scenario of ongoing relevance is the “Hot House World” scenario, which models a future where policy efforts to limit global warming prove insufficient, resulting in a significant rise in global temperatures (exceeding 3°C above pre-industrial levels). This scenario reflects recent industry findings, including those published by the Institute and Faculty of Actuaries (IFoA) in collaboration with climate scientists, which indicate that global warming accelerated in 2023, making the overshoot of the 2°C target increasingly likely. Under this scenario, in addition to transition costs, the Plan would be exposed to heightened physical risks, including more frequent extreme weather events, ecosystem degradation, and broader macroeconomic instability.

The Trustee recognises that this presents a challenging backdrop for long-term investors and underscores the need for robust risk management and appropriate diversification. The Hot House World scenario provides a useful stress-test to assess resilience under adverse climate outcomes and will continue to be factored into ongoing strategy discussions. The Trustee intends to revisit the scenario analysis in the future as appropriate, particularly in light of regulatory developments or material changes in the Plan's investment arrangements.

Whilst there are several assumptions underlying the analysis, the work carried out has been based on the Plan-specific asset allocation and estimated liabilities (for the DB section) as of 31 December 2023.

The Trustee has investigated five climate scenarios which are in part defined through their success, or otherwise, in meeting the Paris Agreement target of a sub-2.0°C temperature rise. Different assumptions underpin these scenarios, whilst physical and transition risks were accounted for separately, from a timing and magnitude perspective.

- **Nationally Determined Contributions** – a 'business as usual' scenario in which temperatures rise approximately 3.5°C relative to pre-industrial levels. In this scenario, current policies continue with no attempt to further incentivise emissions reductions.
- **Delayed Transition below 2.0°C** – a delay in meaningful action but a rapid shift in policy in the mid/late 2020s. In this scenario we expect a temperature rise of approximately 2.0°C relative to pre-industrial levels.
- **Below 2.0°C** – policymakers agree on and immediately implement policies to reduce emissions in a globally co-ordinated manner. In this scenario we expect a temperature rise of approximately 2.0°C relative to pre-industrial levels.
- **Net-zero 2050** – this is a more ambitious version of the Global Coordinated Action scenario. This assumes that more aggressive policy is pursued, and more extensive technology shifts are achieved. In this scenario we expect a temperature rise of approximately 1.5°C relative to pre-industrial levels.
- **Hot House World** – world follows a Net-zero pathway, however the resultant temperature outcome exceeds 2°C due to a lower than expected remaining carbon budget and/or the impact of climate tipping points. Use of Carbon Dioxide Reduction (CDR) technologies is relatively low.

The approach taken remains consistent with the statutory guidance for pension schemes issued by the Department for Work & Pensions. The Trustee recognises, however, that there remains a high degree of uncertainty around the assumptions and outputs associated with each of the five scenarios used. These scenarios are illustrative, not exhaustive, and their significance may evolve over time.

The Trustee expects to continue refining its approach as underlying data, modelling techniques and regulatory expectations mature. Furthermore, the Trustee will look to incorporate input received from the covenant advisor into future analysis as necessary, noting that climate risk analysis formed part of the latest covenant assessment considered as part of the 2023 actuarial valuation. The results of the climate scenario analysis presented within this section were discussed as part of the assumption-setting process for funding valuation purposes. Specifically, it was considered whether a further explicit allowance for prudence is required to be made within the funding valuation to reflect the potential impact of climate change risk on the Plan.

The table below sets out the key parameters that define each underlying scenario, as well as the financial impact that climate risk has on the DB and DC sections of the Plan, all other factors being equal. The analysis includes consideration of a one-off shock that encapsulates the financial impact from each of the scenarios at a single point in time. In the scenarios set out below, where there is an adverse impact on assets (i.e., a fall) for the purpose of the modelling we have assumed that there is no action taken by the Trustee in response to changes in funding level – in reality, the Trustee would be managing the Plan's investment strategy carefully throughout.

	Nationally Determined Contributions	Delayed Transition Below 2°C	Below 2°C	Net zero 2050	Hot House World
Description	A “business as usual” outcome where current policies continue with no further attempt to incentivise further emissions reductions. Socioeconomic and technological trends do not shift markedly from historical patterns.	Delays in taking meaningful policy action result in a rapid policy shift in the mid/late 2020s. Policies are implemented in a somewhat but not completely co-ordinated manner resulting in a more disorderly transition to a low carbon economy.	Policy makers agree on and immediately implement policies to reduce emissions in a globally co-ordinated manner. Companies and consumers take the majority of actions available to capture opportunities to reduce emissions.	A more ambitious version of the “Below 2°C” scenario where more aggressive policy is pursued and more extensive technology shifts are achieved, in particular the deployment of Negative Emissions Technologies at scale.	The world follows a Net-zero pathway, however the resultant temperature outcome exceeds 2°C due to a lower than expected remaining carbon budget and/or the impact of climate tipping points. Use of Carbon Dioxide Reduction (CDR) technologies is relatively low.
Temperature rise	~2.5°C	~2.0°C	~2.0°C	~1.5°C	~3.0°C
Transition risk level (shorter term)	Low	High	Medium	Low – Medium	High
Physical risk level (longer term)	High	Medium	Medium	Low - Medium	High
Impact on assets (DB)	Large fall	Large fall	Fall	Fall	Very large fall
Impact on liabilities (DB)	Fall	Slight fall	Rise	Very slight fall	Large fall
Output from DB Scenario Analysis	Substantial reduction in funding level in shock scenario; modest improvement if impact spread over long-term	Substantial reduction in funding level in shock scenario; modest deterioration if impact spread over long-term	Substantial reduction in funding level in shock scenario; modest deterioration if impact spread over long-term	Reduction in funding level in shock scenario; modest deterioration if impact spread over long-term	Substantial reduction in funding level in shock scenario; modest improvement if impact spread over long-term
Output from DC Scenario Analysis	Small reduction in pension pot size for sample member (10 years from retirement)	Significant reduction in pension pot size for sample member (10 years from retirement)	Small reduction in pension pot size for sample member (10 years from retirement)	Material reduction in pension pot size for sample member (10 years from retirement)	Material reduction in pension pot size for sample member (10 years from retirement)

In early 2024, the Trustee reviewed the existing climate scenario analysis for both the DB and DC sections. As the Plan's investment strategy and risk profile remain broadly unchanged, the analysis continues to be fit for purpose in line with industry guidance.

Under all five scenarios, the analysis concluded that an instantaneous shock from climate risks would negatively impact the Plan's funding level. However, some scenarios, such as the orderly Net Zero 2050 pathway, showed potential for recovery and improved long-term outcomes. The Hot House World scenario presented the most severe impact, combining high physical and transition risks over the short and long term.

DB Scenario Analysis – additional commentary

Over the past year, the Plan's funding position has continued to improve, while the overall asset allocation has remained broadly unchanged. This has modestly enhanced the Plan's resilience to climate-related shocks. Nevertheless, the potential impact on funding under more adverse scenarios remains material, comparable to a 1-in-20 downside investment event and may require the Trustee to retain investment risk for longer to meet long-term objectives.

The main areas of climate-related exposure within the Plan remain concentrated in listed equities and illiquid assets. Over 2024, the Trustee factored climate risk explicitly into its equity manager selection process, with ESG integration and stewardship quality forming a core part of manager evaluation scorecards. The Plan's investment consultant also continued to engage with managers regarding their climate exposures, net-zero alignment and stewardship priorities.

Importantly, the scenarios assume that all other factors are equal during the transition to a low carbon economy. This is very unlikely to occur in practice. Second order effects, such as higher levels of investment, employment, and productivity-enhancing innovation, are difficult to quantify and may help to offset some of the negative impacts shown. As a result, while climate scenarios are a valuable tool, they cannot be the sole driver of investment strategy or risk management decisions.

The Trustee also recognises the growing number of external headwinds, including regulatory fragmentation, policy uncertainty, and geopolitical tensions that have added complexity to the global climate transition. These challenges reinforce the importance of maintaining a pragmatic and balanced approach, ensuring that climate-related risks are managed responsibly, while actions taken are expected to improve long-term outcomes for members.

