Airbus Group UK Pension Scheme Climate change report

A report for members by the Trustee of the Airbus Group UK Pension Scheme

Scheme Year to 5 April 2026

This report provides members the opportunity to find out more about the work carried out by the Trustee of the Airbus Group UK Pension Scheme (the "Scheme") in relation to climate change. It is the fourth climate change report by the Trustee for the Scheme.

Our first and foremost duty is to ensure that your pension scheme's investments are managed to produce returns that help to secure your financial future. In line with this responsibility, we recognise the growing importance of considering the potential impact of climate change on your pension savings, both now and in the future. In a world where the effects of climate change are increasingly apparent, we believe that this dual focus positions us well for the future, without compromising our commitment to helping you save for your retirement.

In this report, we describe how we are embracing the issue of climate change within the Scheme. The world is changing, and so are the rules and regulations around how businesses operate, particularly in relation to the environment. Governments and regulators are increasingly supporting companies that are working towards a greener future. It is clear that the choices we make today can have a lasting impact on our planet, and as stewards of your pensions, we want to make the right choices.

We hope you find it informative.

Kind regards,

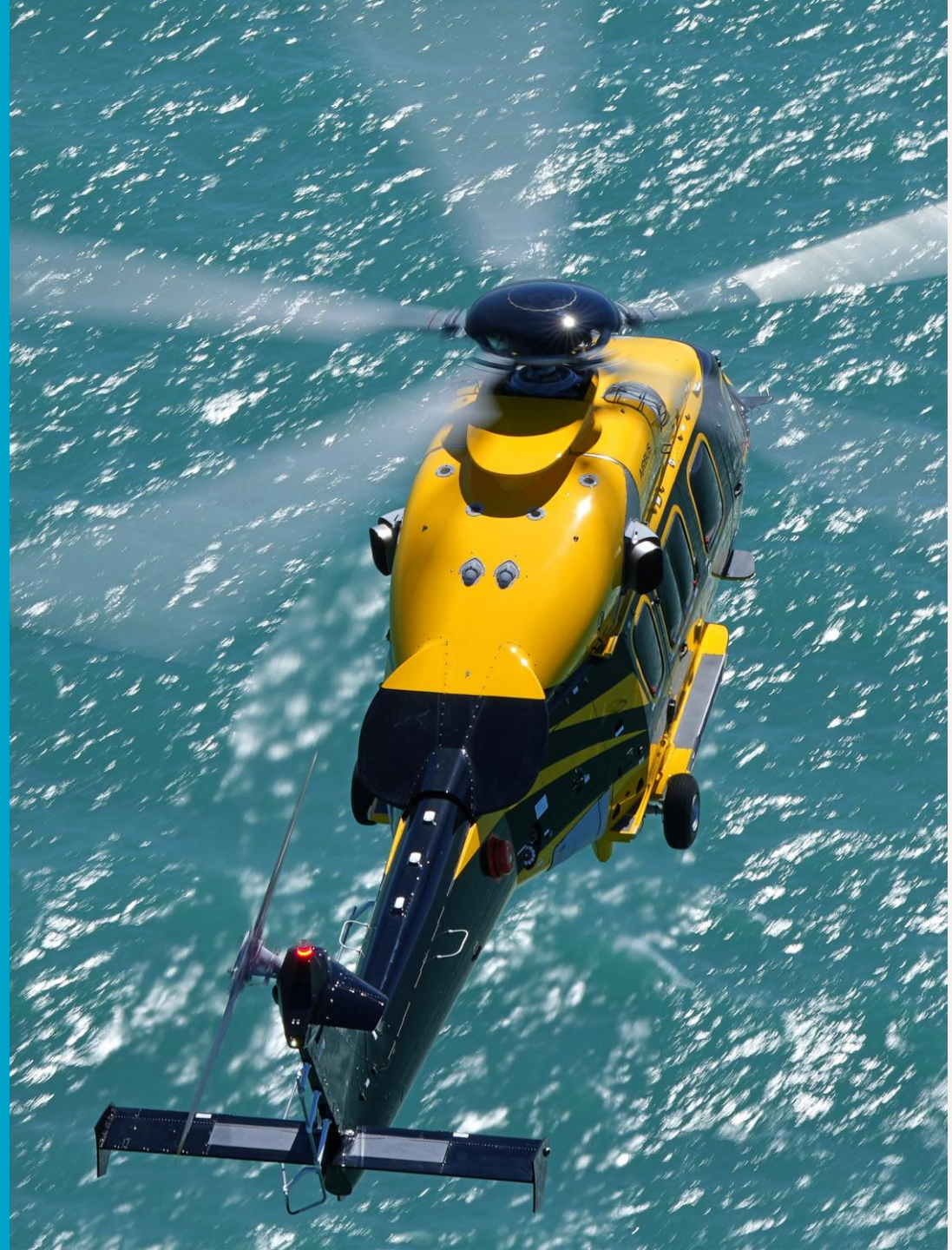
Lukshmi Selvarajah,
Chair of Trustee

Overview

The Trustee of the Scheme views climate change as a risk to society, the economy and the financial system, but it also presents opportunities.

These risks and opportunities may impact the Scheme's financial position, for example by impacting the businesses that the Scheme invests in. The Trustee monitors this potential impact and takes steps to reduce climate related risks for members.

This report describes how the Trustee has identified, assessed and managed climate-related risks and opportunities to the Scheme during the Scheme Year to 5 April 2026.



Contents

Introduction

About the Airbus Group UK Pension Scheme

The Scheme has a Defined Benefit ("DB") section with invested assets of c.£1.2bn and a Defined Contribution ("DC") section (with assets of c.£473.1m, which also includes Additional Voluntary Contributions for Schedules 1-3), as at 5 April 2026.* The DB Section is invested in a variety of asset classes including liability driven investments ("LDI"), equities, credit, property and infrastructure. The DC section offers members a number of different investment options, including pre-packaged investment strategies. Members who do not make a choice are invested in one of these pre-packaged strategies, called a Default strategy. The DC section is split into two sections, the Airbus UK Retirement Plan and the Airbus UK Pension Scheme, which have different Default strategies. The large majority of DC members are invested in the Default strategies.

The purpose and structure of this report

The purpose of this report is to describe the Scheme's governance framework for managing climate-related risks and opportunities and how it has been implemented in the year to 5 April 2026. It is the Scheme's fourth report written in line with the recommendations of the Taskforce on Climate Related Financial Disclosures ("TCFD"), as required by the 2021 Climate Change Governance and Reporting Regulations. This report covers the TCFD's thematic areas of:

- **Governance** – the Scheme's governance around climate-related risks and opportunities;
- **Strategy** – the potential impacts of climate-related risks and opportunities on the Scheme and the resilience of the Scheme's investment strategy and DB funding strategy under different climate related scenarios;
- **Risk Management** – the processes used by the Scheme to identify, assess and manage climate-related risks; and
- **Metrics and Targets** – the metrics and targets used to assess and manage relevant climate-related risks and opportunities to the Scheme.

This TCFD report is published alongside the Scheme's annual report and accounts for the Scheme Year to 5 April 2026.

*This report uses valuations as at 31 March 2026 for the DC section of the Scheme and as such valuations may differ from those used in the Scheme's annual report and accounts (which is as at 5 April 2026).

Overview

Governance

The Trustee has a robust framework for managing the Scheme, including setting clear expectations and responsibilities in relation to climate change.

A Climate Governance Statement defines the responsibilities of everyone involved

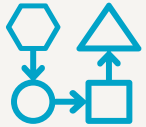
Climate-related risks and opportunities are reviewed regularly in light of the Trustee's beliefs

The Scheme's advisers support the Trustee on climate-related matters

Strategy and risk management

The Trustee has taken steps to understand how climate change might affect the Scheme and to control the risks it has identified. Based on the analysis carried out, the Trustee expects climate change to potentially impact the Scheme more significantly over the longer term. The Trustee aims to reduce the risks to the Scheme in several ways, including:

Investing responsibly, in line with the Trustee's beliefs. For example, throughout the ongoing investment strategy review of the DC section, the Trustee has considered ESG integration.



Regularly reviewing the Scheme's investment managers' climate practices and engaging with managers if concerns arise.

Setting Stewardship priorities and communicating these expectations to the Scheme's investment managers. During the year, the Trustee undertook a review of its Stewardship priorities.

Metrics and target

The Trustee has collected and reviewed information about the greenhouse gas emissions, carbon footprint and emissions reductions targets for the assets the Scheme invests in, to help it understand the Scheme's exposure to climate risks. It has set a target to increase the proportion of companies it invests in with science-based emissions reductions targets. Over the last year progress has been made against this target for both the DB and DC sections.

Reported proportion of investments with no data or estimated data.

Collected and reviewed greenhouse gas emissions data for the Scheme's investments, with comparisons to the metrics provided in the previous year's report.

Used data quality as an additional climate-related metric to help it monitor climate-related risks.

Governance

How the Trustee maintains oversight of climate related risks and opportunities relevant to the Scheme

The Trustee has ultimate responsibility for making Scheme-wide decisions and ensuring effective governance of climate change risks and opportunities in relation to the Scheme.

Climate change is a financially material factor for the Scheme.

It represents a systemic risk to society, the economy and the financial system, although the transition to a low carbon economy also presents opportunities. These risks and opportunities have the potential to impact the Scheme's investments, sponsoring employer and funding position. The Trustee Board identifies, assesses and manages them, with some matters delegated to its Investment Committee ("IC"), and with support from the Trustee Secretary and the Trustee's external advisers.

Establishing responsibilities

During the Scheme year, the Trustee conducted a review of the Scheme's Climate Governance Statement (formally the "Trustee Statement on Governance of Climate Change Risks and Opportunities"), which was first set in April 2022. This statement documents the division of responsibilities between the Trustee, IC, investment adviser, actuarial adviser, covenant adviser and investment managers so that it has oversight of the climate-related risks and opportunities relevant to the Scheme and that it can be confident that its statutory and fiduciary obligations are being met.

Following the review, the Trustee refined elements of the roles and responsibilities of the Trustee and its advisers.

The Statement has been reviewed and agreed by each of the Scheme's advisers to ensure they have a clear understanding of roles and responsibilities.

Roles and responsibilities

Trustee Chair

It is the Trustee Chair's responsibility, with support from the Trustee Secretary and IC Chair, to ensure that sufficient time is allocated for consideration and discussion of climate matters by the Trustee, the IC and its advisers.

