

Taskforce on Climate-related Financial Disclosures Report

John Laing Pension Fund
Year ending 31 March 2025

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Trustee statement on climate risks and opportunities

Statement on behalf of the Trustee

The Trustee of the Fund recognises that climate change represents material financial risks and opportunities. Climate change is expected to have a significant impact on the Fund's members, financial markets, and society. The Trustee recognises that managing the associated risks and opportunities is part of their fiduciary responsibility to the members. The Trustee has integrated climate considerations into the Fund's processes and governance, including a 2050 net-zero ambition.

The Task Force on Climate-related Financial Disclosures ("TCFD") is an international institution that has developed a framework to improve and increase reporting of climate-related financial information. This report sets out the Trustee's response and key actions across the four TCFD pillars: Governance, Strategy, Risk Management, and Metrics & Targets. It has been produced to comply with the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 and addresses the specific disclosure requirements in the regulations that are based on the recommendations of the TCFD. This is the third edition of the TCFD report, following the initial report published in 2023.

The Trustee continues to work to understand the Fund's current position regarding climate-related risks and opportunities, as well as to set out the next steps for how the Fund can progress in this area. As part of this effort, the Trustee has conducted an analysis of the investment strategy, reviewed relevant metrics and targets, and reviewed the Fund's relevant climate Governance documents.

Given the strong funding level and de-risked investment strategy, covenant advice for the Fund has noted that the climate-related impact on the Sponsor is unlikely to have a material impact on the Fund over the relevant timeframes, but this will continue to be monitored. The potential impact of climate change on the Fund's member demographics, particularly with regards to life expectancy, has been reviewed by the Trustee with advice from the Fund's Actuary.

Since last year's report

Since last year's report, the Trustee has continued to work on understanding and mitigating climate risks and considering climate opportunities. During the year, the investment strategy continued to include an allocation to a buy and maintain credit mandate with a climate alignment pathway, in line with the Fund's broader objectives. The Trustee continued to review climate-related matters, including receiving training from and having discussions with the investment manager and relevant advisers. The Trustee reviewed a Sustainable Investment Review, where the integration of sustainability of all the Fund's mandates was considered. The Trustee, through its investment adviser, conducted engagement with the Fund's investment manager. The Trustee also completed a review across various governance policies including the Statement of Investment Principles, Implementation Statement (which covers Engagement and Stewardship), and Risk Register to ensure they remain appropriate for the Fund.

In summary, the Trustee is committed to seeking the best outcomes for Fund members including by addressing both the risks and opportunities associated with climate change, and by further developing the Fund's strategy to secure member benefits.

The Trustee of the John Laing Pension Fund

Executive summary

This report sets out the Trustee's response and key actions across the four pillars of the Task Force on Climate-related Financial Disclosures ("TCFD"), below. This report is in relation to the John Laing Pension Fund. Details on how and when the Trustee has fulfilled each of the following requirements are available later in the report in the respective sections. Each of the four key pillars is summarised on this page, initially expanded upon during the overview section, with a greater level of detail provided in the main body of the report.

Governance

Governance around climate-related risks and opportunities

- **Policies** – The Trustee has reviewed its Statement of Investment Principles which sets out policies around financially material matters, including climate, along with its Implementation Statement and Risk Register.
- **Responsibilities** – As outlined in this report, defining roles and responsibilities in relation to climate-related risk including the Trustee, advisers.
- **Meetings** – The Trustee ensures sufficient time is given to address climate matters.
- **Training** – The Trustee has received updates on relevant climate risks and opportunities during the year covered by this report.

Risk Management

Identification, assessment and management of climate-related risks

- **Risk register** – The Trustee reviews their risk register, which includes climate-related risks, at least annually.
- **Investment managers** – The Trustee reviews the managers' policies in meetings and their engagement actions through annual implementation statements. The investment adviser considers the managers' climate policies and practices when assessing the managers and advising the Trustee.
- **Dashboard** – The Trustee, with advice from the advisers, has developed a climate risk and opportunity dashboard for the Fund (see later in this report).

Strategy

Actual and potential impacts of climate risks and opportunities

- **Time horizons** – The Trustee has defined key time horizons for the Fund and considered how the Fund may develop over these periods.
- **Risks & opportunities** – The Trustee has identified relevant climate-related risks and opportunities for the Fund over the selected time horizons.
- **Scenario analysis** – The Trustee conducted scenario analysis to assess the impact of an increase in the global average temperature on the funding position. Analysis will be refreshed for the next report in line with the regulatory requirements.
- **Covenant impact** – The Trustee has considered how climate-related risks and opportunities could affect the Sponsor's covenant.

Metrics & Targets

Disclosure of key metrics and targets

- **Metrics** – The Trustee has selected four metrics to report on, and collated data against these. This data is sourced from the Fund's investment manager(s).
- **Targets** – The Trustee has set a long-term decarbonisation target for the Fund with a defined time period for meeting the target, and a medium-term interim target. The Trustee will continue to track progress against the target from the baseline in line with the Fund's broader objectives, and review that the target remains appropriate.

Climate context

Climate change represents a systemic risk for the global economy and financial system. We expect the future will bring significant changes for investment markets, demographics and businesses, and therefore climate change needs to be integrated into the Fund's strategy and governing decisions.

The impact of global decarbonisation, which is a commitment across governments and businesses, presents both risks and opportunities for the Fund. An energy transition is expected to incur large costs, while continued global temperature rises could lead to substantial physical damages. Therefore, the Trustee is aware that climate-related risks need to be appropriately managed.

Governments and businesses are still grappling with rising emissions, and the Trustee expects that changes are likely needed to limit global temperature rises within safe thresholds according to scientific consensus. Surpassing these safe limits is expected to have unprecedented impacts on the economy, members, and financial markets.

Global decarbonisation efforts and the broader potential impacts of climate change also offer opportunities for the Fund. For example, demand for effective low carbon alternatives and cleaner energy is expected to rise. When making investment decisions, the Trustee and investment managers will evaluate the suitability of these opportunities in conjunction with other financially significant considerations.

Climate science

Greenhouse gas ("GHG") emissions arise from the burning of fossil fuels for purposes such as transport or power. Emissions released into the atmosphere cause warming due to a blanketing effect, impacting the entire climate system.

Current policies in place

In 2015, most Governments agreed to the Paris Agreement to limit global average temperature rises to well below 2 °C, with ambitions towards 1.5 °C (versus pre-industrial levels, i.e. 1850-1900). Significant steps are still needed if these ambitious targets are to be achieved.

The transition to a low-carbon economy

To decarbonise the global economy, policies, technologies and market preferences are expected to shift in favour of low-carbon solutions.

Physical risks from climate change

Physical risks are expected to arise due to the impacts of climate change, including both sudden onset of natural disasters and slower shifts in weather patterns. Such risks are expected to scale up in the long term due to rising global average temperatures.

TCFD overview

Governance

Governance around climate-related risks and opportunities

The Trustee has agreed a framework outlining the responsibilities to ensure climate risks and opportunities are well-governed. The responsibilities across the Fund's stakeholders are summarised below. This policy was reviewed in March 2025.