Ultimately, the Trustee remains confident that the Plan's strategy is resilient in the face of climate-related risks, and will continue to manage these risks proactively in support of its long-term net zero goals.

More widely, the Trustee recognises that what is beneficial for the Plan from a funding perspective may not always align with what is beneficial for its members in broader terms. Under certain climate scenarios, the modelling implies reduced life expectancies (relative to other scenarios and/or central mortality assumptions), leading to a relative reduction in the Plan's liabilities. This is a plausible potential outcome given the adverse health and societal impacts of increasing climate change. In turn, the analysis may show an apparent improvement in the Plan's funding position, particularly considering its low-risk asset base even when asset values are also negatively affected.

However, while the Trustee's primary legal objective is to ensure that benefits are paid as they fall due, it does not view this obligation in isolation. The Trustee is mindful that the quality and length of members' lives, and the wider environmental and economic context in which they retire, are important dimensions of overall member wellbeing. Therefore, the results of the scenario analysis should not be interpreted as complacency or acceptance (either implicit or explicit) that a pathway involving global inaction on climate change is desirable or in the best interests of the Plan or its members.

Instead, the Trustee remains committed to a responsible and forward-looking approach, recognising that securing benefits over the long term must also involve prudent management of systemic risks, including climate change.

DC Scenario Analysis – additional commentary

Climate change is likely to impact individual members in a DC scheme differently to members in a DB scheme, e.g., younger members are likely to be more exposed to the long-run physical risks due to their long investment time horizon whilst members close to retirement are more likely to be exposed to transition risks in a similar manner to the DB section.

The DC analysis shows that across the climate scenarios considered, the pension pot at retirement of a sample member 10 years from retirement reduces by up to 10%. In carrying out scenario analysis on the DC section we note the following:

- The DC section is mature – most members are 5-15 years from retirement age and there are no contributions into the Plan. As such, the financial impact arising from climate change is likely to be relatively modest up until the point of retirement, when compared to other DC pension plans that are open to new members and contributions. The financial impact, however, would become more negative if members keep their funds in the DC section beyond retirement.
- The majority of DC section members benefit from a 'DC underpin' which effectively provides for a minimum level of DB pension. As such, members are protected (to an extent) against a material fall in the value of their DC pots. But whilst members are protected, the Plan isn't, so this does not lessen the need to take mitigating action against climate risk.

3. Risk Management

The Trustee aims to deliver strong and robust investment returns over the long term, whilst contributing to a sustainable and resilient financial system. Managing climate risk is a strategic investment priority for the Trustee and sits at the core of the Plan's risk management strategy. Having a robust framework for identifying, managing, and mitigating climate risks enhances the prospects of better member outcomes. The Trustee thinks about how it integrates climate into this in several ways, as set out below:

1. **Governance**

The Trustee recognises climate change as a systemic risk that interacts with other financial and non-financial risks faced by the Plan. The physical effects of climate change and the economic shifts associated with the transition to a low-carbon economy are expected to materially affect investment risk and return. Accordingly, climate risk is considered as an integral part of the Plan's investment and governance processes.

The Trustee is supported by its investment consultant, WTW, in identifying and monitoring climate-related risks and opportunities. These are formally tracked via a "Key Risks" register, reviewed quarterly at Investment Committee (IC) meetings, which ensures that both ongoing and emerging risks – including those related to climate are proactively assessed and discussed.

In 2024 the Governance & Risk Working Group was set up to further strengthen oversight and integration of risk management processes across the Plan. Climate risk forms a key focus area for this group, reflecting its strategic relevance to the Plan's long-term objectives.

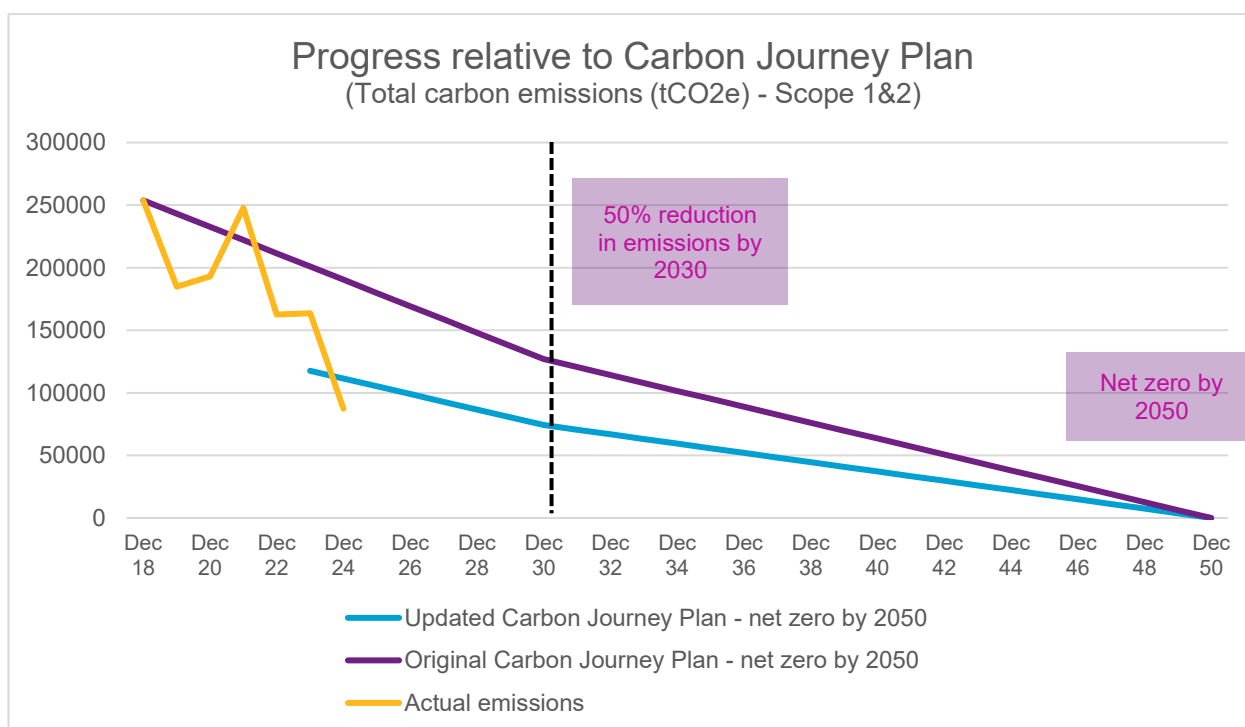
2. **Top-down analysis**

The climate change scenario analysis shown in the previous section provides the Trustee with a holistic overview of the potential impacts of climate change and how they may affect the Plan's funding strategy (across assets, liabilities, and covenant). This is an important risk management tool for a top-down risk and opportunity assessment.

To help manage and monitor the Plan’s climate risk exposure, the Trustee also developed a “Carbon Journey Plan”, to act as a framework for the Plan to reach net-zero carbon emissions by 2050. While the Trustee remains committed to this ambition, it recognises the increasing complexity and uncertainty in achieving net-zero – including evolving data quality, changing policy landscapes, and real-world transition challenges. The agreed framework, which is to be reviewed on an annual basis, is currently structured based on the following key parameters:

- **Start date for measuring emissions:** 31 December 2018, as the point at which the Plan had been increasingly focusing on the sustainability credentials of the overall portfolio.
- **Medium-term carbon reduction target:** Reduction of at least 50% by 2030
- **Long-term carbon reduction target:** Net-zero by 2050 – a widely adopted ambition across sectors, countries and peers, though approaches and levels of commitment are increasingly varied
- **Scope of emissions:** Scope 1 and Scope 2 initially, with a view to including Scope 3 as data quality improves. We note that Scope 3 data has been reported for the first time this year, and is covered in the following section.
- **Focus of target:** Total Plan assets (DB and DC sections)
- **Carbon metrics to be measured and monitored:** As set out in the following section - total carbon emissions; carbon footprint; and exposure to low carbon opportunities, with the intention to reviewing the suitability of the metrics on an ongoing basis.