Trustee

In broad terms, the Trustee is responsible for:

- ensuring the Trustee Directors have sufficient knowledge and understanding of climate change to fulfil their statutory and fiduciary obligations and are keeping this knowledge and understanding up to date. This includes knowledge and understanding of the principles relating to the identification, assessment and management of climate related risks and opportunities for the Scheme;
- putting effective climate governance arrangements in place;
- allowing for climate-related considerations when assessing and monitoring the strength of the sponsoring employer's covenant;
- ensuring that the Scheme's actuarial, investment and covenant advisers have clearly defined responsibilities in respect of climate change, that they have adequate expertise and resources, including time and staff, to carry these out, that they are taking adequate steps to identify and assess any climate-related risks and opportunities which are relevant to the matters on which they are advising, and that they are adequately prioritising climate related risks;
- considering and documenting the extent to which the advisers' responsibilities are included in any agreements, such as investment advisers' strategic objectives and service agreements;

Governance

- communicating with Scheme members and other stakeholders on climate change where appropriate, including public reporting in accordance with the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021, the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (together "TCFD reporting") when required; and
- overseeing any matters that the Trustee has delegated to its IC, as outlined below.

Investment Committee

In broad terms, the IC is responsible for:

- incorporating climate-related considerations into its investment beliefs and the Scheme's investment policies;
- incorporating climate-related considerations into strategic decisions relating to the Scheme's funding and investment framework;
- determining the short-, medium- and long-term periods to be used when identifying climate-related risks and opportunities for the Scheme;
- identifying and assessing the main climate-related risks and opportunities for the Scheme over these time periods and documenting the management of them;
- incorporating climate-related considerations into the Scheme's risk register and integrated risk management ("IRM" framework);
- ensuring that the Scheme's investment managers are managing climate-related risks and opportunities in relation to the Scheme's investments, and have appropriate processes, expertise and resources to do this effectively; and
- selecting and regularly reviewing metrics to inform the Trustee's identification, assessment and management of climate-related risks and opportunities, and setting and monitoring targets to improve these metrics over time where appropriate.

Investment managers

In broad terms, the Scheme's investment managers are responsible for:

- identifying, assessing and managing climate-related risks and opportunities in relation to the Scheme's investments, in line with the investment management arrangements agreed with the Trustee and/or IC;
- exercising rights (including voting rights) attached to the Scheme's investments, and undertaking engagement activities in respect of those investments, in relation to climate-related risks and opportunities in a way that seeks to improve long-term financial outcomes for Scheme members;
- reporting on stewardship activities and outcomes in relation to the Scheme's investments on an annual basis, wherever feasible; and
- providing information to the Scheme's investment adviser on climate related metrics in relation to the Scheme's investments, as agreed from time-to-time, and using its influence with investee companies and other parties to improve the quality and availability of these metrics over time.

Actuarial adviser

In broad terms, the Scheme's actuarial adviser is responsible for:

- advising how climate-related risks and opportunities might affect the Scheme's funding position over the short-, medium- and long-term and the implications for the Scheme's funding strategy, long-term objective and journey plan;
- working with the Trustee's other advisers to assist the Trustee in incorporating climate change in its governance arrangements, risk register, IRM framework and communication with stakeholders (including, but not limited to, its TCFD reporting) as appropriate.

Investment adviser

In broad terms, the Scheme's investment adviser is responsible for:

- providing training and other updates to the Trustee and Investment Committee on relevant climate-related matters;

Governance

- helping the IC to formulate the investment beliefs in relation to climate change and reflecting these in the Scheme's investment policies and strategy;
- advising how climate-related risks and opportunities might affect the different asset classes in which the Scheme might invest over the short-, medium- and long-term, and the implications for the Scheme's investment strategy and journey plan;
- advising the IC on the appropriateness and effectiveness of the Scheme's investment managers' processes, expertise and resources for managing climate-related risks and opportunities, given the Trustee's investment objectives and beliefs, and engaging with the managers to improve climate-related integration over time;
- assisting the Trustee and IC in incorporating climate change in its investment monitoring;
- advising on the inclusion of climate change in the Scheme's governance arrangements, risk register and IRM framework, working with the Trustee, the Investment Committee and the other advisers as appropriate;
- assisting the IC in identifying, monitoring, and using suitable climate related metrics and targets in relation to the Scheme's investments, including liaising with the Scheme's investment managers regarding provision of the metrics; and
- leading on the preparation of the Trustee's TCFD reporting, and assisting with other communication with stakeholders in relation to climate change, working with the Trustee, the Investment Committee and the other advisers as appropriate.

Covenant adviser

In broad terms, the Scheme's covenant adviser is responsible for:

- considering in periodic covenant reviews how climate-related risks and opportunities might affect the employer over the short-, medium- and long-term and the implications for the Scheme's journey plan; and
- working with the Trustee's other advisers to assist the Trustee in incorporating climate change in its governance arrangements, risk register, contingency planning and monitoring framework and communication with stakeholders (including, but not limited to, its TCFD reporting) as appropriate.

Oversight activity

The Trustee and IC (as appropriate) ensures adequate oversight of climate related risks and opportunities, as set out in its internal document, the Climate Governance Statement, by incorporating various activities into the Trustee's annual business plan.

A summary of items reviewed by the Trustee, including their frequency is set out below.

Quarterly

- On a quarterly basis, the Trustee reviews the Scheme's risk register; and
- The IC also routinely engages with its investment managers at quarterly meetings and ensures that the Scheme's investment managers provide an update on Environmental, Social and Governance ("ESG") factors and climate change as part of their regular reporting.

Annually

The Trustee and IC reviews and (where appropriate) revises its governance arrangements, investment beliefs and policies in relation to climate change. It also reviews:

- its choice of metrics to inform identification, assessment and management of climate-related risks and opportunities;
- data on climate-related metrics and progress against the target set in relation to these metrics;
- whether it is appropriate to carry out scenario analysis that illustrates how the Scheme's asset and liabilities might be affected under various climate change scenarios; and
- investment advisers' climate competency including assessing how they have performed against their climate responsibilities.

Governance

Other regular items

The Trustee and IC also review the following:

- A responsible investment report from the Scheme's investment adviser that reviews the Scheme's investment managers in relation to ESG factors and approach to climate change; and
- At least once every three years, the results of scenario analysis, including the time periods used, that illustrate how the Scheme's assets and liabilities might be affected under various climate change scenarios, along with commentary on the potential impacts for the sponsoring employer and the implications for the resilience of the scheme's funding and investment strategies.

The Trustee also considers climate-related risks and opportunities whenever the following activities are undertaken:

- Actuarial valuation of the Scheme's DB section;
- Review of the investment strategy for the Scheme's DB and DC sections; and
- Assessment of the sponsoring employers' covenant.

Determining the correct apportionment of resources

The key rationale for allocating resources to this area is that the Trustee believes that climate-related factors are likely to be one area of market inefficiency and so managers may be able to improve risk-adjusted returns by taking account of climate factors, which include factors relating to climate change.

Ensuring adequate oversight of climate-related risks and opportunities

Oversight activity – appointments

The Trustee seeks input from its investment, actuarial and covenant advisers to ensure that it can identify, assess and manage climate risks and opportunities. From time to time, the Trustee will review the climate competency of its advisers and take appropriate action if any concerns are identified.

Over the year to 5 April 2026, the Trustee and IC have undertaken activities on climate change related matters, based on information provided to them by their advisers and investment managers. Where appropriate, the Trustee has questioned the information provided to them to ensure they have a clear understanding of the risks facing the Scheme and the actions been taken to reduce these.

When appointing new advisers in the future, the Trustee will consider whether the advisers have suitable climate credentials.

With appropriate advisers in place, the Trustee ensures that climate-related risks and opportunities are considered as part of any relevant advice such as investment strategy reviews, the actuarial valuation process and assessment of the employer's covenant, with climate change included in the agenda items for each of these at the relevant meetings.

The Trustee satisfies itself that its advisers take adequate steps to identify and assess climate-related risks and opportunities (which are relevant to the matters on which they are advising) by ensuring that their advisers:

- have clearly defined responsibilities in respect of climate change having reviewed and agreed their responsibilities in the Trustee Statement on Governance of Climate Change Risks and Opportunities;
- have documented their responsibilities in relevant agreements, such as the investment adviser's strategic objectives;
- have adequate expertise and resources, including time and staff, to carry these out; and
- are adequately prioritising climate-related risks.

Governance

Oversight activity - objectives set for advisers

In March 2026, the Trustee reviewed its investment adviser's performance against its set objectives, which occurs on an annual basis. In particular, the Trustee has the following ESG-related objectives set for its investment adviser, which include climate change:

- Help the Trustee implement an investment strategy that integrates the Scheme's policy on ESG (including climate change) and stewardship; and
- Inform the Trustee of any relevant regulatory changes and help the Trustee to be compliant with investment regulations and TPR investment guidance.

Oversight activity – annual business plan

The Trustee reviews its business plan which outlines climate-related topics to be discussed and what advice is expected from advisers in relation to each item.

When setting its annual business plan, the Trustee ensures appropriate coverage of ESG and climate-related topics. In addition, the Trustee Directors assess their knowledge and understanding of climate risks and opportunities and identify any training requirements needed to ensure they have the skills required to manage these risks and opportunities, as well as to ensure it can assess the competence of its advisers with respect to climate change risks and opportunities. The Trustee seeks to have suitable experience in considering climate risk, to ensure that the risks are suitability considered, documented, reviewed and kept up to date.

Climate-related training sessions typically include an update on recent developments, with interim training on any time-critical developments. They may also include training in support of specific agenda items at Trustee meetings. The training undertaken is documented in the Trustee's training log.

Governance

Activities undertaken

Throughout the Scheme year, the Trustee and IC allocated meeting time to climate-related topics and commissioned additional advice in order to deepen its understanding of climate change, enhance the Scheme's management of climate-related risks and opportunities, and satisfy its regulatory obligations.

Climate-related agenda items in 2025/26

- May 2025: Review of the results of LCP's 2024 Responsible Investment Survey and the responses from managers to questions posed by the Trustee.
- June 2025: Training on the performance of climate-tilted funds within the context of the investment market environment.
- November 2025: Review of the Scheme's climate risk entries in the risk register and climate metrics and targets.
- November 2025: Review of the Scheme's stewardship priorities.
- November 2025: Review of the Trustee's investment beliefs for the DC section, which include ESG integration.
- March 2026: Review of the Scheme's climate governance statement and climate scenario analysis.
- March 2026: Review of the investment adviser's performance against set objectives, which includes specific ESG-related objectives.
- March 2026: Review of the Trustee's investment beliefs for the DB section, which include ESG integration.
- March 2026: Review of Schemes' managers' climate approaches.

Post Scheme Year end:

- May 2026: Review of the results of LCP's 2025 Responsible Investment Survey and the responses from managers to questions posed by the Trustee.

Governance

How the Trustee incorporates climate-related risks into its Statement of Investment Principles ("SIP")

The Trustee incorporates its beliefs and policies on climate related risks into its SIP, which sets out the policy of the Trustee on various matters governing decisions about the investments of the Scheme.