Internal

Trustee – The Trustee retains overall responsibility for the oversight of climate change considerations for the Fund. Policies such as in the Statement of Investment Principles and risk register are reviewed on an ongoing basis and were last covered in March 2025.

The general ongoing management of the Fund's assets and liabilities is the responsibility of the Trustee, along with the responsibility of assessing the impact of climate considerations on Fund assets.

The Trustee ensures that investment matters receive sufficient attention to allow for effective decision making whilst overseeing the implementation and monitoring of the strategy and facilitating efficient governance. Meetings between the Trustee and advisers and communications via calls and emails are the main forums through which information from the advisers and investment managers flows through to the Trustee for consideration. Climate matters are discussed with the investment advisers at least twice a year typically.

External

Investment advisers – The Fund's investment advisers provide climate-related advice to the Trustee, covering the inclusion of climate considerations in the governance arrangements, climate risks and opportunities (including scenario analysis), analysis of climate metrics, and providing training as required.

Other advisers – The Fund Actuary, covenant advisers, legal advisers and other relevant advisers provide advice to the Trustee on climate-related risks and opportunities.

Investment managers – The Trustee has delegated day-to-day responsibility to the Fund's investment manager(s) for managing the invested assets, including identifying, assessing and managing climate-related risks and opportunities in relation to the Fund's investments, as well as engaging with portfolio companies and providing the agreed climate-related metrics.

TCFD overview

Key (risk level):

Low 

Medium 

High 

Fund strategy

The Trustee has analysed the impact of climate change on the Fund’s strategy. The matrix below shows a broad summary of the risks and materiality that is expanded on later in this report. More detail is provided via scenario analysis and an assessment by the covenant adviser. This analysis was completed for the 2023 report and remains relevant given the investment strategy has not materially changed. The analysis will be updated for next year’s report in line with the regulations and to ensure it remains up to date.

Risk (medium term, 7Y)	Assets	Liabilities	Covenant
Transition risk (net zero scenario)	Medium	Medium	Low
Physical risk (current policies)	Medium	Medium	Low

Strategy

Actual and potential impacts of climate risks and opportunities

The Trustee has assessed and quantified the potential impacts of climate risks and opportunities on the Fund’s investments by identifying key relevant time horizons, which are detailed later in this report. The Trustee has evaluated the potential risks and opportunities over these timeframes, including an analysis of the Fund’s position under three climate scenarios. The estimated magnitude of the potential impacts are illustrated using a colour-coded rating across each timeframe and climate scenario. Further details on the potential impacts of risks and opportunities are found later in this report.

TCFD overview

Risk management

The identification, assessment and management of climate-related risks

The Trustee has a risk-management framework in place that includes analysis of climate risks at the Fund level and ensures the Fund's investment managers are taking into consideration climate risks and opportunities.

Fund

The Trustee reviews the risk register at least annually and has received advice from the Fund's advisers on potential risks and mitigating actions with reference to:

- Sponsor covenant
- Investment strategy
- Asset and investment manager allocations
- Liability impacts and funding

Along with the risk register, the Trustee receives regular advice from the Fund's advisers on climate considerations. The Trustee has also developed a climate risks and opportunities dashboard, summarised later in this report.

Underlying investment mandates

The Trustee reviews the investment managers' climate capabilities, typically through presentations to the Trustee. The Trustee also receives advice from the investment adviser on the suitability of investment manager(s) and mandates including the management of financially material risks including climate change. The investment adviser has completed a sustainable investment review of all the invested assets within the Fund's portfolio, which was reviewed by the Trustee in March 2025. The investment adviser, on behalf of the Trustee, conducts engagements with the Fund's investment manager(s) on areas of improvement identified in the results of these assessments.

TCFD overview

Metrics & Targets

Disclosure of key metrics and targets

The Trustee has selected, gathered and assessed the climate metrics in the table below and set a decarbonisation target. The Trustee will continue to annually monitor, via relevant advisers, the Fund's progress against the target, and will engage with the investment managers on progress made against the target. The Trustee's decarbonisation target is to reduce the scope 1 and 2 carbon emissions intensity of the Fund by 50% (vs the baseline) by 2032 and to be aligned with net zero by 2050. The Trustee believes the 2050 target is suitable given trends in the market and the targets of governments and other industry bodies. Furthermore, the Trustee believes setting a nearer-term interim target is important in achieving this (as has been done by the Fund's sponsor).

Mandates	Total GHG emissions		Carbon footprint	
	(scope 1 & 2)		(scope 1 & 2)	
	tCO ₂ e		tCO ₂ e/ \$1m of EVIC	
	March 2024	Dec 2024	March 2024	Dec 2024
Buy and Maintain Credit	25,797	9,222	103	37
ABS	-	102,970	-	28
Buy-in policies	15,409	10,531	59	41
Total Portfolio (excluding LDI)	41,206	122,723	75	37

Please note that emissions metrics are shown excluding LDI. LDI emissions metrics are disclosed separately in the metrics and targets section of this report, due to issues in aggregating sovereign and non-sovereign emissions data.

Target: 50% Decarbonisation in portfolio (ex. LDI) intensity	Baseline 31/03/2023	December 2024	2032 interim target
Total Portfolio	54	37	27

Source: Investment manager and insurer. Data has been provided by the Fund's investment managers as at the 31 December 2024 using holdings information. The target to align with net zero by 2050 allows for a residual level of carbon emissions in line with 1.5°C scenarios. This applies to scope 1 and 2 emissions from the portfolio as detailed in the baseline as of 31/03/2023.

Governance

Governance

The Trustee's oversight of climate-related risks and opportunities

The Trustee's policies on climate change are integrated within the Fund's SIP, and the extent to which these policies have been adhered to during the year is reviewed annually in the Implementation Statement. Over the reporting year, the Fund's governance policies were reviewed and determined to still be appropriate.

The Trustee's policies on climate change can be summarised as follows:

Risk and Opportunities

The Trustee recognises that climate-related risks and opportunities can impact investment risk and return and should be considered throughout the investment process.

Stewardship

The Trustee considers stewardship of assets to be a responsibility and will seek to ensure that stewardship responsibilities are being effectively implemented by the Fund's investment managers.

Monitoring and reporting

The Trustee will regularly monitor and report on the sustainability of the Fund's portfolio and strategy, as well as considering the credentials of the investment managers.

Oversight responsibilities of the Trustee

In all funding and investment matters, overall responsibility lies with the Trustee. This includes the general ongoing management, as well as the day-to-day management, of the Fund's assets, along with the responsibility of assessing the impact of climate considerations on the Fund's assets. The investment adviser provides independent advice to assist the Trustee in strategic decision making and to help the Trustee execute their regulatory requirements. The Trustee meets regularly (typically no less than quarterly) and receives updates on ESG and climate change topics from relevant advisers during these updates, when required. The Trustee considers climate and broader ESG-related credentials when selecting and reviewing advisers and investment managers. Given that monitoring and managing climate-related risks and opportunities are part of the management of the Fund, the Trustee ensures that sufficient time and resources are dedicated to climate-related topics to manage risks and opportunities. These discussions typically happen quarterly, or during strategic reviews. The Trustee is satisfied that the amount of time spent is appropriate but will keep this under review and allocate more time in future if needed. The Trustee will review the advisers' capabilities in terms of climate matters as part of their ongoing reviews against advisers' stated objectives. The Trustee also has a forum to challenge the advice given within meetings, though this has not been required within the year.