The Carbon Journey Plan has been rescaled to reflect the updated emissions methodology introduced this year, ensuring alignment with a revised baseline. While the reported fall in emissions is largely attributable to these methodological changes - stripping this effect out suggests that the underlying emissions profile is broadly consistent with last year. Given this, the Trustee felt it was appropriate to rebase the Carbon Journey Plan to avoid any artificial benefit from improved data quality. The Plan remains ahead of this updated pathway, and the Trustee believes this is a more accurate and transparent basis for tracking future progress. Further detail on the methodological refinements can be found in the *Climate Metrics Analysis* section of this report.



Bottom-up analysis

The Trustee also conducts more granular analysis to manage the risks and opportunities associated with climate change. For example, the Trustee undertakes an annual sustainable investment review of the Plan's managers as part of its monitoring process. The review assesses the managers' credentials across several areas, including net-zero strategy, stewardship and engagement. This review helps identify any specific climate risks arising due to certain investment managers, but also provides an opportunity to identify best practices and climate opportunities that may be embedded within the Plan's investment strategy.

3. Stewardship

The Trustee views effective stewardship as a fundamental responsibility of long-term asset owners, and a key lever for influencing real-world outcomes. Stewardship - through engagement, voting and collaboration - supports the effective oversight of investee companies and investment managers, encouraging them to manage climate and broader ESG risks in alignment with long-term value creation.

The Trustee appoints investment managers with the expectation of a long-term partnership, placing high importance on the integration of ESG and climate factors across the investment process. This includes clear expectations around voting practices, escalation pathways, and transparency of engagement outcomes. Where managers fall short of expectations, whether in stewardship effectiveness, transparency, or alignment with the Plan's priorities, the Trustee will engage and challenge them. In certain cases, the Trustee has taken action to reallocate capital away from managers following sustained concerns.

The Trustee considers stewardship and sustainable investment to be complementary, but distinct. While sustainable investment helps guide capital allocation in line with long-term beliefs and objectives, stewardship enables the Plan to influence behaviours and outcomes even in passive and pooled strategies. For this reason, the Trustee focuses on a clear set of stewardship priorities, currently climate change, biodiversity, and DEI and expects investment managers to engage meaningfully on these themes.

The Plan also looks to lend its voice to industry-wide collaborative initiatives. The Plan benefits from being an inaugural and ongoing signatory to the 2020 UK Stewardship Code, whilst the Chair of the Trustee was admitted to the Accounting for Sustainability ("A4S") Asset Owners Network in 2017, joining several existing high-profile pension schemes and other investors. A4S is an arm of the Prince of Wales Charitable Foundation with a remit to embed sustainability into the financial sector. In addition to representing the Plan on A4S, the Chair of the Trustees is active in the industry, appearing as a speaker and/or panellist across several ESG industry forums and initiatives. The work done as part of this and the relationships that the Chair has built have in turn helped the Plan when discussing ESG priorities, ambitions, and good governance practices.

Engagement case study – fixed income – sovereign issuer

The Plan's global impact bond manager sought to engage a developed market sovereign issuer to encourage greater transparency and structure around its green bond framework. The sovereign had previously issued green bonds but had provided limited detail on the use of proceeds or impact reporting.

Recognising the systemic importance of sovereign issuers in supporting climate goals, the manager initiated a dialogue with the country's debt management office. In early 2024, they participated in a dedicated investor roundtable and submitted formal feedback during the government's green bond consultation process.

As a result of this engagement, along with similar feedback from other institutional investors, the sovereign issuer committed to more detailed disclosure in future green bond issuance, including alignment with the ICMA Green Bond Principles, third-party assurance on impact data, and annual reporting on project outcomes.

The manager considers this a positive step towards enhancing the integrity of sovereign green bond markets, and will continue to monitor the issuer's progress.

Industry-wide collaborative initiative case study – passive equities

One of the Plan's equity managers participates in the Climate Impact Pledge ("CIP"), a large-scale investor initiative assessing climate-related disclosures and performance across 20 climate-critical sectors. The programme engages over 5,000 companies and identifies ~100 "dial-mover" companies each year for targeted engagement.

In Q1 2024, the manager directly engaged with a dial-mover company pressing for credible transition planning, including Scope 3 emissions targets. The Company responded by confirming its intention to include a Scope 3 goal in the 2025 update of its Climate Transition Plan.

Outcome:

The Company's commitment to incorporate a Scope 3 target by 2025 reflects positive momentum from the engagement. The manager will continue collaborative engagement via CIP to monitor the Company's progress and encourage alignment with net-zero, consistent with escalation frameworks within the initiative.

The Trustee will continue to review mandate guidelines, restrictions, and benchmarks as part of its ongoing climate and sustainability strategy. Where appropriate, this may include incorporating specific climate-related objectives, such as improving ESG characteristics or reducing carbon intensity within segregated mandates.

At the same time, the Trustee recognises its fiduciary responsibility to act in the best financial interests of members. As such, any climate-related measures will be considered through the lens of long-term funding and investment objectives, ensuring they remain proportionate, evidence-based, and aligned with the Plan's broader financial strategy.

Engagement escalation case study – active equity manager

Over 2023, one of the Plan's active equity managers undertook ongoing engagement with a large multinational mining company regarding its climate transition planning and approach to Scope 3 emissions.

While the company had made progress in setting targets for Scope 1 and 2 emissions, the manager remained concerned about the lack of a clear strategy and disclosure around Scope 3 emissions, which represent a material portion of the company's carbon footprint.

Despite multiple attempts to raise these concerns through private engagement, the company had not provided sufficient clarity or credible commitments. As such, the manager escalated the engagement by co-filing a shareholder resolution at the company's 2024 AGM, calling for more transparency around its climate lobbying activities and disclosure of its full value chain emissions.

In parallel, the manager voted against the re-election of the Chair of the Sustainability Committee, citing weak oversight of climate risks.

This escalation reflects the manager's long-standing concerns and its belief that stronger governance is needed to drive climate accountability. The manager continues to monitor developments and maintains active dialogue with the company's investor relations team.

Whilst the Plan's investment strategy is mature and in a relatively steady state, the Trustee will continue to review the current and future strategy to identify opportunities to add impact investments, providing capital to market participants offering new technology and/or solutions to reduce emissions while also generating an attractive financial return. In recent years, the Plan has taken several steps to support this ambition:

- **2021:** Introduced allocations to UK green gilts within the DB section, with proceeds ringfenced for environmental projects, supporting the UK's resilience to climate risk.
- **2022:** Added a Global Impact Bond Fund to the DB section, targeting debt issued by organisations directly addressing global social and environmental issues.
- **2023:** As part of the DC strategy review, the bond allocation within the default investment strategy was updated to favour issuers with stronger ESG credentials, aligning the fixed income approach with that already applied to equities. This shift aimed to improve the sustainability characteristics of the default arrangement without compromising financial outcomes.
- **2024:** The Trustee continued to evolve the Plan's listed equity allocations, including the introduction of an active global sustainable equity strategy and a passive global equity fund with an explicit carbon objective. These changes reflect the Trustee's ongoing commitment to aligning investment decisions with its sustainability beliefs and net-zero ambitions.

The Trustee will continue to assess opportunities for impact investments as part of its strategic investment reviews, considering both their financial materiality and alignment with the Plan's sustainability beliefs. Where appropriate, the Trustee may look to reflect a preference for such investments within manager mandates, recognising that climate and sustainability considerations form an integral part of the long-term investment case.

Engagement case study – active fixed income

One of the Plan's active fixed income managers engaged with a US-listed energy company on the credibility and implementation of its climate transition plan. The engagement focused on the company's capital allocation priorities, emissions reduction targets, and overall governance of climate-related risks.

The manager acknowledged that the company had made some progress, including setting short- and medium-term Scope 1 and 2 emissions targets and improving disclosure in line with TCFD recommendations. However, the company continued to lag peers in terms of Scope 3 emissions transparency and alignment with net-zero targets.

Throughout 2023, the manager held several meetings with the company's investor relations and sustainability teams, urging for enhanced disclosure of Scope 3 emissions and a more comprehensive transition plan supported by capital expenditure alignment. In response to these discussions, the company committed to publishing a new climate report in 2024, which will include scenario analysis and improved transparency on emissions from its downstream products.