Climate related considerations in setting the investment arrangements within the SIP

- ESG factors are likely to be one area of market inefficiency and so managers may be able to improve risk-adjusted returns by taking account of ESG factors including climate change.
- Climate change is a financially material systemic issue that presents risks and opportunities for the Scheme over the short-, medium- and long-term.
- In determining the investment arrangements, it is our policy to consider factors that we believe to be financially material over time horizons relevant to the accumulation of the DC sections' benefits, including ESG factors and the risks and opportunities relating to climate change.
- Aligning our assets with net zero greenhouse gas emissions by 2050 where practicable is expected to help reduce the risks to the Scheme from climate change.
- Voting and engagement are important and can create long term value which is in the best interest of Scheme members and therefore we encourage managers to improve their voting and engagement practices into the investment strategy.

Climate related financially material considerations within the SIP

- We consider how ESG considerations (including but not limited to climate change) should be addressed in the selection, retention, and realisation of investments, given the time horizon of the Scheme and its members.
- We influence the Scheme's approach to ESG and other financially material factors through our investment strategy and manager selection decisions. We expect all of our investment managers to take account of financially material factors (including climate change and other ESG factors) within the parameters of the mandates they are set. We seek to appoint managers that have the skills and processes to do this, and review how the managers are taking account of these issues in practice.
- We encourage our managers to improve their ESG practices, although acknowledge that we have limited influence over managers' investment practices where assets are held in pooled funds and that the parameters of some pooled funds may limit the scope for significant incorporation of ESG factors.
- Within each asset class, we considered investment options that give increased weight to ESG factors, for example, selection an equity fund which tracks an index with reduced exposure to climate-related risks and increased exposure to climate-related opportunities.

Strategy

Identification and assessment of climate-related risks and opportunities relevant to the Scheme

Trustees must decide the short-, medium- and long-term time horizons that are relevant to their scheme. It is up to trustees how they determine their time horizons for the purpose of identifying and assessing climate-related risks and opportunities.

The Trustee has defined the below time horizons for the Scheme. In setting these time horizons, the Trustee has taken into account the membership profile and the timing of widely held future climate milestones.

The Trustee will review the designated time periods regularly and following any material change to the Scheme's membership. These time horizons have informed the Trustee's climate-related considerations and decisions during the year.

The following time horizons were reviewed most recently in March 2026, as part of the climate scenario analysis.

Time period	DB Section	DC Section
Short-term	***4 years (Sept 2029)** – Covers the period to the end of the next valuation cycle (Valuations at 5 April 2026 and 5 April 2029). Expected improvement in climate data quality and climate regulations over this period.	***4 years (March 2030)** – Key period over which policy action will determine if Paris Agreement goals met.
Medium-term	**7 years (2032)** – The Scheme's technical provisions discount rate reduces as at 2031. The Scheme's current investment strategy is expected to continue (in broad terms) until then. Covers period where there are likely to be significant changes made by 2030 to limit global warming to 1.5°C above pre-industrial levels.	**14 years (2040)** – Mid-point in the decarbonisation journey.
Long-term	**17 years (2042)** – Reflects approximate duration of Scheme liabilities and covers end of de-risking period assumed in the technical provisions. Longer-term exposure to climate related risks and opportunities if the Scheme is maintained for longer-term.	**24 years (2050)** – Many economies are targeting to be net zero by this point.

**The time horizons for DB & DC correspond to the respective metrics effective dates - using September 2025 data for DB and March 2026 data for DC.*

Strategy

Overview of the climate-related risks and opportunities relevant to the Scheme that the Trustee has identified

The Trustee has identified and assessed the risks and opportunities to the Scheme within each of these time horizons, as summarised below. These risks and opportunities are considered further in the following sections where we discuss further the Trustee's approach to investment risks and opportunities and covenant.

The Trustee considers climate-related risks and opportunities on an ongoing basis and has most recently reviewed the level of responsible investment integration within the Scheme's investment offering within the DC section in March 2026, as part of the ongoing triennial investment strategy review.

DB Section	Key Risks	Key Opportunities
Short-term	Exposure to climate-related investment risks may be highest while the Scheme retains its allocations to growth assets	Climate-tilted equity funds (for example) aim to protect against transition risks and provide exposure to transition opportunities
Medium-term	Market volatility could cause investment losses and increase time to reach full funding on buy-out basis	Climate-aware credit mandates should increase the resilience of assets to climate risks
Long-term	Cost of buy-out may increase as insurers allow for climate-related risks in their pricing and reserving bases	Buy-out is expected to provide greater protection from climate risks for members' benefits

DC Section	Key Risks	Key Opportunities
Short-term	Older members within 10 years of retirement will be most exposed to transition risks in the short term in the event of a Paris disorderly pathway	Low carbon investments can mitigate the impact of market shocks due to a market repricing event
Medium-term	Transition risks may still be heightened over the medium term, creating volatility. Market returns may be lower if disorderly transition harms economic performance	Impact investments can take advantage of the shift to a low carbon economy and may provide an enhanced source of return over this period
Long-term	Physical risks are most prevalent in the failed transition pathway, impacting those members 20 years or more from retirement	Engagement with investment managers to ensure they are exercising stewardship in support of net zero pathways is key to avoiding a failed transition

Strategy

Climate scenarios considered

The Trustee carried out climate scenario analysis in March 2026, with the support of its investment adviser, LCP, based on 31 December 2024 scenarios updated to reflect market conditions at 30 September 2025. The analysis looked at three possible scenarios, which are set out below.

The Trustee acknowledges that many alternative plausible scenarios exist but found these were a helpful set of scenarios to explore how climate change might affect the Scheme in future.

To provide further insight, the Trustee also compared the outputs under each scenario to a “climate uninformed base case”, which makes no allowance for either changing physical or transition risks in the future.

These scenarios* show that equity markets could be significantly impacted by climate change with lesser but still noticeable impacts in bond markets.

- **High Warming**: No new low-carbon policies enacted, and some existing ones are scaled back. Current technological trends continue. Paris Agreement goals not met, and the resulting high warming leads to severe physical impacts
- **Limited Action**: Policymakers implement limited new climate policies and fall short of meeting the Paris Agreement goals, resulting in a combination of transition and physical risks
- **Net Zero Financial Crisis**: Global net zero CO2 emissions achieved by 2055 via rapid and effective climate action. Financial markets react abruptly in 2026. Paris Agreement goals nearly met

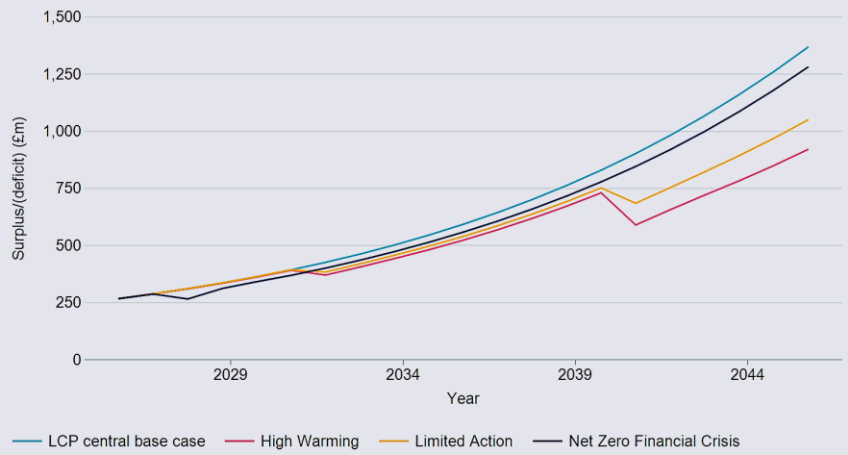
**The climate scenarios have been renamed since last Scheme year to be consistent with Ortec Finance’s naming convention.*

Strategy

Potential Scheme impacts under each scenario – DB Section

The scenario analysis looked at the impact of the Scheme's funding position over time. Given the analysis focusses on the medium and long term we adopted a liability measure consistent with the Scheme's technical provisions as at 30 September 2025 but adopting a discount rate of gilts + 0.5% pa (the long-term target) throughout. We then modelled an investment strategy which was consistent with the then target of gilts +1.5% pa.

The Trustee considered the impact on the assets, liabilities and therefore surplus/deficit for each of the of the three scenarios considered, as well as in the "climate uninformed" base case. We have shown the output of the current investment strategy scenario testing below.



The DB section of the Scheme is in a strong surplus position on a technical provisions basis and has a relatively low risk and well hedged investment strategy.

Since the last scenario analysis, the Trustee has taken steps to de-risk the Scheme's investment strategy, including decreasing the overall equity and infrastructure allocations, introducing an allocation to asset-backed securities and increasing the LDI/gilts allocation.

As a result, the numerical analysis demonstrates positive results in all pathways – albeit a range in relative outcomes.

The Scheme's investment adviser recommended that, moving forward, the Trustee focus on systemic risks and tipping point outcomes (which are not captured in the scenario modelling itself) and ensuring that the assets keep operating as intended and are consistent with the Trustee's climate approach.

It is noted that over the long-term, and particularly beyond the time horizon modelled, the largest effects on the funding position would be felt under the High Warming scenario. On the face of it, the results suggest that the DB section has some resilience in this scenario. This is partly because in the modelling the DB section has a low-risk long-term investment strategy with limited exposure to growth assets. Moreover, the DB section invests in a way that is designed to make it fairly immune to changes in interest rates and inflation in normal circumstances, which significantly reduces the volatility of its funding position. However, under climate scenarios with major economic disruption – such as the later years of the High Warming scenario – the Scheme's interest rate and inflation protection may break down, leaving it more exposed to climate risks.

Strategy

Climate scenario analysis – DC Section

The scenario analysis looked at the retirement outcomes (in terms of the size of retirement pots) for individual members of different ages who are invested in the Default strategy for the Airbus UK Retirement Plan.

The analysis highlighted that members will be subject to climate risks to varying degrees. In addition to the impact over time on members' pots, the Trustee notes that market shocks for members near retirement can be particularly detrimental to their retirement planning and outcomes.

The results of this analysis can be seen on the next page.