Climate-related training

TCFD-related matters were reviewed in detail at a March 2025 meeting with the Trustee and investment adviser, including refreshed training on the TCFD requirements and metrics and targets. The Trustee also met with Schroders for an in-depth review of the portfolio in December 2024. The Trustee will receive updated training on Strategy and Scenario Analysis within the reporting year to 31 March 2026 as part of the process of developing updated analysis, and the results summarised in the next TCFD report.

Governance

The Trustee's oversight of climate-related risks and opportunities

Summary of governance arrangements

The Trustee has agreed a framework which sets out the roles and responsibilities of various stakeholders for managing climate-related risks and opportunities. Ultimately, the governance of Fund-level climate-related risks and opportunities lies with the Trustee. The Trustee will review this framework on at least a triennial basis or more often if there is a change of governance or strategy, and this was most recently reviewed in March 2025. The below table summarises the detail of this framework, which sets out how the Fund is governed by its various stakeholders and how they collaborate in a comprehensive manner.

Roles and responsibilities

Trustee	<ul style="list-style-type: none"> Ensuring sufficient knowledge and understanding relating to climate-related risks and opportunities through regular training to meet their statutory and fiduciary obligations. Reviewing climate-related risks and opportunities for the Fund, and how risks and opportunities play out over the short, medium and long-term horizons, including defining these time horizons. Incorporating climate-related considerations into strategic decisions, considering the advice of external advisers. Receiving relevant climate-related updates from its advisers, covering the investment managers' climate capabilities and their performance against their climate targets, as well as any relevant market or regulatory updates. 	Investment advisers	<ul style="list-style-type: none"> Assisting the Trustee to fulfil their regulatory obligations in relation to climate change, in partnership with legal advisers and investment managers. Advising on the climate considerations that may arise as risks and/or opportunities. Where required advising on the Fund's governance arrangements and investment policies. Considering climate factors in strategy, risk management and monitoring. Quarterly reporting that covers the Fund's assets, along with potential changes in ESG considerations of the funds invested in.
Fund Actuary	<ul style="list-style-type: none"> Assessing climate-related risks and opportunities in relation to the funding position over the short, medium and long-term, and the implications for the Fund's funding objective. 	Covenant advisers	<ul style="list-style-type: none"> Undertaking periodic reviews of the extent to which climate-related risks and opportunities might affect the Fund's Sponsor Covenant.
		Legal advisers	<ul style="list-style-type: none"> Provide input on climate-related legal matters, including advising in relation to the Trustee's statutory and fiduciary obligations. Assist in the documentation of the arrangements with the Fund's third parties with respect to climate-related matters where relevant.
		Investment managers	<ul style="list-style-type: none"> Identifying, assessing and managing climate-related risks and opportunities as part of their fiduciary duty. Exercising voting rights (where relevant) and engaging with portfolio companies in relation to climate-related risks and opportunities. Providing climate-related metrics in relation to the Fund's investments, with a focus on quality.

Strategy

Strategy

Introduction to climate scenarios chosen

Climate scenarios are hypothetical futures, which can apply different levels of climate action and produce a unique combination of physical and transition risks.

Transition risks – risks arising from the transition to a low-carbon economy, which are expected to be strongest in the short-term given climate-related regulatory developments, market trends and decarbonisation action expected.

Physical risks – risks arising from the physical impacts of climate change (including both sudden natural disasters and slower shifts in weather patterns), which are expected to scale up in the long term as global average temperatures increase.

The Trustee has assessed the potential impacts on the Fund under three different climate scenarios defined by the Network for Greening the Financial System (“NGFS”), interpreted and modelled by Moody’s Analytics, and explicitly referenced in the Department for Work and Pensions TCFD guidance. The Trustee, in conjunction with their investment advisers, chose these scenarios to provide a balanced set of hypothetical constructs with which to analyse the potential risks and opportunities across the Fund’s portfolio.

Forward-looking analysis always involves uncertainty, but these scenarios help to examine different possible outcomes in terms of emissions, global average temperatures, and associated transition and physical risks, for example.

Net Zero 2050

- Paris-aligned scenario – temperatures kept to a 1.5°C rise this century, relative to pre-industrial levels.
- CO₂ emissions reach net zero in 2050 globally, but only some regions achieve GHG net zero by 2050.
- Immediate global action applied uniformly to decarbonise hence high transition costs incurred, particularly in the near term.
- Physical damages are minimised.

Divergent Net Zero

- Paris-aligned scenario – temperatures kept to a 1.5°C rise this century, relative to pre-industrial levels.
- Divergence in decarbonisation policies across sectors results in higher transition costs e.g., the transport and building sectors instil more stringent climate policies than the energy and industrial sectors.
- Physical damages are minimised.

Current Policies

- The world largely fails to meet the ambition set out in the Paris Agreement, resulting in 3.8°C of warming this century, relative to pre-industrial levels.
- Current global climate policies are implemented, but no further ramping up of climate policy ambition over time, resulting in lower transition costs.
- Higher physical risks arise due to rising global temperatures, with shifts in weather patterns and an increased incidence of natural disaster.

A ‘climate neutral’ Baseline Scenario is also modelled which assumes a continuation of the world today, with current policies in place and no costs associated with transitional or physical climate risk. The Trustee accepts there are limitations involved within investment strategy modelling given the uncertainty and assumptions underlying the modelling. The Trustee therefore uses the scenario analysis for comparative and directional purposes rather than analysing the absolute magnitude of the results.

Strategy

Introduction to timeframe horizons chosen

Agreed timeframes

The Trustee has identified timeframes that are relevant to the Fund and considered material climate-related risks and opportunities under each of these. The Trustee has identified the following timeframes via a blended view of the climate outlook, membership demographics, the funding position, the long-term objective, and the ability to pay benefits. Transition risks are expected to be greater in the shorter term, however in the longer term we would expect physical risks to become more apparent.

Scheme

Timeframe	Investment Horizon	Climate Horizon		Risks to Assets	Risks to Liabilities	Risks to Sponsor
Short term <i>3 years</i>	Actuarial valuation cycle	Companies setting targets	Improvement in data quality	Government responses to COP	UN PRI Inevitable Response	The need to adapt to an economy transition
Medium term <i>7 years</i>	Reasonable medium-term assessment period to review climate risks	Companies/investors interim c.2030 targets		Alignment with SDGs*		
Long term <i>15 years</i>	Approximate average duration of liabilities	Some investors and organisations' Net Zero targets		Physical risks may be becoming prominent	Transition and physical risks such as damage to assets caused by extreme weather events anticipated	

The Fund has an interim decarbonisation target in 2032 and a net zero-aligned target of 2050. Aviva (current provider of two insurance buy-in policies covering a proportion of the liabilities) has a net zero target of 2040. This is discussed further later in this report. John Laing's (the employer) objective is for 70% of their assets under management to be aligning or aligned to net zero by 2030 (available at <https://www.laing.com/sustainability/climate-change/>).