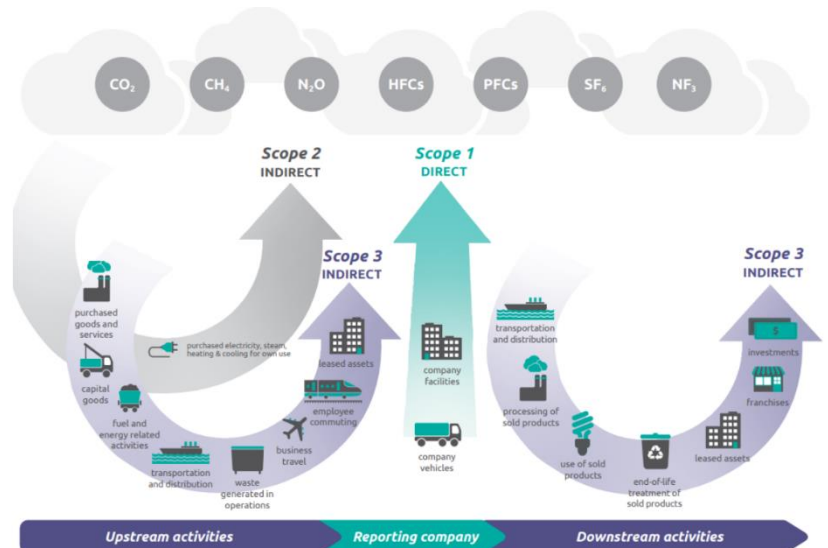
The manager considered this a positive development and continues to monitor the company's progress, with further escalation steps under review should meaningful change not be evident in the forthcoming reporting cycle.

4. Metrics and targets

As highlighted in the previous sections, the Trustee has set climate-related targets to aid with monitoring how efficiently climate risk is being managed across the Plan over time. Specifically, the Trustee has agreed a medium-term target to reduce the Plan's carbon emissions by 50% by 2030, and an overarching long-term ambition to reach net-zero by no later than 2050, recognising that progress may be influenced by external developments and data availability.

The Trustee calculates, and monitors carbon as defined below on investments held across the Plan's portfolio, for which the necessary data is available. In this year's report we have also disclosed Scope 3 emissions, alongside Scope 1 and Scope 2 emissions calculated in previous years.

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



In seeking to achieve its net-zero targets, the Trustee continues to monitor and report on a set of climate change metrics on an annual basis across both the DB and DC sections of the Plan, as follows. The climate metrics themselves are reviewed regularly to ensure ongoing relevance; most recently, the Trustee carried out a formal review in March 2025 and decided to retain the existing set of metrics for consistency and comparability.

Climate metric	Definition
Total Carbon Emissions	<ul style="list-style-type: none"> This is an 'absolute emissions' metric which gives the total carbon emissions attributable to the Plan's assets. This is calculated in line with the GHG protocol methodology.
Carbon Footprint	<ul style="list-style-type: none"> This is an 'emissions intensity' metric which gives the total carbon emissions attributable to the Plan's assets per £m invested. This metric will be the basis for the Plan's carbon journey plan framework and is the key parameter of the Plan's net-zero target.
Exposure to low carbon opportunities	<ul style="list-style-type: none"> This is an additional climate risk metric chosen by the Trustee to monitor over time the proportion of the Plan assets that are invested in low carbon opportunities, such as green investments.
Proportion of the portfolio covered by Science Based Targets (SBTi)*	<ul style="list-style-type: none"> In 2022, DWP introduced a requirement for pension plans to report on a forward-looking portfolio alignment metric as part of climate disclosures reporting. The chosen metric indicates the proportion of the portfolio that has adopted science-based target (SBTi). Over time, we expect more companies to adopt science-based targets as this is expected to become the industry standard for validating net-zero targets.

*<https://sciencebasedtargets.org/>

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

Whilst the analysis undertaken is intended to cover the level of emissions associated with the Plan's asset portfolio as accurately as possible, this is a rapidly developing area, which currently gives rise to several limitations:

- Data limitations:** data coverage across listed equity has continued to improve, however the quality and breadth of data is lower for smaller companies and the coverage across different asset classes varies significantly. The quality of data is weaker for private companies and within illiquid mandates. For some illiquid funds, certain proxies have been used based on sectoral and geographical exposures.
- Estimation and subjectivity involved:** whilst the carbon journey plan analysis provides a range of quantitative measures, it is important to note that many of these calculations are based on estimates and/or subjective judgements made by data providers.

- **Treatment of government bonds:** The Trustee recognises that calculating the carbon emissions associated with sovereign bonds remains one of the most complex areas of climate reporting. Statutory guidance acknowledges these challenges and allows for discretion in methodology, particularly where data quality is limited or inconsistent. In previous years, the Trustee excluded estimated emissions from the DB Section's LDI portfolio due to methodological uncertainty. This year, the approach was expanded to also remove sovereign bond exposures more broadly across the DB portfolio, including those held within emerging market debt, certain bond funds and multi-asset credit mandates. This reflects a considered decision to ensure that the reported emissions metrics remain robust. The Trustee believes that omitting these estimates provides a more meaningful and transparent representation of the Plan's financed emissions, and progress over time.

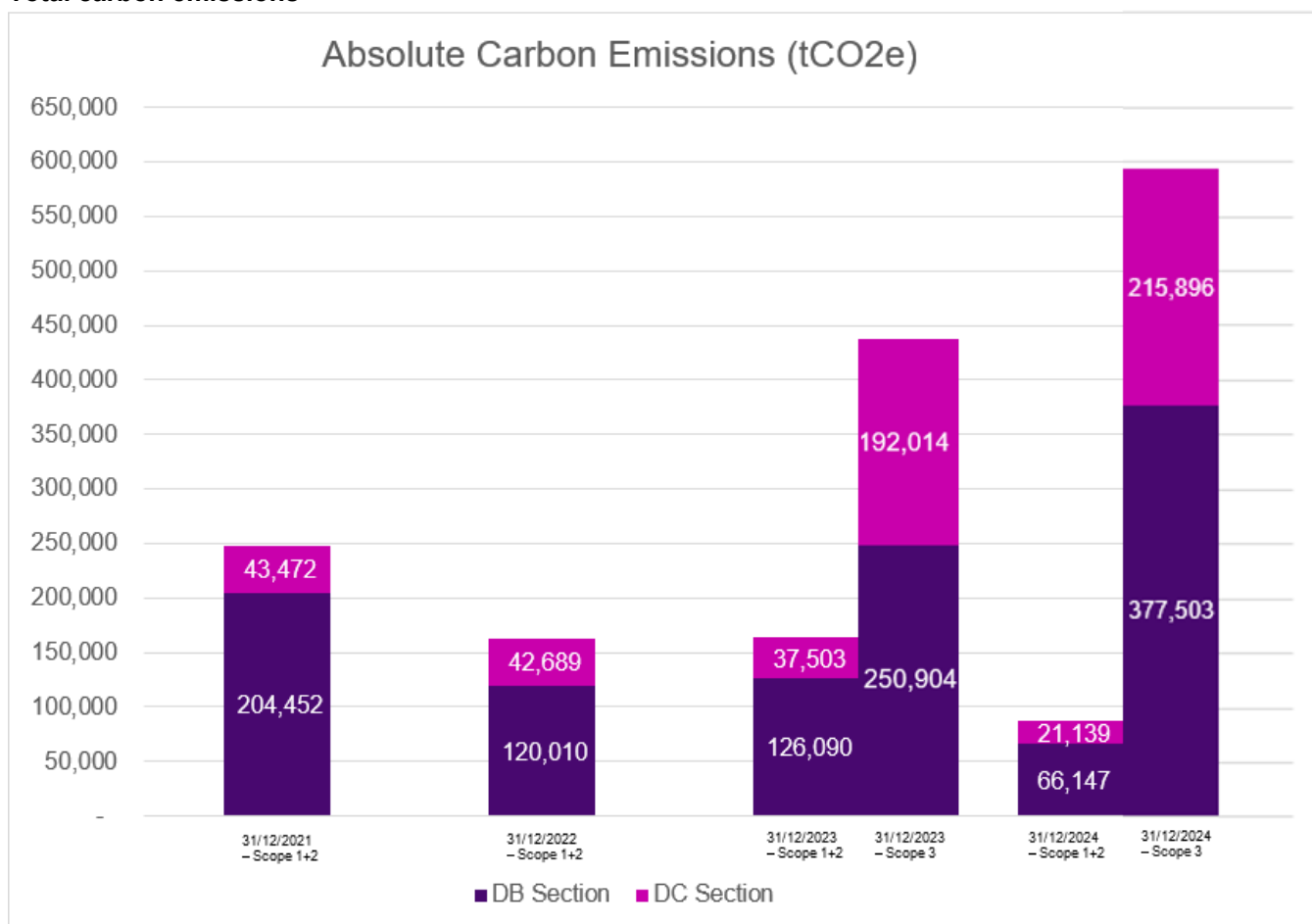
The Trustee, supported by WTW, continues to participate in collaborative industry initiatives aimed at establishing a more consistent and credible methodology for sovereign debt emissions attribution. As data and regulatory standards improve, the Plan's approach will continue to evolve accordingly. Alongside this, the Trustee has maintained a long-standing programme of engagement with the Plan's investment managers to encourage better ESG and carbon reporting. Since 2018, data coverage and granularity have steadily improved, and the Trustee expects year-on-year fluctuations in reported metrics as methodologies become more refined. The Trustee remains focused on tracking these developments to better understand the trajectory of the Plan's climate footprint over time.