- In the short-term, older members who may retire within the next 10 years (or who have since retired but remained invested) could see a sharp decrease in their benefits under a Net Zero Financial Crisis, as their savings remain invested in return-seeking assets to some degree all the way to retirement (and potentially beyond), although the proportion decreases over time which helps to mitigate this risk. These members will not have sufficient time to recover from short-term market shocks before retirement.
- In the medium-term, members with 10 or more years until they retire are likely to see an impact on their retirement funds, either initially from a Net Zero Financial Crisis, or later on under a High Warming scenario as the impacts of physical climate change impact their benefits during their period to retirement.
- In the long-term, younger members would see the biggest detrimental impact to their benefits under a High Warming scenario and this impact could reduce the level of their benefits by c.40% or more.
- The Trustee also conducted scenario analysis for a deferred member, assuming no future contributions into the Scheme. The analysis shows that the impact under each scenario is expected to be almost as detrimental as for active 25-year-old members making future contributions into the Scheme. This is expected given that no future contributions are being made to make up for the investment losses suffered due to climate risk. However, deferred members are likely to have other pension provisions outside of the Scheme so the expected impact on their total pots would likely be similar to the results seen on the following page.

The Trustee believes that it is imperative to avoid a failed transition to prevent the worst effects of climate change being felt. The Trustee believes that it cannot do this by lowering the emissions of its investments in isolation; the whole world needs to lower emissions. The Trustee's focus therefore is to encourage companies to adopt a science-based net zero target.

Following conclusions from this scenario analysis, the Trustee has taken several steps to further incorporate climate considerations within the investment strategies, described in the next section of this report.

Strategy

Potential Scheme impacts under each scenario – DC Section

Drawdown Lifestyle	Member aged 25	Member aged 35	Deferred member aged 40	Member aged 45	Member aged 55	Post retirement member
Starting pot	£13,200	£27,300	£20,200	£36,000	£45,100	£51,600
Change relative to climate-uninformed outcome in brackets						
LCP baseline outcome*	£841,300	£698,400	£78,500	£388,400	£165,200	£75,300
Net Zero Financial Criss outcome	£840,300 (-0.1%)	£691,900 (-0.9%)	£75,100 (-4%)	£382,800 (-1%)	£162,500 (-2%)	£73,800 (-2%)
Limited Action outcome	£594,300 (-29%)	£538,600 (-23%)	£58,000 (-26%)	£324,300 (-17%)	£158,600 (-3%)	£72,600 (-4%)
High Warming outcome	£487,000 (-42%)	£461,000 (-34%)	£47,800 (-39%)	£289,700 (-25%)	£155,200 (-5%)	£71,100 (-6%)

Cash Lifestyle	Member aged 25	Member aged 35	Deferred member aged 40	Member aged 45	Member aged 55	Post retirement member
Starting pot	£13,500	£20,700	£12,600	£24,800	£28,100	£25,100
Change relative to climate-uninformed outcome in brackets						
LCP baseline outcome*	£660,300	£483,300	£47,100	£241,400	£101,400	£32,200
Net Zero Financial Criss outcome	£657,400 (-0.4%)	£477,700 (-1.2%)	£45,000 (-5%)	£238,100 (-1%)	£99,900 (-2%)	£32,300 (0.3%)
Limited Action outcome	£473,200 (-28%)	£377,200 (-22%)	£35,200 (-25%)	£202,800 (-16%)	£98,100 (-3%)	£32,200 (0.0%)
High Warming outcome	£390,700 (-41%)	£325,000 (-23%)	£29,200 (-38%)	£181,600 (-25%)	£95,500 (-5%)	£32,300 (0.0%)

*The scenario numbers above reflect a projection of example members' pots to age 65 under key scenarios to provide an indication of how the different scenarios could impact how much members may have in their pots at the point of retirement. Member assumptions used in the analysis are based on data provided in the Airbus Investment Guide and website. The analysis was generated using LCP Horizon Pro using climate scenarios and market conditions as at 30 September 2025. *The LCP baseline outcome scenario is used to compare the outputs under each scenario to a "climate uninformed base case", that makes no allowance for either changing physical or transition risks in future.*

Strategy

Assessment of employer covenant

In 2026, the Trustee's covenant adviser provided a report that considered at a high-level and on a qualitative basis, risks and opportunities faced by the Group (the employer) as a result of climate change and considered the potential implications this may have for the Scheme's employer covenant.

The analysis considered a range of temperature pathways and assessed climate-related risks and opportunities over short, medium and long-term horizons.

The covenant adviser identified a number of key transition, reputational and physical risks. It was noted that the Group has developed a range of mitigation strategies, including investment in next-generation aircraft technology and fuel efficiency, development of sustainable aviation fuel and hydrogen capabilities, engagement with regulators and industry bodies, and the integration of climate considerations into governance and strategy.

The Group has also undertaken physical risk assessments and implemented adaptation measures across its operations and supply chain.

Overall, the covenant adviser concluded that the disclosures reviewed do not indicate a weakening in the Group's prospects, although they support the need for continued monitoring of progress against its climate-related plans.

The Trustee was comfortable with the assessments provided and will continue to monitor the identified risks via regular reviews of the Group's climate change disclosures.

Risk management

How the Trustee has assessed climate exposure

The Trustee carries out scenario analysis at least every three years and check annually if the review should be carried out sooner.

The results of the analysis are fed into the integrated risk management of the DB section through specific covenant, investment and DB funding focused considerations and the interaction of these.

Climate scenario analysis for the DC section will feed into the Trustee's future discussions and decisions regarding the default investment arrangements as it illustrates how members could be impacted at different ages over different time periods.

Climate risks will also be considered by the Trustee as part of the actuarial advice on the Scheme's actuarial valuation as at 5 April 2026, which will be completed following the publication of this report.

1. Processes for identifying and assessing climate-related risks

The Trustee has implemented a number of processes and tools for identifying, assessing and managing climate-related risks and opportunities, including:

- attending regular training on various climate related topics, such as a training session on enforcing the Scheme's stewardship priorities (including Climate Change);
- ensuring its advisers have processes in place to help it research its investment managers' climate-related practices; and
- ensuring good stewardship practices are in place.

The Trustee expects its investment managers to identify, assess and manage climate-related risks to the Scheme's assets on an ongoing basis. The above processes are integrated into the overall risk management of the Scheme through the business plan, the risk register and regular support from its advisers. The Trustee's risk register is updated regularly to ensure all risks are being monitored and managed consistently and proportionately. These processes have helped the Trustee consider issues such as:

- Which climate change risks are most material to the Scheme;
- How to take account of transition and physical risks across different asset classes; and
- How climate change affects the Trustee's risk appetite.

2. Processes for managing climate-related risks

Tools the Trustee have employed include:

- undertaking climate scenario analysis which shows how the Scheme's assets might be affected under a range of climate scenarios;
- reviewing its investment adviser's assessments of the Scheme's current and prospective investment managers' climate practices, including how they incorporate climate-related factors into their investment processes and how effectively they manage climate related risks;
- reviewing how the sponsoring Employer might be impacted by climate-related factors;
- monitoring a range of climate-related metrics in relation to the Scheme's assets; and
- updating the risk register regularly to ensure all risks are being monitored and managed consistently and proportionately.

The Trustee has used the climate scenario analysis as a key tool for identifying, assessing and managing climate-related risks and opportunities. In particular, the analysis was used to identify the time horizons over which the physical risks and transition risks could materialise. The Trustee has considered what the possible impacts of climate change could be over each of these time horizons and whether its investment strategies are likely to be robust against these risks (or able to take advantage of any opportunities).

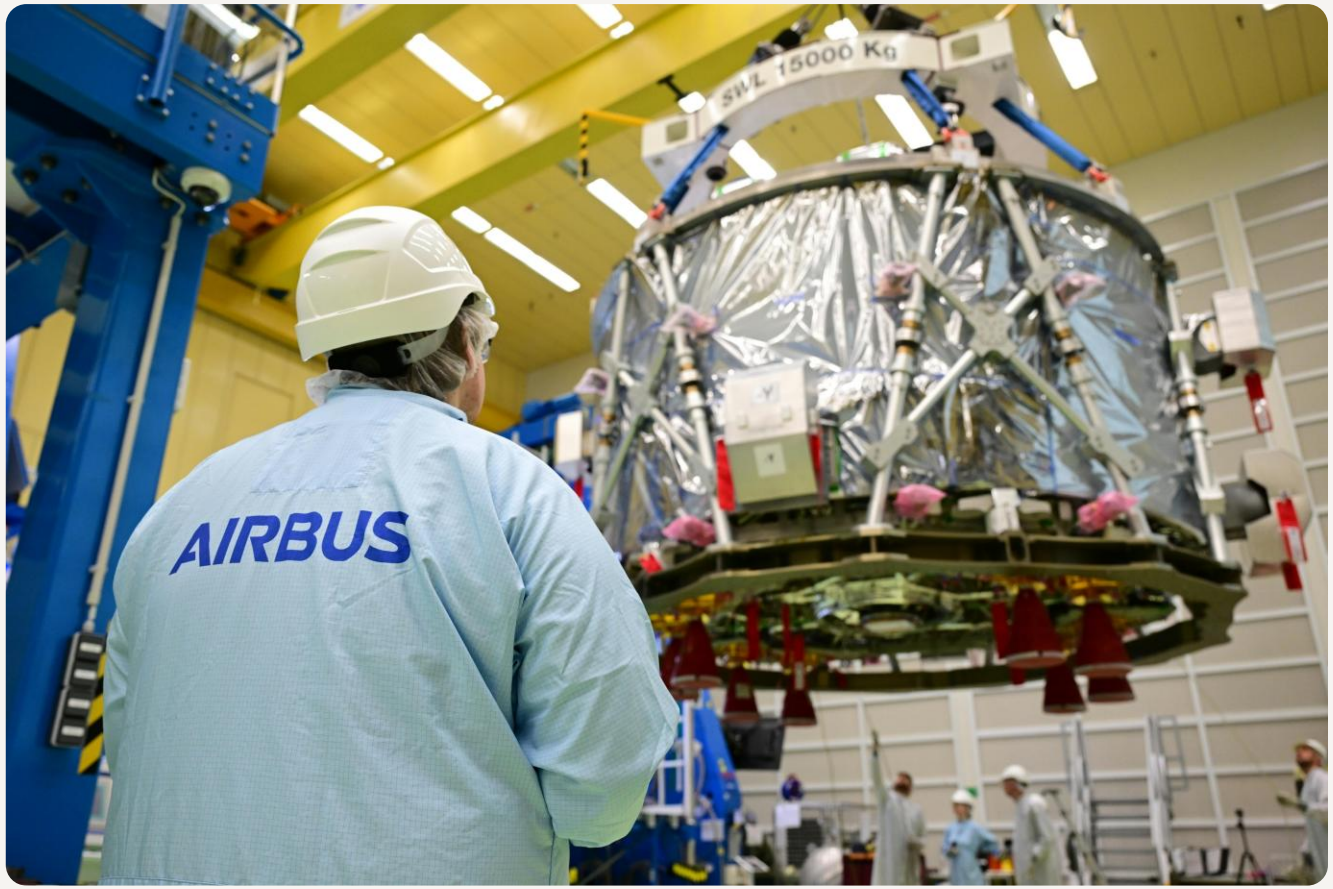
Risk management

Risk register

The Trustee maintains a risk register covering the wide range of risks applicable to the Scheme. The Trustee has previously updated the register to cover the consideration of climate risks to ensure that the Trustee manages these as part of their regular risk reviews. Further updates were then made to the risk register in 2024 to provide additional detail on the existing climate-related mitigation actions, including further detail on the use of climate scenario analysis and adding the use of stewardship priorities (one of which is climate change) as a risk mitigating action. A potential impact identified in the risk register that could arise from climate risks is investment losses.