The Trustee notes that following a possible future insurance buyout, the responsibility for managing these risks would eventually be transferred to the insurer, and so the covenant of the insurer would be important to consider. The Trustee will consider climate related credentials alongside other relevant matters in any future selections of insurers.

*SDGs: The Sustainable Development Goals ("SDGs") are a set of 17 goals adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

Strategy

Climate-related risks and opportunities the Trustee has identified over the short, medium and long term

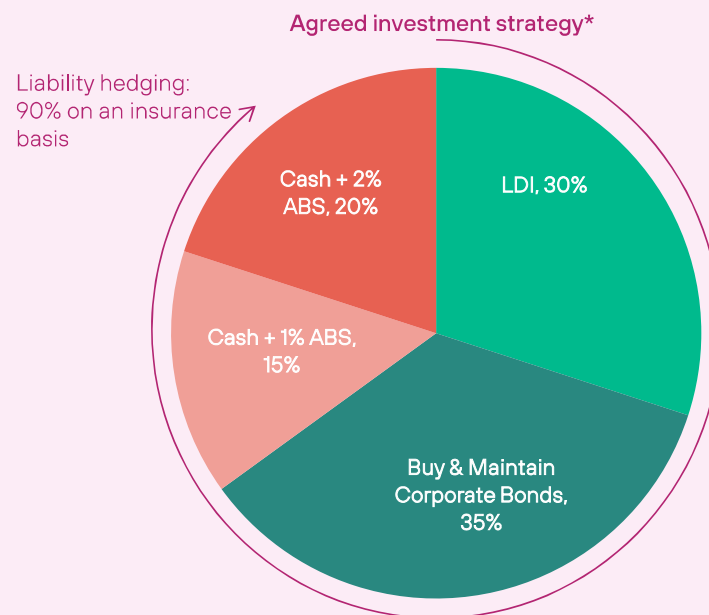
Investment strategy

The Trustee has carried out analysis on the strategy in place. Buy-in assets have been excluded from this analysis, as the investment allocation of insured assets is not within the Trustee's remit. Modelling limitations are acknowledged and discussed in the appendix. The Trustee, along with its investment adviser, will continue to work with the investment managers on their climate capabilities and will consider opportunities.

Impact on liabilities

The Fund manages the impact on liabilities by hedging a high degree of the funding level volatility associated with the liabilities' exposure to interest rate and inflation movements. The Trustee also recognises that the changes in how long members are expected to live and draw their pensions from the Fund ("longevity risk") is a potentially material source of risk to the funding level. The Fund hedges some of the longevity risk through buy-in policies with Aviva. Therefore, some of the effect on liabilities is expected to be somewhat mitigated. The Trustee's potential longer-term objective may be to secure members' benefits through a full insurance buyout which provides a strong hedge to interest rate, inflation, and longevity risks.

The impact of different temperature pathways on the Fund's liabilities is also considered as part of the scenario analysis shown on the following pages, though this is reflected in surplus and deficit projections rather than the isolated liability impact. The Trustee will continue to consider climate risk as part of liability considerations as modelling and information evolves.



*LDI refers to liability driven investment and is predominately UK government bonds. ABS refers to a diversified portfolio of investment grade asset-backed securities. Buy and maintain refers to a strategy where bonds are generally held to maturity, focussing on a diversified portfolio of investment grade assets. Percentage allocations may change or be altered over time to match the investment objective.

Strategy

Fund strategy, taking into consideration different climate-related scenarios (including a 1.5°C scenario)

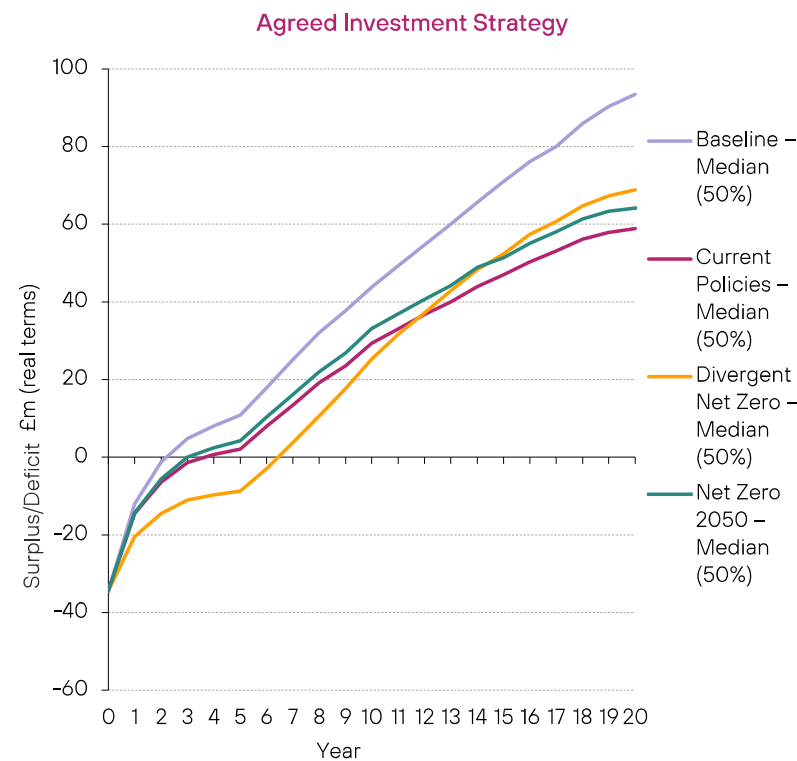
Climate scenario analysis: total portfolio – impact on funding position

Under each of the possible climate scenarios modelled, the Fund's position is expected to be worse off relative to the baseline scenario of no physical or transitional costs from climate change.

Over the shorter and medium-term, the costs associated with the transition to a lower carbon economy are pronounced within the Net Zero 2050 and Divergent Net Zero scenarios. This reinforces the importance of investee companies being prepared for the transition. If the world fails to transition to a low carbon economy, the Current Policies scenario produces the biggest lag on performance over the longer-term (as per the chart to the right). Whilst there are a range of possible outcomes, each of the scenarios modelled shows the Fund reaching fully funded on an insurance basis within the medium-term.

Scenario	Expected change in funding position compared with the Baseline scenario		
	3 years	7 years	15 years
Net Zero 2050	-£4.8m	-£9.0m	-£19.7m
Divergent Net Zero	-£15.8m	-£21.4m	-£18.7m
Current Policies	-£6.2m	-£11.7m	-£24.0m

The Baseline scenario assumes no transition or physical impacts of climate change i.e. a climate-neutral scenario. Start point is 30 June 2022. Source and other notes are in the appendix.