The Trustee has been engaging with its investment managers on ESG and climate for an extended period of time, collecting carbon footprint data where available since 2018. One of our key ambitions has been to work with the Plan’s investment managers to improve data quality and to promote transparency with regard to carbon footprint exposures across the industry. Over time, the Trustee expects methodologies to evolve and industry standards to emerge to reflect improvements in data coverage. This is expected to result in some year-on-year fluctuations within the calculation of certain climate metrics. As data improves, the Trustee will thus monitor trends arising from the calculation of the climate metrics.

Climate metrics analysis

The charts and commentary below summarises the results of our analysis in respect of the Plan’s asset portfolio over the past three years. The Trustee has continued to report on the Plan’s Scope 3 emissions, which are presented separately from the Scope 1 and 2 results shown below.

Total carbon emissions



There has been a material reduction in reported Scope 1 and 2 carbon emissions across both the DB and DC sections of the Plan over 2024. This decline primarily reflects enhancements to the Plan’s carbon reporting methodology, including the incorporation of manager-reported data, and a broader dataset. These improvements, introduced by the Plan’s investment adviser, have increased the accuracy and transparency of the reported figures, enabling closer alignment with the underlying portfolio exposures.

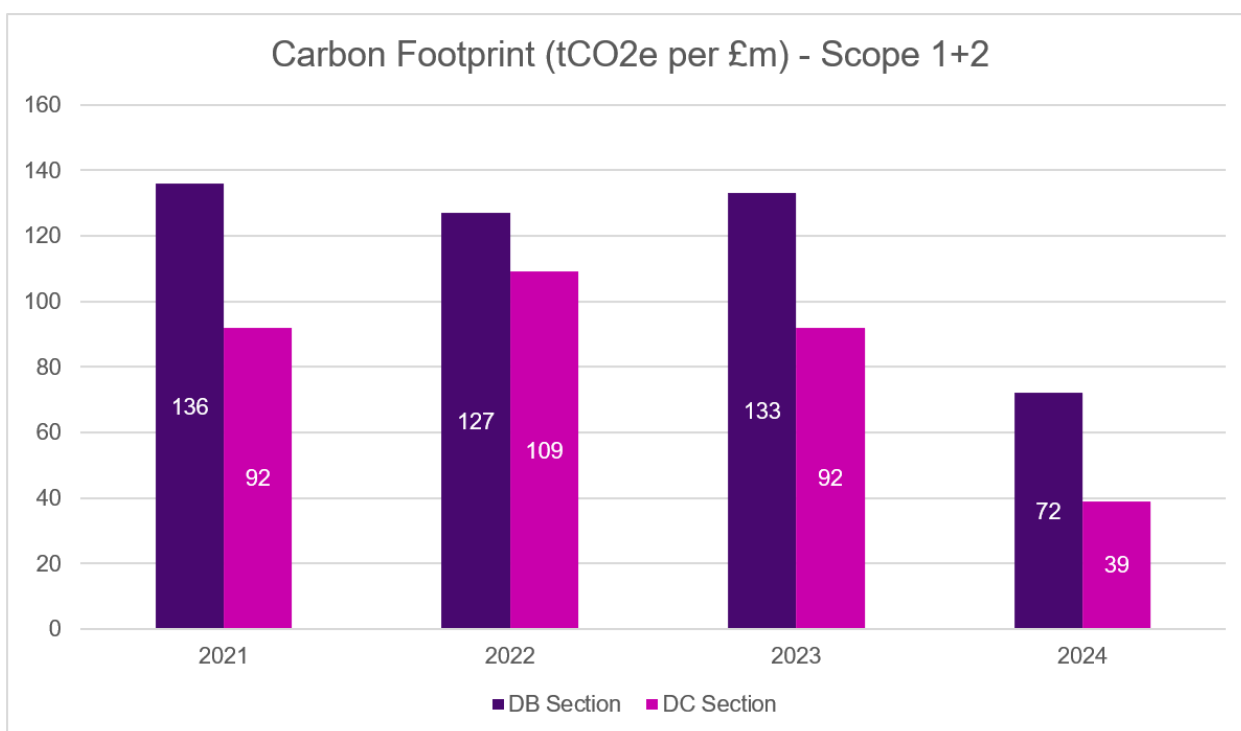
Structural changes within the DB section also contributed to the fall, including the removal of sovereign exposures from funds specified in the *Climate and metrics* section above. This decision reflects the current lack of consistency and standardisation in how sovereign emissions are calculated across different data providers. While these exposures are not included in this year’s reported metrics, the Trustee recognises that sovereign emissions remain a critical component of portfolio climate risk. The Trustee continues to engage with investment managers on this topic and will monitor industry developments and regulatory guidance with a view to incorporating sovereign emissions more consistently in future reporting. Although the reduction in reported emissions is significant, it is largely driven by methodological refinements rather than a fundamental change in the underlying carbon

footprint. For context, sovereign exposures accounted for around 45% of the DB Section's reported emissions last year, primarily within the emerging markets debt and broader bond portfolios.

By contrast, reported Scope 3 emissions have risen, particularly within the DB section, due to greater data availability and transparency from investment managers. The Trustee welcomes this evolution, recognising that as disclosures improve, reported emissions may shift year-on-year due to both real-world changes and enhanced data capture. The Trustee continues to work closely with its adviser, WTW, and the Plan's investment managers to improve the consistency and reliability of emissions reporting across the portfolio.

Notwithstanding the above, the Plan continues to be on track to meet its interim 2030 carbon reduction target and the 2050 net-zero target, as per the Plan's carbon journey plan (as set out in the previous section). As stated above, the Trustee has started reporting on the Plan's Scope 3 emissions, which are materially higher than Scope 1 and 2 emissions combined, as expected.