The Trustee reviews the risks and opportunities regularly to ensure they are current, to assess any significant priority risks and opportunities to manage / embrace and to ensure regular action is maintained in monitoring and mitigating the risks identified.

The Trustee's current assessment, based on consideration of their impact and likelihood, is that climate related risks are material for the Scheme, alongside other risks, and should continue to be monitored using existing monitoring processes.



Risk management

Investment Monitoring

The Scheme's investment adviser provides quarterly investment performance monitoring reports in respect of the DB and DC sections of the Scheme. Any concerns in relation to the investment managers are monitored as part of this process.

The Trustee also receives and reviews information about its investment managers' responsible investment credentials, including climate change mitigation, on an ongoing basis. This information is provided by the Scheme's investment adviser, LCP, and is based on proprietary manager research carried out by LCP. The Scheme's investment adviser conducts engagement with the managers, encouraging them to improve their practices further, reporting back to the Trustee periodically.

During the Scheme Year, the Trustee conducted a High-level review of the Scheme's managers' climate approaches. The report used the "traffic light" system to show the managers' Responsible Investment ("RI") capabilities against a range of different factors, including but not limited to:

- ESG foundations
- Net zero alignment
- Voting and engagement
- Systemic stewardship

The paper described the actions managers take to ensure effective governance over their funds. These included factors such as:

- the use of climate tools to assess climate risks and opportunities (eg scenario modelling, metrics) (full details can be found in Appendix 2);
- commitments to climate goals (eg TCFD reporting, Net Zero targets);
- the quality and coverage of climate data provided; and
- evidence of stewardship and engagement on climate change. In addition, the reports provided fund and manager specific ratings, based on the specialist asset class and climate knowledge of LCP's manager research teams.

Based on this review, there were no urgent actions for the Trustee in relation to shortfalls in responsible investment practices. The review concluded that the majority of the Scheme's fund managers have a reasonable approach to net zero and climate practices. The Trustee used the output of the reviews to drive climate related conversations with the Scheme's investment managers over the Scheme year.

For the DC Section, the assessment highlighted potential areas of engagement with three of the investment managers. In particular, the potential areas of engagement related to supporting a nature positive and just transition as well as increasing the proportion of assets under management which have net zero targets. From the DC section managers, three out of five were subscribed to Climate Action 100+. A small proportion (7.8%) of DC Section assets are invested in a fund managed by a manager that is not subscribed to Climate Action 100+, via the Default strategies.

For the DB Section, the Trustee noted that for some asset classes, such as passive equities, opportunistic credit and LDI, it is hard for managers to implement strong climate practices due to the nature of the assets held. However, the Trustee will continue to engage with managers on their climate approaches, to encourage them to adapt better climate practices.

Following the Scheme year end, the Trustee communicated a list of tailored expectations to each of its investment managers and was satisfied with the responses. The Trustee also took away an action to encourage managers to continue to strengthen their climate practices.

Risk management

Changes to investment mandates

If the Trustee identifies any concerns with the way one of the Scheme's managers addresses climate related risks and opportunities, it will initially engage with the manager to raise concerns and seek improvements. If the manager does not sufficiently improve, the Trustee may switch to a different manager. Over the year covered by this report, no manager changes were made due to specific concerns over their climate approaches.

In the DB section, the Trustee introduced a new allocation to European (excluding UK) equities over the Scheme year. This change to the Scheme's portfolio were driven by strategic considerations, rather than climate-related concerns. However, ESG factors were considered by the Trustee.

In the DC section, no fund changes were made over the Scheme year.

Stewardship

The Trustee uses stewardship to help manage climate-related risks. Voting and engagement activities are delegated to the individual investment managers and reviewed by the Trustee as part of preparing an annual Implementation Statement. The Trustee has set out three stewardship priorities:

1. Climate change;
2. Corporate transparency; and
3. Human rights.

The Trustee reviewed these stewardship priorities during the Scheme year and concluded that they remain appropriate areas of focus.

Each manager has its own ESG policy, which includes assessment of climate related risks and policies on voting on climate-related resolutions. In order to monitor how the individual investment managers are exercising their voting rights and undertaking engagement on behalf of the Trustee, the IC:

- periodically meets with the Scheme's investment managers, to engage with them on how they have considered ESG issues (including climate change) within their stewardship activities and will seek to challenge the investment managers on these matters where they think this is in the best interests of members; and
- further monitors the investment managers by receiving stewardship and governance reports from the investment managers on a regular basis.

The Trustee has written to investment managers regarding the Trustee's stewardship priorities, in line with DWP's guidance. The Trustee has communicated to managers its expectations of them when they carry out responsible investment on the Scheme's behalf. The SIPs for the DB and DC Sections reflect the Trustee's belief that voting and engagement are important and can create long term value, which is in the best interest of Scheme members. The Trustee therefore encourages managers to improve their voting and engagement practices.

Metrics and targets

Metrics

The Trustee has chosen four climate-related metrics to help it monitor climate-related risks and opportunities to the Scheme. These are listed below and reported on the following pages (as far as the Trustee was able to obtain the data). In February 2026, the Trustee reviewed its selection of climate-related metrics and its target and was comfortable that the Scheme's current climate metrics and targets (for the DB & DC Sections) remained appropriate.

Metric	High-level methodology
Absolute emissions: Total greenhouse gas emissions	The sum of each company's most recent reported or estimated greenhouse gas emissions attributable to the Scheme's investment in the company, where data is available. Emissions are attributed evenly across equity and debt investors. Reported in tonnes of CO2 equivalent. This methodology was chosen because it is in line with the statutory guidance.
Emissions intensity: Carbon footprint	The total greenhouse gas emissions described above, divided by the value of the invested portfolio in £m, adjusted for data availability. Emissions are attributed evenly across equity and debt investors. Reported in tonnes of CO2 equivalent per £1m invested. This methodology was chosen because it is in line with the statutory guidance.
Portfolio alignment: Science-based targets (SBT)	The proportion of the portfolio by weight of holdings with science-based targets to reduce their greenhouse gas emissions, demonstrated by a target validated by the Science Based Targets initiative (SBTi) or equivalent. This measures the extent to which the Scheme's investments are aligned to the Paris Agreement goal of limiting global average temperature rises to 1.5°C. Reported in percentage terms. The Trustee chose this "binary target" measure because it is the simplest and most robust of the various portfolio alignment metrics available.
Additional climate change metric: Data quality	The proportion of the portfolio for which greenhouse gas emissions data is verified, reported, estimated or unavailable. "Verified" emissions refers to data reported by the emitting company and verified by a third party. "Reported" emissions are reported by the emitting company but not verified. This approach was chosen because it is the more widely available of the Additional Climate Change Metrics stated in the statutory guidance.

The data has been calculated using portfolio holdings as at 30 September 2025 for the DB section and as at 31 March 2026 for the DC section except where otherwise stated. Further information about the methodologies used to calculate the metrics, including key judgements, assumptions, data inputs and treatment of data gaps is provided in Appendix 2.

Metrics and targets – DB section

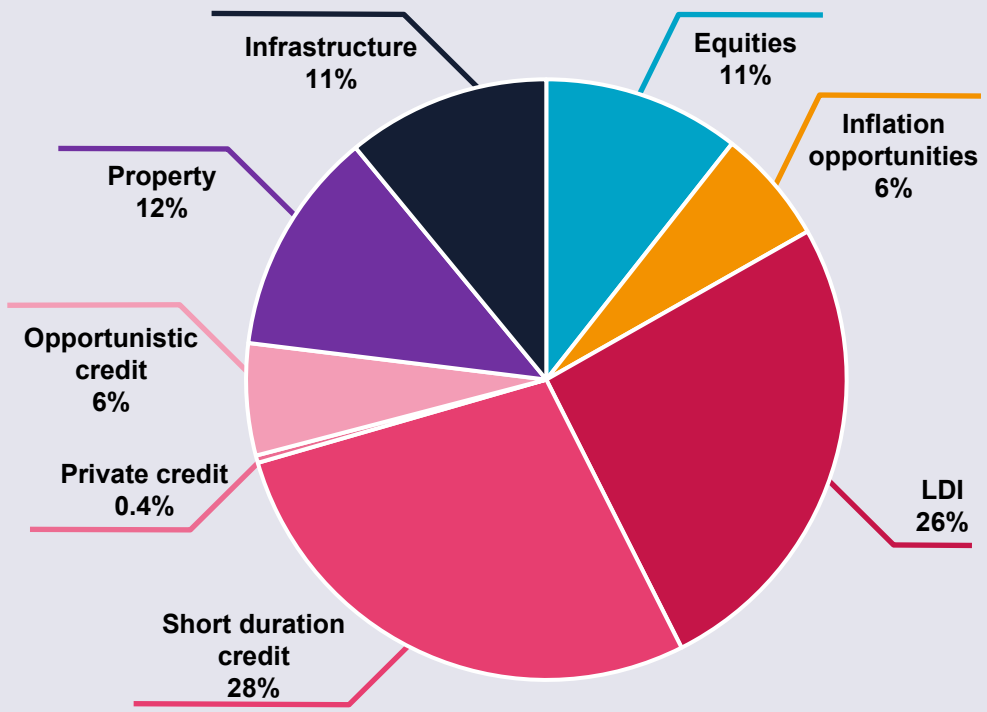
The information has been calculated using portfolio holdings as at 30 September 2025, using the data available from the Scheme's investment managers at this date or most recent where 30 September 2025 data was unavailable.

The main gaps in the data provided by the DB managers continues to relate to the illiquid asset holdings such as the opportunistic credit and infrastructure mandates. For these illiquid and private market assets classes in general, there are lower disclosure requirements and greater complexity of the underlying holdings within these asset classes which affects the collection of data. However, there have been encouraging improvements in the Scope 1 and 2 emissions data provided by the managers of these mandates.

This is the third year the Scheme is reporting on Scope 3 emissions. Handling Scope 3 emissions is quite challenging for several reasons. There is not yet a fully developed and agreed-upon method for measuring them, companies do not have control over these emissions, current calculation methods are inconsistent, and reporting emissions in the oil and gas industry is very complicated. As a result, the data reported is often of low quality and incomplete. This means material changes in reported Scope 3 emissions year-to-year may be the result of changes in methodology rather than in actual emissions. The Trustee will continue to engage with manages to encourage the advancement of Scope 3 reporting metrics. The differences between Scope 1, 2, and 3 emissions are explained in Appendix 3.