Strategy

Fund strategy, taking into consideration different climate-related scenarios (including a 1.5°C scenario)

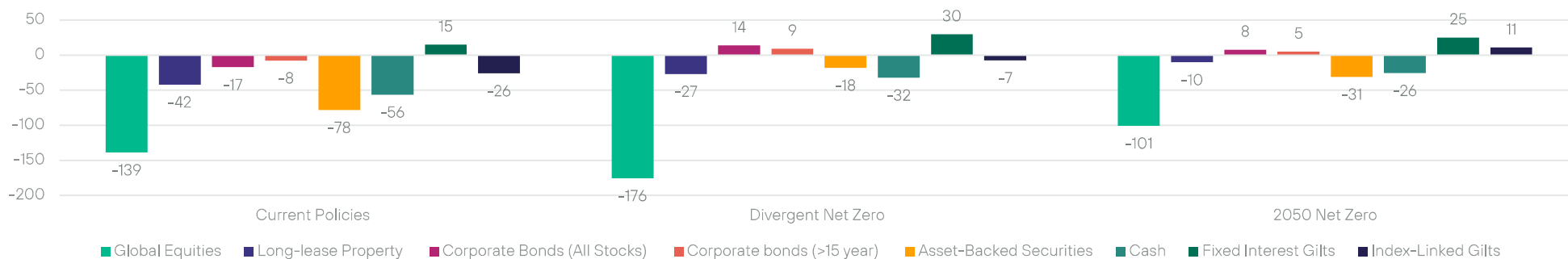
Climate scenario analysis: impact on asset classes

The Trustee has also considered and assessed the isolated potential impacts of different asset classes to understand which allocations might contribute to the Fund's climate risks and opportunities over time. The impact is shown as the reduction in the annual return due to the effects of climate change in each modelled scenario ("return drag").

Lower risk assets appear to be lower risk from a climate perspective: for example, for corporate bonds, asset backed securities and index-linked gilts, the return drag is smaller than riskier assets such as equities. Fixed interest gilts have a positive impact across all three scenarios; however, this is very sensitive to possible changes in interest rates which are unpredictable, and therefore the Trustee's position remains to hedge this risk as far as possible, rather than to actively trade on it.

The analysis will be updated in the reporting year to March 2026 and outlined in the next TCFD report in line with regulations.

The return drag of the asset classes under different climate scenarios relative to the Baseline scenario (ann. bps) at year 15.



Footnotes are in the appendix.

Strategy



Climate-related risks and opportunities the Trustee has identified over the short, medium and long term

		Equities	Corporate bonds and ABS	LDI	Buy-ins	Asset commentary (possible scenarios)	Liabilities (possible scenarios)
Transition risks	Short term (3)					Companies begin to adapt to rising pressure to decarbonise.	<ul style="list-style-type: none"> UK GDP growth expectations are marginally lower as the economy transitions; liabilities are expected to increase as a result of lower yields. Longevity improvements are expected as healthcare & education develop.
	Medium term (7)					Equity suffers from misalignment with the low carbon transition, with exposure to decarbonisation and stranded asset risks.	
	Long term (15)					Gilts benefit (throughout scenarios/timeframes) from a flight to quality, with the UK Government able to draw on policy levers in response to climatic shocks. Insurers benefit from low-risk investment strategies and strong regulatory framework.	
Physical risks	Short term (3)					Over the short-term, the costs due to physical damage are not expected to be significant.	<ul style="list-style-type: none"> UK GDP growth expectations are drastically lower in the long term; liabilities are expected to increase as a result of lower yields. Longevity expectations decrease.
	Medium term (7)					As physical risks begin to rise, markets and asset prices are slow to respond.	
	Long term (15)					Most assets are impacted in the long-term under the current policies scenario, as temperature rises fuel material weather shifts and natural disasters play through.	
Future allocation change*		-	-	-	↑	The Fund no longer holds an allocation to equities. Corporate bond and ABS allocations provide a lower risk profile for the Fund.	N/A
Opportunities to consider		✘	✔	✔	✔	See the following page.	Insurance options

Please note that liability information reflects the investment advisers' view on potential liability impacts for a typical pension scheme. Please refer to the Fund's Actuary for liability analysis taking into consideration the specific characteristics of JLPF's liabilities. * Note equities were fully sold down during 2023. Corporate bond allocation was decreased, and the ABS allocations were increased over the period.

Strategy

Climate-related risks and opportunities the Trustee has identified over the short, medium and long term

Covenant risks

The Trustee has received advice on the Fund's covenant and the potential risk related to climate. The covenant adviser noted that "Given the covenant characteristics we consider it highly unlikely that adverse climate scenarios will be significant enough to cause a financial problem to the Group or the Fund, particularly given the likely buyout of the Fund in the next 5 years or so." Covenant advisers will report to the Trustee on key metrics related to the position of the sponsor including profitability and the health of the balance sheet, including the forward-looking plans and flexibility of the business. Company representatives will join Trustee meetings where appropriate meaning the Trustee can receive updates on the covenant.

Opportunities

	Summary	Potential strategic fit	Reasoning
Sustainable Equities	Low-cost sustainable indices, impact funds or core-satellite combination.	x	<ul style="list-style-type: none"> Equities were sold from the portfolio in 2023. Given the de-risked position, it may not be an attractive asset for the Fund.
Green Gilts	UK Government bonds issued specifically for the financing of sustainable projects.	✓	<ul style="list-style-type: none"> Under the current IMA, the investment manager has discretion to allocate to Green Gilts if it is financially attractive.
Sustainable Corporate Bonds	The investment manager has built in climate pathways for its buy and maintain corporate bond strategies.	✓	<ul style="list-style-type: none"> This is incorporated as part of the corporate bond mandate.
Renewable Infrastructure	Investing directly in infrastructure assets that facilitate the carbon transition.	x	<ul style="list-style-type: none"> These options are currently most accessible through illiquid vehicles. Adding illiquidity would not be in line with the Fund's direction of travel.
Buy-Ins	Like pension schemes, insurers are looking at sustainability and many have their own climate-related targets and objectives.	✓	<ul style="list-style-type: none"> Whilst the focus will be on member security and pricing, the Trustee could consider insurers' sustainable credentials (including climate) when selecting a buy-in provider. Aviva (existing buy-in provider) already has climate policies in place.

Risk management

Risk management

The Trustee's processes for identifying, assessing and managing climate-related risks

Climate-related risk management process

The Trustee's climate-related risk management process is depicted below. The process is designed to allow identification of the most material/significant risks for the Fund and the development of controls and processes to manage these. This is an iterative process that is designed to be evolved over time.

Risk identification and prioritisation

Risk register: The Trustee reviews the climate-related considerations in the risk register.

Roles & responsibilities: The Trustee has agreed with the Fund's advisers their various roles and responsibilities. This includes their advice covering the identification, assessment and management of climate-related risks across investment, actuarial, legal and covenant matters.

Training: The Trustee receives updates on TCFD and climate at least annually. The last update was in March 2025. This covered regulatory updates and trends with the market and relevant asset classes.

New and emerging risks: the Trustee will keep abreast of new and emerging climate risks.

Investment strategy impact

Climate scenario analysis: The Trustee seeks to quantify the potential impact of climate change on the Fund's investment and funding position.