Carbon footprint

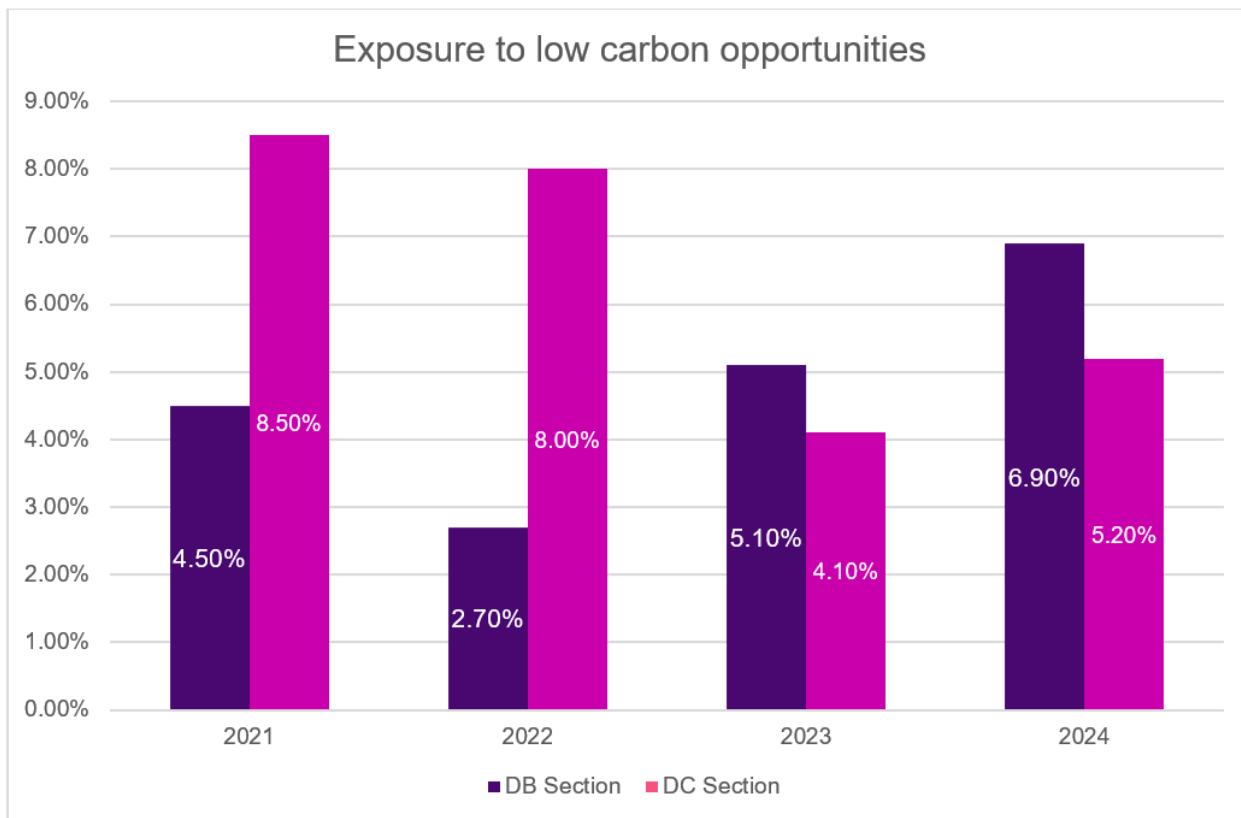


The total reported Scope 1 and 2 carbon emissions for the Plan decreased significantly over the year, primarily due to methodological enhancements and improved data quality. These refinements, implemented through the Plan's investment adviser's carbon reporting tool, have enabled a more accurate alignment between reported emissions and the actual underlying exposures within the portfolio.

For the DB section, the most material reductions were observed across the bond and emerging market debt funds, as well as the infrastructure debt portfolio. These reductions were largely driven by the removal of sovereign emissions from certain funds due to a lack of consistent methodology across data providers, alongside the replacement of previously overstated estimates with more robust, manager-reported data. Equity portfolios showed more mixed results, with emissions broadly stable overall but varying by region and strategy.

In the DC section, the reduction was supported by better manager-level data availability and improved coverage across the diversified growth and global equity holdings. As with the DB section, changes in the underlying carbon footprint appear modest, and the year-on-year decline in reported emissions largely reflects these data and methodology improvements rather than fundamental changes in the portfolio's emissions intensity.

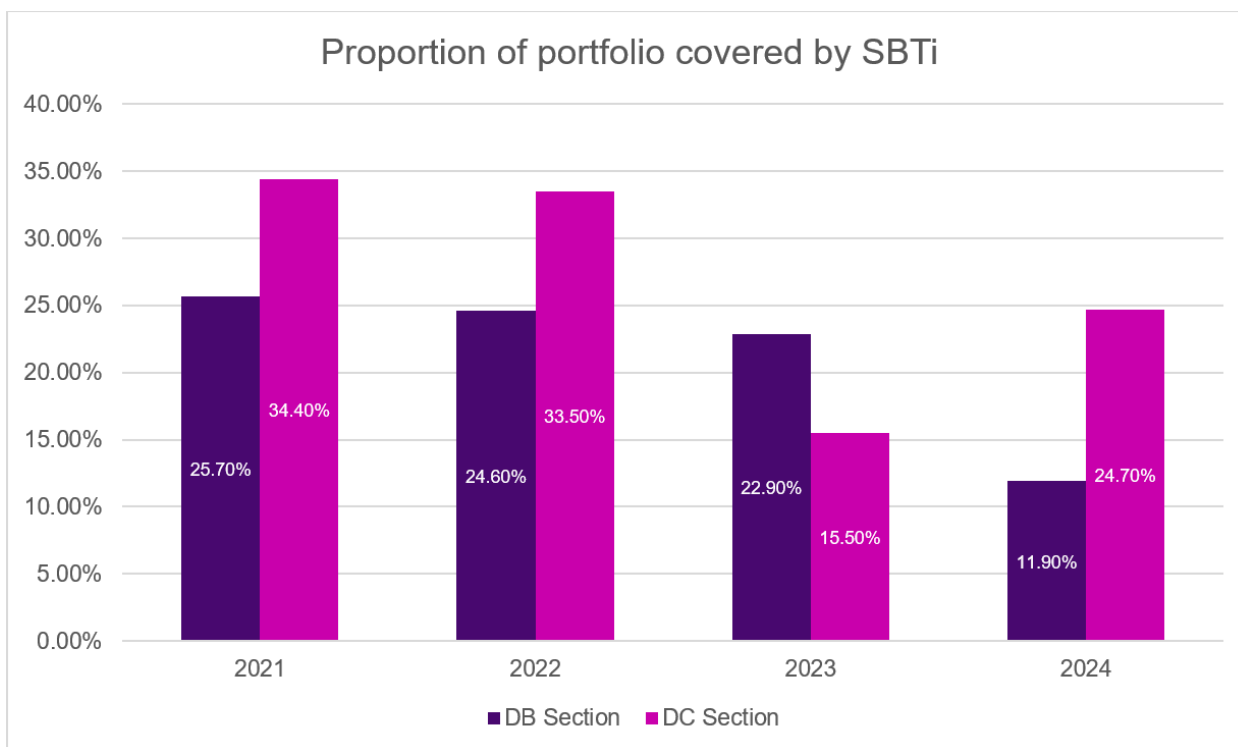
Exposure to low carbon opportunities



Exposure to low carbon opportunities increased in 2024 across both the DB and DC sections of the Plan. This was supported improvements in data quality that allowed for more accurate identification of investments aligned with climate solutions.

The metric continues to be calculated using the refined methodology introduced in 2022, which provides greater precision by targeting specific activities rather than broad sector classifications. The Trustee will continue to monitor this area and assess the case for adopting complementary metrics as industry standards and data availability improve.

Alignment – proportion of the portfolio covered by SBTi



SBTi coverage increased in the DC section but nearly halved in the DB section, mainly due to improved methodology that removed previously proxied exposures. The Trustee recognises recent industry withdrawals from SBTi but continues to view it as a gold standard for target-setting, while keeping a close eye on future developments and data improvements.

Additional commentary

As highlighted in this report, the Trustee has now reported on Scope 3 emissions for both the DB and DC sections of the Plan for a second consecutive year. The inclusion of Scope 3 data continues to improve the completeness of climate-related reporting, providing a broader view of the Plan's financed emissions footprint across the value chain. However, the Trustee acknowledges that Scope 3 emissions data remains at an early stage in terms of coverage, accuracy, and comparability.

Despite the improvements seen over 2024, Scope 3 data remains subject to large estimation errors and methodological inconsistencies. The Trustee recognises that current reported Scope 3 emissions are not yet suitable for making precise climate-informed investment decisions or meaningful comparisons between investors or across time. For example, while data availability has improved, particularly from corporate fixed income and equity managers, the reliability of Scope 3 emissions reporting is often undermined by the reliance on sector-based averages rather than company-specific disclosures.

To address these challenges, data providers such as MSCI have expanded proprietary models and methodologies to estimate Scope 3 emissions, though these still largely rely on top-down sector-level assumptions. While this represents progress, the Trustee believes that such modelling approaches limit transparency and hinder the ability to assess the genuine decarbonisation trajectory of individual holdings. Nonetheless, the Trustee considers it important to begin measuring and disclosing this data now, to support industry progress and provide a foundation for future improvements.