Further commentary on obtaining data for calculating the metrics is provided on page 26.

DB asset allocation as at 30 September 2025



Notes: figures may not sum due to rounding

Metrics and targets – DB section

Changes to reporting over the year

- **Aviva Lime Property fund**: Aviva provided restated emissions data as at 31 December 2023 (data included in the Scheme's 5 April 2025 TCFD report). This reflected migration from Accenture's ADAPt system to Deepki and its climate reporting hub, alongside data cleanse activity undertaken to improve data coverage and accuracy.

  To enable a fair year-on-year comparison, the carbon metrics for 2024 have been restated in line with the new methodology.

- **IFM Global Infrastructure**: IFM changes its methodology in for calculating climate metrics to align with the Partnership for Carbon Accounting Financial ("PCAF") and Greenhouse Gas Protocol guidance. Previous calculations had overstated financed emissions by applying a less complete attribution approach, whereas the updated approach incorporates total debt at the investee company level. The reduction in reported emissions also reflects ongoing decarbonisation activity across the underlying infrastructure portfolio.

  IFM confirmed that emissions reporting covered 100% of assets at both 31 December 2023 and 31 December 2024. IFM has also updated how it presents the proportion of estimated emissions, using emissions-weighted percentages rather than an asset-based approach, which it considers more informative for investors.

  To enable a fair year-on-year comparison, the carbon metrics for 2024 have been restated in line with the new methodology.

- **BSP Opportunistic Credit**: The emissions date for the BSP fund shows a material increase in emissions. BSP provided the Trustee with greater context for this reduction:
  - The year-on-year change was mainly driven by higher emissions disclosure, improved borrower-reported data accuracy and changes in the fund's proportionate share of underlying issuer emissions.
  - The reported metrics therefore reflect both data improvements and changes in emissions allocation over the year.

- **Beach Point Opportunistic Credit**: Beach Point confirmed that changes in financed emissions over the period were influenced by a reduction in the fund's NAV, as financed emissions are attributed based on investors' proportional ownership of the fund. While emissions at the overall fund level fell over the year, this was largely driven by the decline in NAV rather than a material improvement in the emissions profile of the underlying holdings. The reduction in NAV increased the Scheme's percentage ownership of the fund and, consequently, resulted in a higher share of the fund's emissions being attributed to the Scheme.

  The fund's carbon footprint increased over the year, indicating that emissions per unit invested rose despite the reduction in emissions at the overall fund level. The year-on-year movement therefore reflects changes in fund size and ownership attribution, rather than a straightforward reduction in the carbon intensity of the underlying portfolio.

  Beach Point noted that the availability of company-reported emissions data remains limited for the issuers in which it invests. To help address this, Beach Point is seeking to improve data quality through engagement with selected portfolio companies.

Obtaining data to calculate metrics

- Climate metric data quoted in this report is based on data provided by the Scheme's investment managers, with the exception of the LDI portfolio, data for which has been calculated by the Trustee's investment adviser, LCP.
- Metrics for the LDI have been calculated on a different basis to the other assets in this report, so cannot be compared with the other mandates for which emissions data has been provided. A summary of the methodology used to calculate these emissions is outlined in Appendix 2.
- For portfolio alignment, the Trustee has assumed 100% for the LDI assets due to the UK Government's 2050 Net Zero target, set as part of the Paris Agreement.
- Where data coverage is not 100%, we have only calculated emissions in relation to the assets for which data is available. Therefore, total greenhouse gas emissions will be understated. However, the precision of this metric should improve as data coverage improves over the coming years.
- Aegon and BSP were unable to provide scope 3 carbon footprint metrics and portfolio alignment as at 30 September 2025. The Trustee should continue to encourage its investment managers to increase, where possible, their collection and reporting metrics, particularly as scope 3 reporting requirements develop.

Metrics and targets – DB section

The first three metrics collected at 30 September 2025 are shown below, with the corresponding figures as at 30 September 2024 in brackets. More information on the comparator figures can be found in last year's report. The arrows in the table indicate where the values of metrics have increased or decreased compared to last year's report, green for an improvement and red for a deterioration. Where data has been disclosed for the first time this year, no arrow is shown for the data quality metric. Where the metric has stayed broadly the same based on new data, this is noted with an amber equals sign.

Asset class	Manager	Valuation as at 30 September 2025 (£m)	Scope 1 + 2 emissions (for holdings with data)			Scope 3 emissions (for holdings with data)			Portfolio alignment
			Coverage	Total GHG emissions (tCO_2e)[1]	Carbon footprint (tCO_2e/£m)	Coverage	Total GHG emissions (tCO_2e)[1]	Carbon footprint (tCO_2e/£m)	Proportion with SBT (%)
Listed Equities	SSGA UK	£43m/4% (£51m/4%)	96% (92%) ↑	3,114 (3,685) ↓	74 (79) ↓	96% (92%) ↑	38,086 (50,517) ↓	909 (1,080) ↓	57% (59%) ↓
	SSGA International	£67m/6% (£45m/4%)	100% (100%) =	2,683 (1,817) ↑	40 (41) ↓	100% (100%) =	23,357 (22,026) ↑	348 (494) ↓	54% (46%) ↑
	SSGA EM	£10m/1% (£8m/1%)	100% (99%) ↑	1,229 (1,056) ↑	128 (128) =	100% (99%) ↑	4,137 (4,892) ↓	430 (593) ↓	16% (16%) =
Inflation opportunities	M&G	£70m/6% (£71m/6%)	6.3% (0.0%) ↑	41 (0.0) ↑	9 (0.0) ↑	74% (69%) ↑	4,835 (1,950[2]) ↑	94 (65) ↑	0.2% (Not provided)
LDI	CTI[3]	£292m/26% (£402m/35%)	100% (100%) =	40,096 (57,502) ↓	131 (142) ↓	100% (100%) =	48,955 (64,968) ↓	160 (160) =	100%[4] (100%) =
Short duration credit	CTI	£204m/18% (£247m/21%)	96% (78%) ↑	6,271 (9,066) ↓	32 (49) ↓	97% (78%) ↑	112,896 (99,919) ↑	579 (540) ↑	21% (20%) ↑
Asset-backed securities	Aegon	£113/10%	98%	8,702	79	Not provided	Not provided	Not provided	Not provided

Source: Investment managers, LCP. Metrics data is shown at fund level. Due to differences in calculation methodologies the Trustee has decided not to aggregate figures for individual funds. Figures may not sum due to rounding. Valuation and holdings data as at 30 September 2025 and 30 September 2024 for the previous year.

[1]Total emissions relate to Scheme assets, where data is available. [2]Scope 3 total GHG emissions for the M&G IOF as at 30 September 2024 have been restated. [3]LDI metrics are calculated by LCP. Please see the commentary on page 26 and the calculation methodology shown in Appendix 2 for help interpreting this data.[4]The UK has a net zero by 2050 target written into law, with carbon budgets based on advice from the independent Committee on Climate Change, so UK government bond exposure has been treated as having a credible science-based target.

Metrics and targets – DB section

Asset class	Manager	Valuation as at 30 September 2025 (£m)	Scope 1 + 2 emissions (for holdings with data)			Scope 3 emissions (for holdings with data)			Portfolio alignment
			Coverage	Total GHG emissions (tCO_2e)[1]	Carbon footprint (tCO_2e/£m)	Coverage	Total GHG emissions (tCO_2e)[1]	Carbon footprint (tCO_2e/£m)	Proportion with SBT (%)
Property	Knight Frank (formerly Aegon)	£66m/6% (£62m/5%)	87%[3] ↓ (100%[3])	93 ↓ (173)	1.7 ↓ (2.8)	87%[3] ↓ (100%[3])	524 ↓ (1,183)	9 ↓ (11)	Not provided (27%)
	Aviva Lime[4]	£71m/6% (£69m/6%)	90% ↑ (86%)	4 ↑ (3)	0.06 = (0.06)	90% ↑ (86%)	1,183 ↑ (1,084)	19 = (19)	Not provided = (Not provided)
Private credit	M&G	£4m/0% (£7m/1%)	21% ↑ (3%)	17 ↑ (0.3)	18 ↑ (1.1)	17% ↑ (0%)	238 ↑ (0)	318 ↑ (6)	1.6% (Not provided)
Opportunistic credit	BSP (formerly Alcentra)	£38m/3% (£40m/3%)	75% ↑ (72%)	6,583 ↑ (1,045)	229 ↑ (34)	Not provided = (Not provided)	Not provided = (Not provided)	Not provided = (Not provided)	0% (Not provided)
	Beach Point	£30m/3% (£38m/3%)	69% ↓ (70%)	1,510 ↑ (572)	73 ↑ (22)	69% ↓ (70%)	53,308 ↑ (9,329)	2,575 ↑ (352)	7% ↓ (11%)
Infrastructure	IFM[5]	£124m/11% (£111m/10%)	100% = (100%)	6,097 ↓ (9,603)	52 ↓ (61)	100% = (100%)	73,730 ↓ (108,190)	625 ↓ (687)	47% ↑ (Not Provided[6])