ESG integration: The Trustee aims to ensure climate considerations are integrated within the investments. For example, the Buy and Maintain credit mandate has climate pathways integrated.

Climate risk monitoring

Assessing investment managers: The Trustee reviews the manager(s) through meetings, calls, and investment adviser advice.

Assessing climate metrics: In line with TCFD recommendations, the Trustee monitors the investments' climate-related metrics on an annual basis.

Sustainable investment reviews: The Trustee's investment adviser reviews the integration of sustainability and climate considerations across Fund's portfolio.

Stewardship

Assessing investment managers: The Trustee assesses the stewardship activities and capabilities of the investment manager(s) annually through the Implementation Statement, to ensure these align with the Trustee's climate policies, as set out in the SIP.

Risk management

Processes for identifying, assessing, and managing climate-related risks are integrated into the Trustee's overall risk management

Risk register

The Trustee has agreed the following climate-related inclusions within the Fund's risk register to ensure climate considerations are embedded into the Fund's ongoing governance and risk management processes. This was last reviewed in March 2025.

Potential risk	Risk description	Cause	Consequences	Potential control measures
ESG factors (including climate as part of environmental) are not considered sufficiently when determining investment strategy and making decisions	<ul style="list-style-type: none"> - ESG factors which could harm or create opportunities for the Fund are not appropriately considered in investment beliefs, strategy and decision making. 	<ul style="list-style-type: none"> - ESG not considered in respect of companies and asset classes in which the Fund invests. 	<ul style="list-style-type: none"> - Funding deficit increases/surplus decreases more rapidly. - Long Term Objective timeframe extended unexpectedly. - Sponsor required to support the Fund financially over a longer timeframe. - Reputation of the Fund, Sponsor and Lloyd's (Fund bank account) is damaged. 	<ul style="list-style-type: none"> - Investment adviser advises on changes to SIP and ESG (including climate change) requirements, financially material factors and investment options for the Trustee to consider. - Investment adviser provides annual training on ESG developments (including climate change) and updated scores for the Fund's managers at a suitable frequency. - The Trustee considers ESG as part of new manager appointments. - The Trustee considers ESG policy as part of its annual review of the SIP.
Investment performance susceptible to climate change	<ul style="list-style-type: none"> - Climate change leads to volatility or underperformance in invested assets or impacts financial strength of sponsor. - Fund is able to invest in low/zero carbon financial opportunities 	<ul style="list-style-type: none"> - Changes in climate impact financial performance of industries in which Fund is invested and/or impacts financial strength of sponsor. 	<ul style="list-style-type: none"> - Funding deficit increases/surplus decreases more rapidly. - Long Term Objective timeframe extended unexpectedly. - Sponsor required to support the Fund financially over a longer timeframe. - Reputation of the Fund, Sponsor is damaged. - Sponsor unable to pay contributions/meet deficit reduction payments. 	<ul style="list-style-type: none"> - Investment adviser advises on changes to SIP and ESG (including climate change) requirements, as well as financially material factors and investment options for the Trustee to consider. - The Trustee considers ESG as part of new manager appointments. - The Trustee undertakes climate change scenario analysis at least every three years (and more regularly if there are material changes to the funding or investment strategy) to test portfolio resilience. - The Trustee considers ESG policy as part of their annual review of the SIP.

Risk management

Processes for identifying, assessing, and managing climate-related risks are integrated into the Trustee's overall risk management

Assessing investment managers

Whilst the Trustee retains overall responsibility, day-to-day management of the Fund's investments is delegated to investment managers, and the Trustee expects the managers to be identifying, assessing and managing climate-related risks on an ongoing basis as part of the effective management of these mandates.

The Trustee met with the investment manager during the reporting year and has received training so that they can credibly challenge the investment managers on their approach. The Trustee takes advice from the investment adviser who reviews a broad range of manager credentials as part of providing its views on manager suitability. The investment adviser will review the Fund's mandates from an ESG perspective at a suitable frequency or where a new mandate is introduced, including with regards to climate related matters. Following this review, areas identified where the investment manager can improve will be fed back to the managers and the investment adviser will seek to work collaboratively to drive improvements on the Trustee's behalf. An example of the investment adviser's evaluation criteria is set out below.

Assessment category	Example evaluation criteria
Investment approach	Are the fund's climate objectives quantifiable with interim targets set?
Risk management	Does the manager have a dedicated individual within the ESG team with responsibility for oversight of the climate change policy?
Voting & engagement	Can the manager provide a case study example demonstrating effective engagement on climate-related issues?
Reporting	Does the manager undertake forward-looking climate scenario modelling and is this published in quarterly reports?
Collaboration	Is the manager a member of the UN Net Zero Asset Owner Alliance? If not, is there a valid reason why?

Stewardship activity

The Trustee recognises the importance of stewardship.

The Trustee delegates stewardship responsibilities (Voting & Engagement) to its investment managers, and the managers should engage and vote (where relevant) on all issues, including climate, in the best interests of the Fund's members. Notable stewardship activity is published in the Fund's annual Implementation Statement.

Metrics and targets

Metrics and targets

Metrics used by the Trustee to assess climate-related risks and opportunities

Climate metrics selection

The Trustee selected and monitored four climate metrics during the year to 31 March 2025:

1. **Absolute emissions metric:** Total greenhouse gas emissions (scope 1 & 2 and scope 3)
2. **Emissions intensity-based metric:** Carbon footprint (scope 1 & 2 and scope 3)
3. **Portfolio alignment metric:** % SBTi alignment
4. **Additional metric:** Data quality

The process of selecting these metrics for monitoring focused on two key aspects: 1) **level of impact** and 2) **availability of data**.

Level of impact

The metrics were chosen based on their potential value add to the Trustee's decision making. GHG emissions are a key driver of climate change. These result from many economic activities, primarily due to burning fossil fuels. The Trustee reports data for scope 1 and 2 emissions (direct emissions from company-owned or controlled sources and indirect emissions from purchased energy), as well as scope 3 emissions (indirect emissions in the value chain) in line with regulations.

Methodology and availability of data

The Trustee gathered this data from investment managers. The quality of this information is important to allow robust decision-making and target-setting. The investment adviser will engage with the investment manager to seek future improvements in data coverage and quality, particularly in relation to securitised assets. The Trustee acknowledges that data gathering is reliant on the data provider and coverage and quality will vary across asset classes and with different methodologies. Any decisions taken should therefore be based on directional movements rather than exact numbers.

The Trustee has reviewed the chosen metrics and is comfortable that they remain appropriate to the Fund. The continued suitability of the Fund's metrics will be reviewed in subsequent reports.

Monitoring

The Trustee will assess these metrics at least annually to monitor climate-related risks, and as a tool to engage with the investment managers.

More detail on how the metrics are defined can be found in the appendix.

Metrics and targets

Scope 1 and 2, and scope 3 greenhouse gas (GHG) emissions, and the related risks

The Trustee calculated climate metrics for the Fund using data as at 31 December 2024 (or the best-available proximate date) and the results are set out on the following pages.