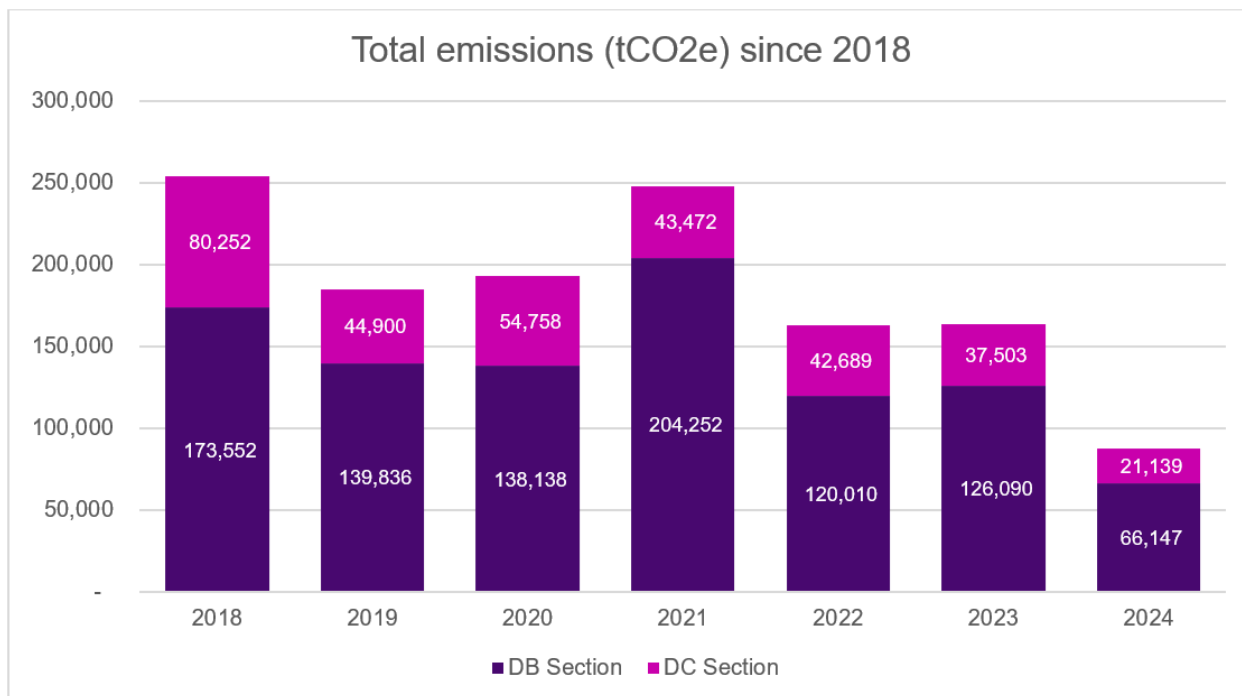
During 2024, the Trustee has worked with its investment consultant, who have further refined their carbon reporting tool, enhancing its granularity and methodological robustness. The tool now captures a broader dataset and incorporates more advanced treatment of complex asset classes, which has contributed to more accurate representation of emissions and clearer attribution to underlying holdings. These developments have also enabled the removal of overstated estimates in certain funds and improved integration of manager-reported data.

The Trustee continues to review the suitability of the set of climate metrics used and will implement changes as appropriate as the Plan’s objectives evolve and industry thinking develops. In 2024, the IC discussed the potential addition of supplementary metrics to enhance monitoring, including indicators of effective engagement at manager level. The Trustee has also begun engaging with managers on the feasibility of reporting these additional metrics on a consistent basis. To the extent these are deemed appropriate and reliable, the Trustee intends to incorporate them into future climate disclosures.

The analysis presented throughout this report has been undertaken on a best endeavours basis, using the most up-to-date methodologies and data available at the time. The Trustee, supported by WTW, continues to engage with the Plan’s investment managers to understand data limitations and identify opportunities to improve disclosure quality. The Trustee understands that improvements in methodology can result in material, and sometimes counterintuitive, changes in reported metrics. Ultimately, the Trustee views these developments positively. It considers this a key purpose of climate disclosure regulation: to drive better data collection, transparency, and industry-wide understanding, which in turn can lead to more effective action in managing climate-related risks and opportunities.

Carbon metrics analysis over the longer term

Over the period over which emissions data has been collected, we have seen several improvements in both methodology and data coverage, and we expect future analysis to evolve further to reflect industry developments and improvements in data coverage. As such, the Trustee believes there are some limitations with regards to drawing comparisons over the longer term, without accounting for data and methodological developments.



Notes: Estimated by WTW based on information provided by the Plan’s underlying investment managers, Scope 1 & 2 only

Key observations on fluctuations in the movement of total emissions:

- **Continued refinements in reporting methodology:** In 2024, further enhancements were made to the Plan's investment consultant's carbon reporting tool, enabling more accurate attribution of emissions to underlying holdings. This included improved treatment of derivatives and cash exposures, along with the removal of certain double-counting effects present in prior years. These refinements have contributed meaningfully to the reduction in reported emissions over 2024.
- **Improved data granularity from managers:** Across both DB and DC sections, a greater proportion of investment managers have started reporting company-level emissions, including Scope 3 on a more consistent basis. This has led to a notable increase in reported Scope 3 emissions in 2024, particularly in fixed income portfolios, where disclosures have historically been limited. Importantly, this rise is attributable to data quality improvements, rather than a deterioration in the underlying holdings.
- **Evolution in metrics and coverage since 2021:** Since 2021, carbon emissions data has incorporated sovereign exposures and transitioned to using enterprise value including cash (EVIC) for listed equities, resulting in more consistent measurement across funds. In 2023 and 2024, greater reliance was also placed on manager-provided climate data to capture more nuanced exposures, particularly in complex or illiquid portfolios.
- **Covid-19:** The 2020 and 2021 emissions calculations used corporate data from annual report and accounts typically covering the Covid lockdown period - therefore it wasn't a "neutral" starting point. The level of carbon emissions experienced over lockdowns is lower.
- **Reduction in the overall size of the Plan's assets:** From 2022 onward, the DB section of the Plan has de-risked considerably, with a material reduction in return-seeking (including equity) allocations. This has continued to be a key driver of the declining emissions trend observed through to 2024.

Looking forward

Looking ahead, the Trustee recognises that addressing climate risk is an evolving challenge requiring adaptability, credible action, and sustained industry collaboration. The Trustee remains committed to integrating climate and sustainability considerations across the Plan's investment and governance processes, while acknowledging that the path to net zero will not be linear, and will require ongoing refinement in response to new insights, risks, and opportunities.

Over the past year, the Trustee has continued to evolve the Plan's approach to climate change and sustainable investment, building on the strong foundations laid in previous periods. The Plan's climate governance framework has matured significantly, supporting the delivery of clear, actionable insights across investment strategy, manager oversight, and stewardship priorities. The Trustee has also made further progress in enhancing the transparency and coverage of climate-related data across the portfolio, including a more detailed understanding of Scope 3 emissions and climate engagement outcomes.

That said, the global context continues to present headwinds. From fluctuating regulatory frameworks and political uncertainty to the operational complexities of setting and tracking net-zero targets, there remains considerable variability in how asset managers, investee companies, and policymakers are responding. Against this backdrop, the Trustee remains committed to a pragmatic, long-term approach, focusing on improving real-world outcomes, challenging where necessary, and avoiding superficial compliance.