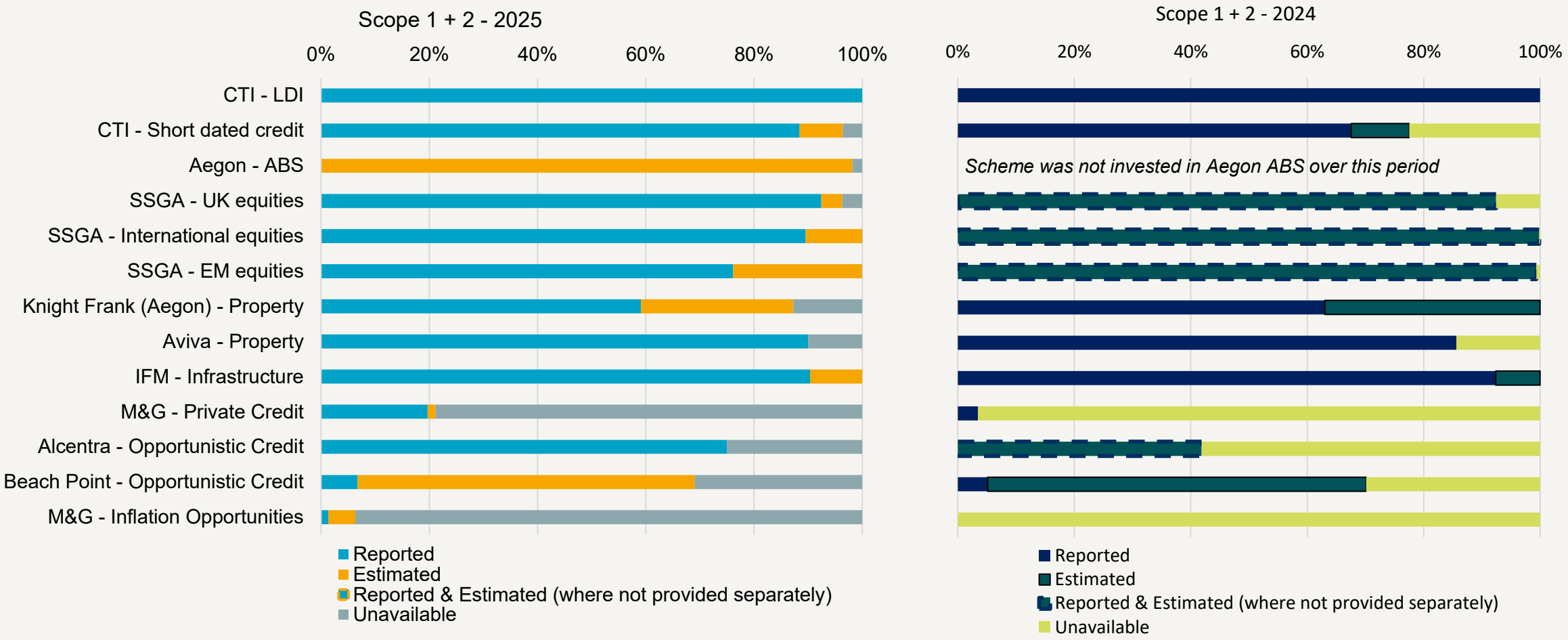
Figures may not sum due to rounding. Valuation and holdings data as at 30 September 2025 and 30 September 2024 for the previous year.

[1]Total emissions relate to Scheme assets, where data is available. [2]Knight Frank, Aviva and IFM metrics are as at 31 December 2024 and 31 December 2023 respectively due to availability of data. Carbon footprint for these funds has been calculated with reference to the value of these funds as at this date. [3]Knight Frank provided data coverage is measured by floor area, which is standard practice in this industry. [4]Aviva climate data for the previous reporting year has been restated to reflect a change in methodology over the period. [5]IFM climate data for the previous reporting year has been restated to reflect a change in methodology over the period. [6]IFM previous did not report on SBT certification and instead independently ensured that alignment targets were backed by credible plans.
As at 31 December 2023 98% of the portfolio was back by credible plans.

Metrics and targets – DB section

The fourth metric, data quality, is shown below for Scope 1 & 2 and on the next page for Scope 3 as the split of portfolio value (not the split of the emissions figures).

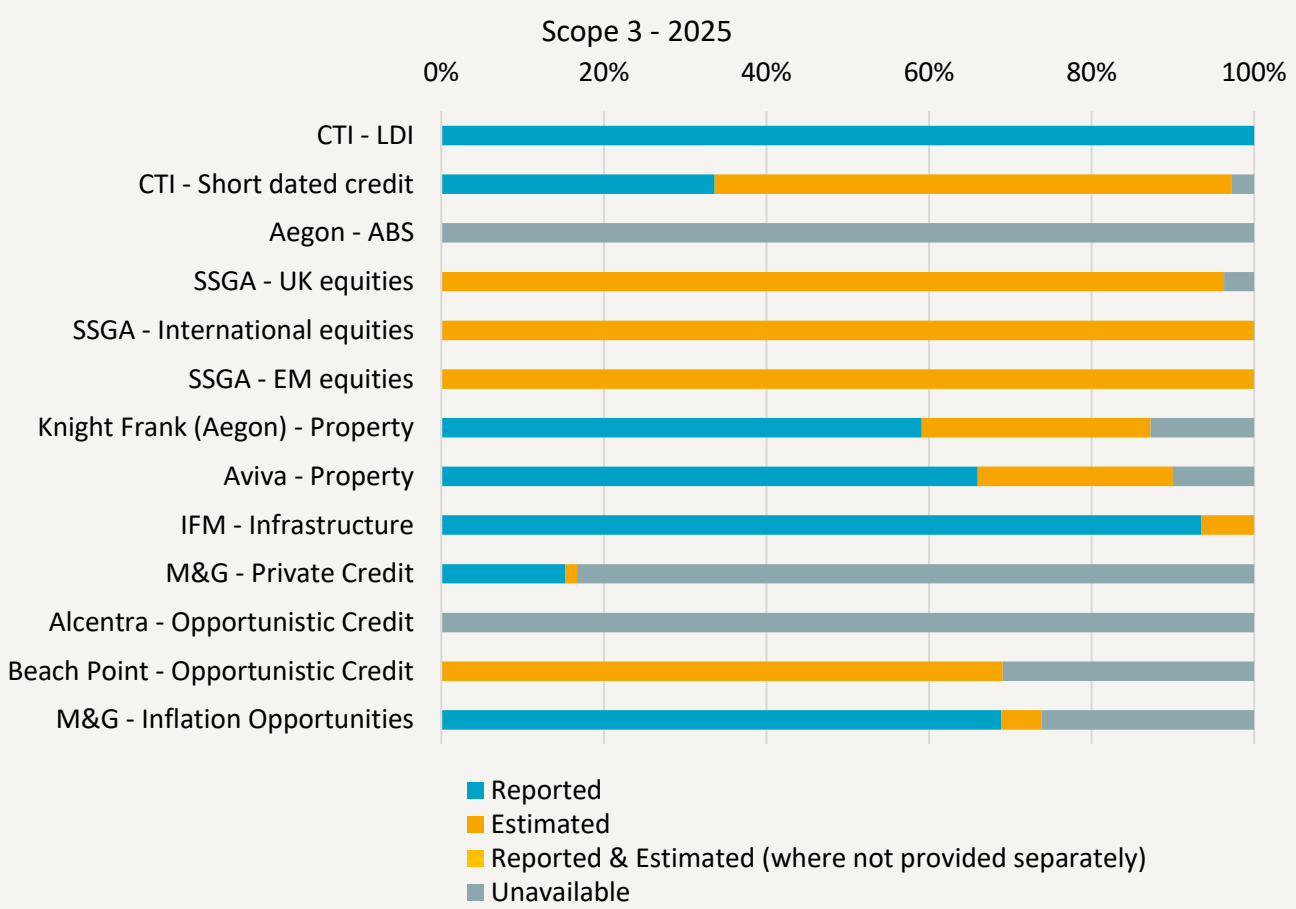
Data quality split of data coverage (% of assets) for Scope 1 + 2 emissions

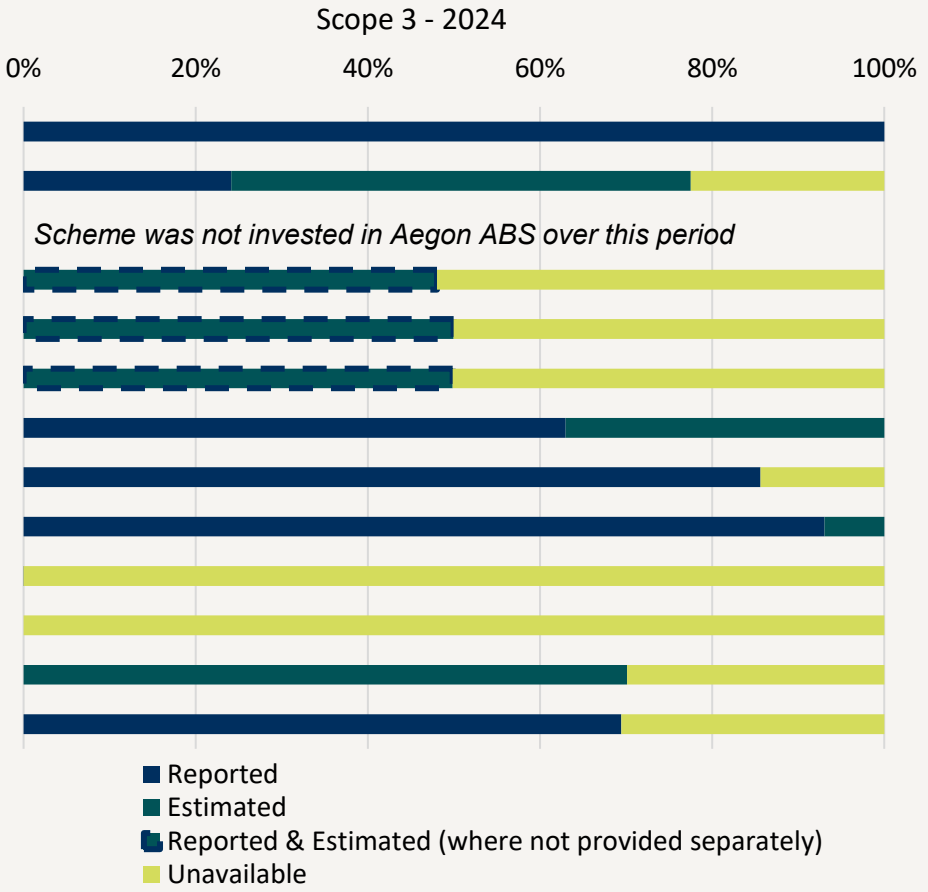


Source: Investment managers, LCP.

Metrics and targets – DB section

Data quality split of data coverage (% of assets) for Scope 3 emissions





Source: Investment managers, LCP.

Metrics and targets – DB section

Metric (TCFD category)	Key findings
Absolute emissions	The Scheme's total emissions continue to be materially influenced by the LDI and infrastructure mandates, although both saw reductions over the year. The LDI mandate remained a significant contributor to Scope 1 & 2 emissions, reflecting both the size of the allocation (representing around 26% of Scheme assets as at 30 September 2025) and the methodology used, which takes account of total UK emissions. As in previous years, the LDI figures are not directly comparable with the emissions reported for the Scheme's other assets, and may involve some double counting across the Scheme's holdings. IFM's reported emissions remain relatively high compared with other holdings, reflecting the emissions-intensive nature of its underlying infrastructure assets. However, emissions have fallen significantly over the year, driven both by ongoing decarbonisation efforts across the portfolio and a revised methodology for calculating climate metrics. This methodological enhancement has improved the quality and comparability of IFM's reporting, particularly as previous Scope 3 emissions data were not reported on a financed or attributable basis. There were notable increases in reported emissions for some of the Scheme's credit mandates. BSP's Scope 1 & 2 emissions increased from 1,045 tCO_2e to 6,583 tCO_2e, which BSP attributed to higher emissions disclosure, enhanced data accuracy in borrower-reported emissions and changes in the Fund's proportionate share of underlying issuer emissions. The Aegon asset-backed securities mandate was included in the reporting for the first time, following the Scheme's investment, with Scope 1 & 2 emissions of 8,702 tCO_2e reported as at 30 September 2025. Scope 3 emissions were not provided for this mandate.
Carbon Footprint (Emissions intensity)	Carbon footprint movements were mixed across the Scheme's mandates. The LDI and IFM infrastructure mandates remained significant contributors to Scope 1 & 2 carbon footprint, although both reduced over the year. IFM's Scope 3 carbon footprint also reduced materially, but this should be considered alongside the methodology changes and restatement described above. Within the listed equity allocation, carbon footprints generally reduced over the year, including for Scope 3 emissions. Carbon footprint increased materially across certain credit and private market mandates, most notably Beach Point and BSP. These increases appear to be driven by a combination of improved emissions disclosure, changes to emissions attribution methodologies, and shifts in underlying portfolio exposures. While enhanced reporting may partly explain the higher reported emissions, the Trustee will continue to monitor these mandates closely to assess whether the increases reflect a genuine rise in portfolio emissions intensity, rather than changes in disclosure practices or the size of the Scheme's investment.