Updates to the methodology

- This year, we have sourced metrics directly from Schroders and Aviva (previously a data model, Impact Cubed, had been used). This has enabled coverage to be expanded to include the ABS allocation, but the change of methodology makes drawing meaningful year-on-year trends difficult. Data challenges are common in the early years of reporting, and particularly when modelling emissions of securitised assets, but metrics analysis should become more useful over time

Summary of results

- Scope 1 and 2 emissions attributed to the credit mandate have decreased over the year, from 25.8k to 9.2k tCO₂e. This is largely explained through a change in methodology and due to some of these assets being transferred to ABS over the period.
- ABS coverage rising from zero to an estimate of the full portfolio is a significant improvement in data, although the improved coverage means that the Fund is now reporting significantly higher absolute emissions. Despite that, the significantly-lower carbon footprint suggests that there has actually been an improvement in the carbon position of the Fund.

Metrics and targets

Total portfolio, excluding LDI

Mandates	Total GHG emissions		Total GHG emissions		Carbon footprint		Carbon footprint	
	(scope 1 & 2)		(scope 3)		(scope 1 & 2)		(scope 3)	
	tCO ₂ e				tCO ₂ e/ \$1m of EVIC			
	31 Mar 2024	31 Dec 2024	31 Mar 2024	31 Dec 2024	31 Mar 2024	31 Dec 2024	31 Mar 2024	31 Dec 2024
Credit	25,797	9,222	183,277	61,956	102.6	37.2	831.7	250.1
ABS	-	102,970	-	-	-	28.4	-	-
Annuities	15,409	10,531	0	-	70	41	0	0
Total including annuities	41,206	122,723	183,277	61,956	82	36.5	831.7	250.1

LDI only

Mandates	Total GHG emissions	
	Production	
	tCO ₂ e	
	31 Mar 2024	31 Dec 2024
Segregated LDI	46,013	59,881

Source: Investment managers and insurer. Data reflects actual asset allocations as at 31 March 2024 and 31 December 2024. Metrics for the credit and LDI portfolios are based on data provided by the Fund's investment manager(s). This data is then attributed to the Fund's holdings based on the Fund's holding's AUM and the company's EVIC (or GDP for sovereigns). Annuity metrics are taken from Aviva's 2023 and 2024 climate report and have been attributed to the Fund by pro-rating the Aviva annuity book metrics by the value of the Fund's annuities relative to Aviva's annuity book value. Where there are gaps in the data, for example the SBTi Alignment of the annuities, the Trustees will seek to engage with the investment manager or insurer to seek to improve the dataset.

Metrics and targets

Coverage

There has been an overall improvement to the level of coverage for the Fund. Due to industry-wide difficulties in obtaining data for securitised assets, the data coverage for ABS holding is estimated, however this is an improvement from 0% coverage at 31 March 2024.

During the year, the Fund reduced its allocation to the Buy & Maintain Credit mandate and increased its allocation to the ABS mandate.

	Data coverage (note this refers to carbon metrics, scope 1&2)						SBTi alignment	
	% Reported		% Estimated		% Not Reported		% of non-LDI aligned with Science Based Targets	
	March 2024	Dec 2024	March 2024	Dec 2024	March 2024	Dec 2024	March 2024	Dec 2024
Buy and Maintain Credit	70%	0%	11%	89%	19%	11%	41%	46%
ABS	0%	0%	0%	100%	100%	0%	-	-
Buy-in policies	0%	0%	88%	96%	12%	4%	-	-
Total Portfolio (excluding LDI)	24%	0%	45%	95%	31%	5%	14%	13%

Please note that figures may not sum due to rounding.

Source: Investment manager and insurer. Data reflects actual asset allocations as at 31 March 2024 and 31 December 2024. Metrics for the credit and LDI portfolios are based on data provided by the Fund's investment manager(s). This data is then attributed to the Fund's holdings based on the Fund's holding's AUM and the company's EVIC (or GDP for sovereigns). Buy-in metrics are taken from Aviva's 2023 and 2024 climate report. Where there are gaps in the data, for example the SBTi Alignment of the annuities, the Trustees will seek to engage with the investment manager or insurer to seek to improve the dataset.

Metrics and targets

Targets used by the Trustee to manage climate-related risks and opportunities

Target update

During the year, the Trustee reviewed the appropriateness of the Fund's target in line with the regulations. As there have been no material changes to the underlying strategy, the Trustee is comfortable the current decarbonisation target remains appropriate.

The Fund's target is as follows:

The Trustee has set both interim and ultimate objectives in relation to the reduction of greenhouse gas (GHG) emissions associated with its investments. The Trustee believes that decarbonisation is an important objective, as set out by the UK government, pensions regulator, broader industry and the Sponsor.

The interim target is to reduce carbon footprint of the portfolio, excluding LDI assets, by 50% by 2032, and the ultimate target is to be aligned to net zero by 2050, relative to a baseline level of scope 1 and 2 GHG emissions as at 31 March 2023. The Trustee will review these objectives on a periodic basis and amend as appropriate.

The Trustee notes that the Fund's potential objective is to move to an insurance buyout, which would likely be ahead of both the ultimate target and the interim target. The Trustee has therefore reviewed the policies of the insurance providers in the UK defined benefit pension scheme market and is comfortable that their policies are generally as, or more, ambitious than the Fund's objectives. The Trustee therefore believes that the funding and decarbonisation objectives are compatible.

Metrics and targets

Targets used by the Trustee to manage climate-related risks and opportunities and performance against targets

How the Trustee intends to meet the target

The Trustee expects that progress towards the target will come from the following areas:

- Engaging with managers where there are negative trends in the carbon characteristics of a mandate without a credible reason;
- Some mandates include decarbonisation pathways, which explicitly position the fund towards decarbonising in line with the target
- The Trustee expects that, in line with the decarbonisation targets set by the UK and numerous other national governments, there will be some decarbonisation at the level of the economy more broadly, that will influence the carbon trajectory of the Fund.

Progress against the target during the Fund year

Over the period to 31 December 2024, the overall carbon footprint fell materially. Due to the significant volatility that the Fund's carbon footprint has shown over the last two years, much of which is due to methodological changes rather than actual changes in the carbon profile of underlying assets, the Trustee is electing to focus on maintaining the current target.

As Trustee of the John Laing Pension Fund, we have set a decarbonisation target as per the below, based on data from the Fund's investment managers and insurance provider. We will continue to monitor the suitability of the objective along with assessing progress against it.

Interim target:

50% reduction in absolute emissions by 2032

Ultimate Target:

100% alignment with net zero by 2050.

Baseline

Total portfolio ex. LDI

Carbon Footprint (tCO₂e/ \$1m of EVIC)

Scope 1 and 2

As at 31 March 2023:

54 tCO₂e/ \$1m of EVIC

The target to align with net zero by 2050 allows for a residual level of carbon emissions in line with 1.5°C scenarios. This applies to scope 1 and 2 emissions from the portfolio as detailed in the baseline as of 31/03/2023. Data from other asset managers and insurers may be required when reviewing the metrics in future reports. The Trustee will aim for as high a coverage level as possible in terms of measuring the target. Ideally this would all be reported data; however, the Trustee believes that estimated data is preferred to no data.