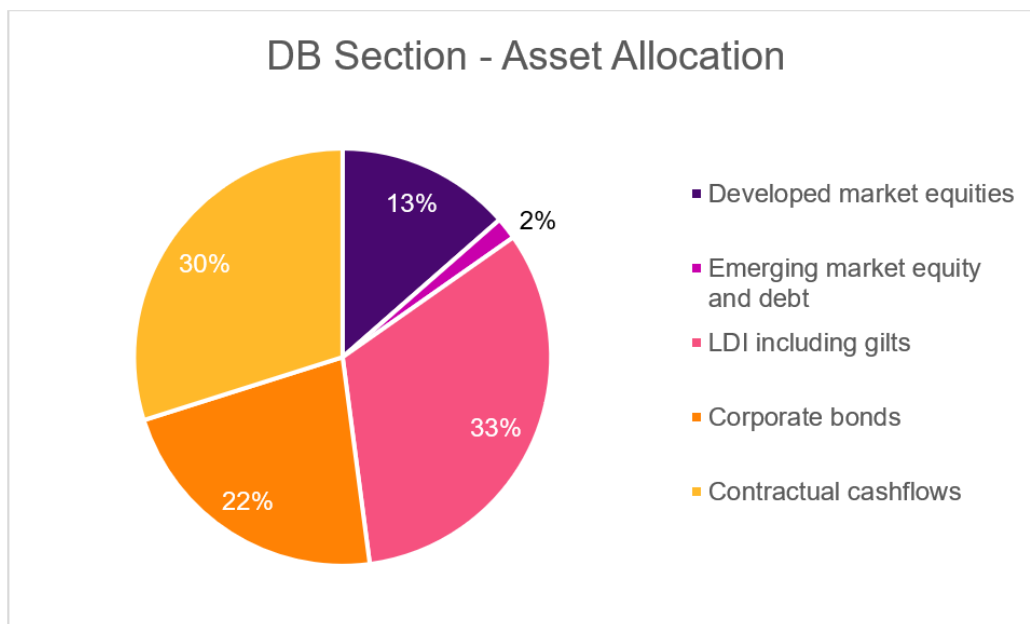
As the industry continues to evolve, the Trustee will keep working closely with its advisers, investment managers, and the wider pensions community to push for high standards and ensure that the Plan is well-positioned to manage climate risks and capture opportunities in the transition to a more sustainable global economy.

Appendix A: Glossary

Absolute Emissions	The total emissions attributable to the Plan's assets
Carbon Footprint	The total carbon emissions per £ million invested (tCO ₂ e/£m invested)
Carbon Journey Plan	The Trustee's agreed plan to reach the Plan's carbon reduction targets by the target dates
CO₂e	Carbon dioxide emissions or equivalent.
ESG	Environment, Social and Governance
EVIC Methodology	Enterprise Value including Cash methodology. Emissions are weighted across equity, debt and loans.
Net-zero	The position of removing as many greenhouse gases as are emitted
Physical Risk	The direct effects of climate change on the Plan and its members.
Portfolio Alignment	The percentage of the portfolio aligned with a particular net-zero initiative
Responsible Investment	Making investment decisions and engaging with companies in order to encourage a positive impact on the world
SBTi	The Science-Based Target Initiative. An organisation that defines and promotes science-based emissions reduction targets.
Scope 1 Emissions	Direct emissions from a company's owned or controlled sources. This may include emissions from a firm's manufacturing processes or emissions from company vehicles
Scope 2 Emissions	Indirect emissions from the generation of purchased energy, such as heating for company facilities.
Scope 3 Emissions	All other indirect emissions, including those of suppliers and customers. These may include emissions related to the transportation and distribution of goods and disposal of waste generated in operations.
Transition Risk	Risks and opportunities arising from efforts made to transition towards a net-zero economy (both domestically and globally) to limit climate change

Appendix B: Background information on the Plan's asset allocation

As at 31 December 2024, the DB section held around £1.4bn assets under management, split as per the chart below. The DB section has a target asset allocation of 15% "return-seeking" assets and 15% "matching" assets, and reviews this split on a regular basis, taking rebalancing action as required. Assets are invested globally. As at 31 December 2024, approximately 63% of assets held were GBP Sterling denominated, around 24% US Dollar denominated, and the remainder held in Euros, Yen and other currencies (including emerging markets).

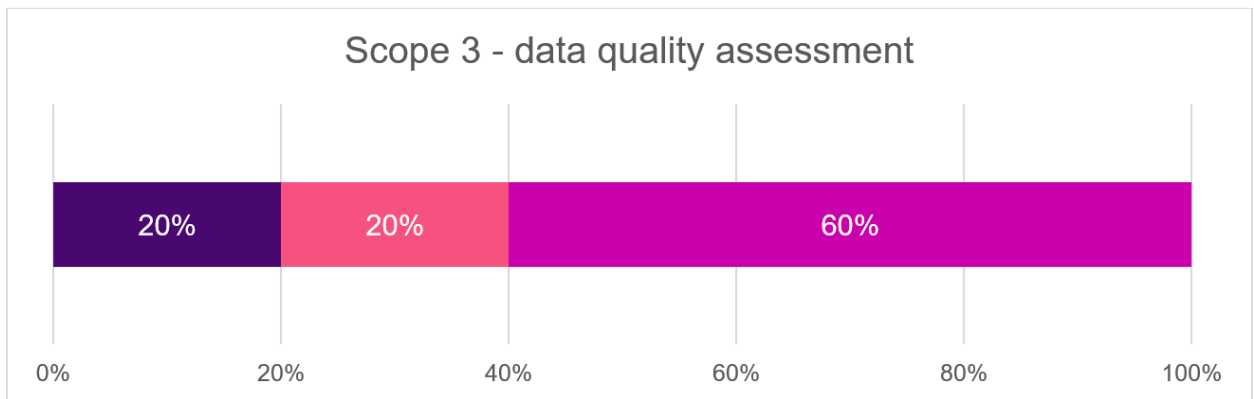
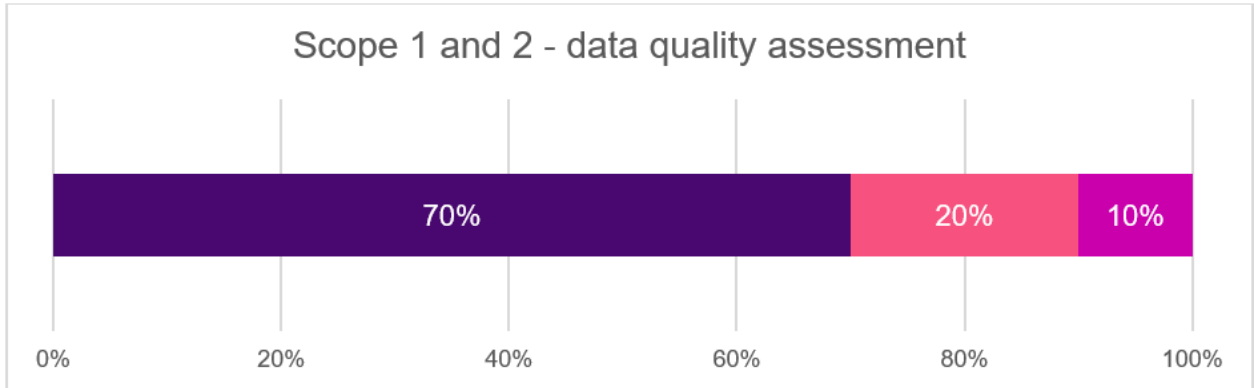


The DC Section provides members with a suitable range of investment options to suit individuals' needs and attitudes to risk. The Trustee offers two approaches for members to invest their DC pension:

- **Default investment options "Lifestyle"**: Designed to reduce risk as a member approaches their target retirement age by switching to a broader mix of assets with lower risk over time. More than 10 years from retirement, assets are invested 40% in global equities and 60% in diversified growth funds (split across two managers). Fixed interest assets, and then cash, are introduced starting 10 years from retirement, with the allocation to equities reducing.
- **Self-select investment options "Freestyle"**: A range of investment funds across various asset classes and strategies which members can choose to invest into.

Appendix C: Data quality assessment

The charts below provides an overview of the Scope 1, 2 and 3 data used by WTW in calculating the Plan's climate metrics as at 31 December 2024. One of the Trustee's ongoing priorities is to improve data quality and transparency by working closely with the Plan's investment managers



- Carbon footprint data
- Estimated data with limited support - underlying security data not matched in WTW model was excluded and remainign data was scaled up proportionately
- Proxy data based on industry and geography

Compared to last year, the overall reported carbon footprint for Scope 1 and 2 has reduced due to refinements in methodology and more comprehensive data capture. These changes, detailed in Section 4 (Metrics), include improvements in emissions attribution and greater use of manager-reported data, resulting in more accurate and representative figures.

This year also marks the first time WTW has reported on Scope 3 data quality. As anticipated, most Scope 3 emissions are currently based on proxy estimates, with limited availability of reported company-level data. While this constrains the reliability of Scope 3 metrics at present, the Trustee expects data quality to improve over time and will continue to monitor progress closely