Appendix

Strategy

Modelling principles

Modelling was undertaken by the Fund's investment advisers using a stochastic model that simulates a large number of possible future economic outcomes, in which financial conditions develop in a number of different ways, defined by assumptions for average outcomes, range of variability, and inter-dependency between different markets. The results shown in this report are based on the median results.

The high-level market scenarios are generated by a third-party Economic Scenario Generator ("ESG") provided by Moody's Analytics. The ESG is an industry-standard tool that is widely used by financial institutions (e.g. insurers, asset managers, and investment banks). Both the climate scenarios and the underlying economic impacts are provided by Moody's Analytics.

Based on the scenarios generated by the ESG, the model simulates asset class returns calibrated to the asset class assumptions.

The model takes the initial starting position of the assets, and projects these values forward under the simulated scenarios, taking into account any relevant inflows and outflows.

Different investment strategies are modelled in order to illustrate the effects of different allocations. In each case, the model assumes that the strategy remains constant over the full projection period, and assets are annually rebalanced back to the original allocations. We can model alternative future strategic asset allocations being explored.

Modelling limitations

The models are based on assumptions and simplifications across both the climate-related impacts and the investment implications, they are not intended to be a perfect prediction of the future but rather provide the Trustee with hypothetical constructs.

No guarantee can be offered that actual outcomes will fall within the range of simulated results.

The modelling results should be viewed alongside other qualitative considerations including portfolio complexity, governance burden, and liquidity risk.

The model's projections are sensitive to the starting position and the econometric assumptions. Changes to the assumptions can have a material impact upon the output. There can be no guarantee that any particular asset class or investment manager will behave in accordance with the assumptions. Newer asset classes can be harder to calibrate due to the lack of a long-term history.

Strategy

Climate scenario analysis

The Fund's Investment Adviser partnered with Moody's to deliver a climate change model. Please see below an overview:

1. Selection of **climate scenarios** from the Network for Greening the Financial System. The interpretation and implementation of these scenarios are detailed below, across these building blocks.
2. Inclusion of climate scenarios within Moody's **climate model**, composed of two building blocks: a socioeconomic REMIND-MAGPIE general equilibrium model, modelling macroeconomic growth and energy systems. This assumes that markets are efficient and sets out traditional economic assumptions around the evolution of economic markets. This is combined with the MAGICC 6 climate model, modelling climate and weather. The model runs 600 climate scenario projections and takes the median outcome for each climate scenario: baseline, orderly, disorderly and hot house. There is interplay between these models.
3. The investment model determines how different asset classes will react under the different climate change scenarios analysed, and across time. It is also composed of two building blocks: Moody's Economic Scenario Generator, modelling economic pathways. This is combined with a proprietary investment model, which models the impact on investments.
4. The output is an understanding of the potential impacts on **investment strategy and asset class outcomes**, as well as the **funding position**. In particular, the impacts of rising transitional and physical costs associated with climate change are assessed.

Footnotes to strategy section – overall funding scenario analysis

Source: Investment Adviser, Moody's, Investment managers, Fund Actuary. This is based on stochastic modelling, with the median outcome shown. 30 June 2022 is the starting point. Liabilities are modelled on an insurance basis.

The model's projections are sensitive to the underlying methodology and assumptions. No guarantee can be offered that actual outcomes will fall within the range of simulated results. Due to the long projection period, the model's outcomes are particularly reliant upon the underlying assumptions. Therefore, more attention should be paid to the relative comparisons between different projections than to the absolute magnitude of the results. The analysis shows the impact of each scenario on the Fund's assets and liabilities. Liability-side analysis includes the impact of each scenario on interest rates and inflation but does not include analysis of the impact on member demographics, i.e. longevity.

Footnotes to strategy section – asset class scenario analysis

The Baseline scenario assumes no transition or physical impacts of climate change i.e. a climate-neutral scenario. Bps refers to basis point of 0.01%. Return drag refers to the reduction of return, in basis points and on an annualised basis, that arises due to the physical and transitional effects of climate change in each modelled scenario. Source: Investment Adviser, Moody's. This is based on stochastic modelling, with the median outcome shown.

The model's projections are sensitive to the underlying methodology and assumptions. No guarantee can be offered that actual outcomes will fall within the range of simulated results. Due to the long projection period, the model's outcomes are particularly reliant upon the underlying assumptions. Therefore, more attention should be paid to the relative comparisons between different projections than to the absolute magnitude of the results.

Glossary

Metric	Description	
Absolute Emissions Metric: Total GHG emissions (scope 1 & 2)	Total amount of greenhouse gas emissions (as mandated by the Kyoto Protocol) emitted by the underlying portfolio companies, attributed to the investor based on the total investment in each company	$\sum \left(\frac{\text{Current value of investment}_i}{\text{Investee company EVIC}_i} \right) \times \text{Investee company's scope 1 and 2 emissions}_i$
Emissions Intensity Metric: Carbon footprint (scope 1 & 2)	An intensity measure of emissions that assesses the level of greenhouse gas emissions (as mandated by the Kyoto Protocol) arising from \$1 million investment (based on Enterprise Value Including Cash) in a company	$\frac{\sum \left(\frac{\text{Current value of investment}_i}{\text{Investee company EVIC}_i} \times \text{Investee company's scope 1 and 2 emissions}_i \right)}{\text{Current value of all investments (\pounds millions)}}$
Science Based Targets	<p>The Science Based Targets initiative ('SBTi') is an option for the 'portfolio alignment metric'. This is a database of companies that have committed to a science based GHG emissions reduction target. The metric considers the number of companies within the portfolio with carbon emission reduction targets listed on the SBTi database, weighted as a percentage of total portfolio value. The metric has been gathered by Impact Cubed and is compared with data collected from the investment managers. The Trustee will engage with the investment managers via the investment adviser to understand if improvements can be made in this area. The investment managers may in turn engage with the portfolio companies and encourage them to adopt science-based targets. The % alignment is based on the companies that have reported, data coverage is then reported separately. Where there are gaps in the data, for example the SBTi Alignment of the annuities, the Trustees will seek to engage with the investment manager/insurer to improve the dataset.</p>	
Data quality	Reported	% of the emissions data that is sourced from actual company reported data
	Estimated	% of the emissions data that is estimated, either by the manager or a third party data provider
	Not available	% of the emissions data that is not available
LTO	'Long-Term Objective,' or the long-term funding objective that the Fund is targeting.	
SIP	The Fund's 'Statement of Investment Principles,' which documents the Trustee's investment policies and objectives.	
ESG	'Environmental, Social, and Governance'	

Glossary

GHG emissions from the activities of a particular company can be split across three levels, as shown in the diagram.

- **Scope 1** are direct emissions from company owned or controlled sources – this includes heating/cooling of offices/factories and fleet vehicles.
- **Scope 2** are indirect emissions from purchased energy – emissions are created during the production of the energy which is eventually used by the company.
- **Scope 3** are all indirect emissions that occur in the value chain – this includes emissions from the production of purchased goods and services and the use of sold products. There are currently industry-wide issues with reporting scope 3 emissions.