Metrics and targets – DB section

Metric (TCFD category)	Key findings
% of companies with SBTi-approved targets (Portfolio alignment)	Portfolio alignment within the listed equity allocation improved overall, with the proportion of companies with SBTi-approved targets increasing from 50% to 52% over the year. This reflected an improvement in the SSGA International fund, where the proportion increased from 46% to 54%, partly offset by a slight reduction in the SSGA UK fund from 59% to 57%. The SSGA EM fund remained unchanged at 16%, continuing to lag the developed market equity mandates, reflecting the greater decarbonisation challenges typically seen in emerging markets. Portfolio alignment remains limited across a number of the Scheme's credit and private market mandates. Beach Point's proportion of the fund with SBTi-approved targets reduced from 11% to 7%, while the BSP fund remained at 0%. IFM reported that 47.4% of portfolio NAV is aligned with the Science Based Targets initiative (SBTi), with a further 0.3% currently seeking validation. While this figure is not directly comparable with last year's disclosure, which measured the proportion of companies with targets supported by credible transition plans, it nevertheless demonstrates meaningful progress in aligning portfolio companies with recognised, externally validated decarbonisation frameworks. Encouragingly, IFM confirmed that 100% of investee companies have either Net Zero and/or interim emissions reduction targets in place, highlighting broad commitment across the portfolio to managing the transition to a lower-carbon economy.
Data Quality (Non-emissions based)	Overall, emissions coverage remained high for a number of mandates, but year-on-year comparisons continue to be affected by methodology changes, data provider changes and differences in estimation approaches. Aviva restated its 2023 emissions figures following a significant methodology change between 2023 and 2024, including migration from Accenture's ADAPt system to Deepki and its climate reporting hub. Aviva also undertook data cleanse activity to improve data coverage and accuracy. IFM confirmed that emissions reporting covered 100% of assets at both 31 December 2023 and 31 December 2024. The manager has also improved its disclosure by adopting an emissions-weighted approach to reporting estimated emissions, which provides a clearer indication of the proportion of the portfolio's emissions footprint that is based on estimates. Overall, the level of estimated emissions remains relatively low, supporting confidence in the quality and completeness of the reported data. Beach Point noted that company-reported emissions data remains limited for the issuers in which it invests. Beach Point is seeking to improve data quality through engagement with selected portfolio companies, with the aim of increasing emissions data coverage and reliability over time. Given the increase in reported emissions and carbon footprint over the year, this remains an important area for ongoing monitoring by the Trustee.

Metrics and targets – DC section

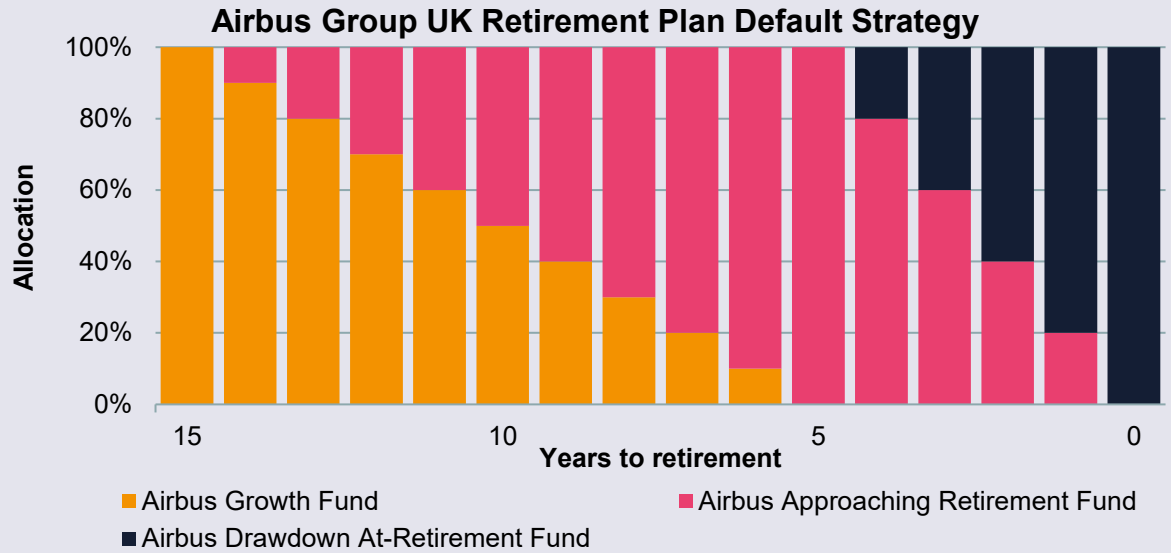
For the DC section, the Trustee is required to report climate data for each arrangement in which £100m or more DC assets are invested, or which accounts for 10% or more of the total DC assets. The **two default investment strategies** for each of the two schemes that make up the DC section meet this requirement. Their allocations are shown in the charts below.

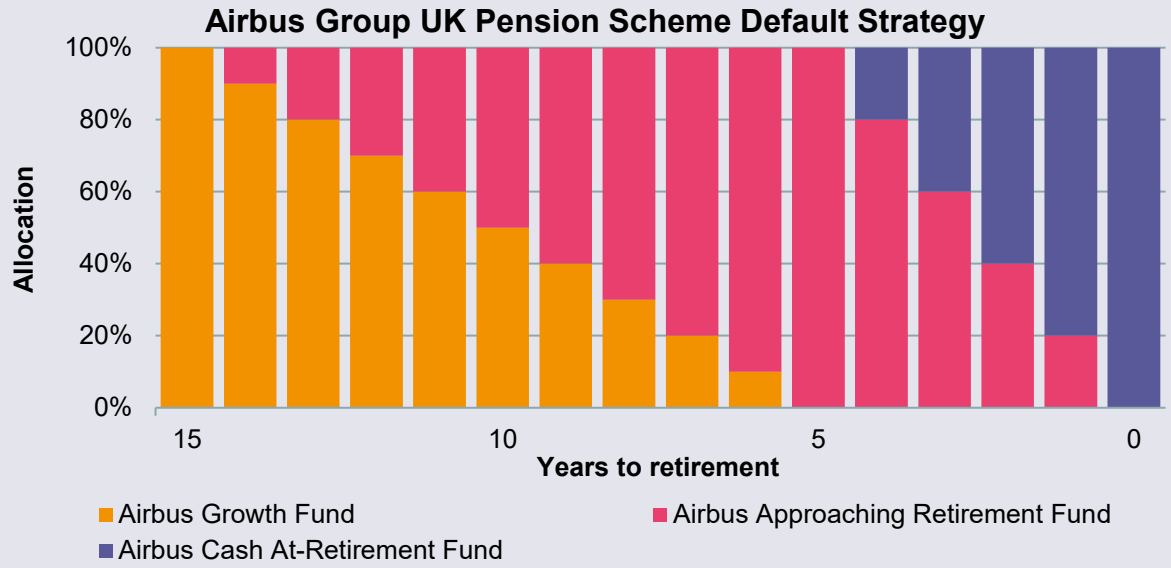
The Trustee has requested climate data for all the Scheme's DC assets. The investment platform, Legal & General ("L&G"), is only able to provide climate data for the funds it manages directly ("L&G funds") and not for externally managed funds. Therefore, metrics for the white-labelled funds used within the Lifestyle Strategies have been estimated by calculating a weighted average of the underlying funds' climate metrics, using the strategic allocation to each underlying fund as at the reporting date.

For this purpose, the Trustee has obtained climate metrics for the Airbus Pension Scheme Short Dated Credit Fund from BlackRock, one of the external managers, as the underlying fund is used within the default strategies in the Airbus Approaching Retirement Fund, Airbus Drawdown At-Retirement Fund and the Airbus Cash At-Retirement Fund; and is therefore part of a popular arrangement.

The Trustee also obtained data from Wellington, the other external manager used within the Scheme's default strategies. Wellington's Global Credit ESG Fund is an underlying fund in both the Airbus Approaching Retirement Fund and Airbus Drawdown At-Retirement Fund and is therefore also part of a popular arrangement.

Together, the L&G fund assets, BlackRock fund assets and Wellington fund assets account for over 95% of the total DC Scheme assets. We have detailed the differences between the methodology and third-party data sources of the managers (Institutional Shareholder Services for L&G and MSCI/SBTi for BlackRock) where available in Appendix 2.





Metrics and targets – DC section

The first three metrics collected as at 31 March 2026 are shown below, with the corresponding figures as at 31 March 2025 in brackets. More information on the comparator figures can be found in last year's report. The arrows in the table indicate where the values of metrics have increased or decreased compared to last year's report, **green** for an improvement and **red** for a deterioration. Where the metric has remained broadly the same based on new data, this is noted with an **amber** equals sign. We have shown the funds used in the default investment strategies below and the self-select funds on the following slides.

Asset class	Fund name	Valuation as at 31 March 2026 (£m)	Scope 1 + 2 emissions (for holdings with data)			Scope 3 emissions (for holdings with data)			Portfolio alignment	Data source	Date of holdings data
			Coverage (%)	Total GHG emissions (tCO_2e)[1]	Carbon footprint (tCO_2e/£m)	Coverage (%)	Total GHG emissions (tCO_2e)[1]	Carbon footprint (tCO_2e/£m)	Proportion with SBT (%)		
White labelled fund	Airbus Growth Fund	284.6 (228.1)	98.6 (98.5) =	3,367.3 (3,467.5) ↓	12.0 (15.4) ↓	98.6 (98.5) =	154,334.2 (117,621.6) ↑	550.0 (523.4) ↑	53.8 (47.5) ↑	L&G AM	31/03/2026 (31/03/2025)
	Airbus Approaching Retirement Fund[2]	83.9 (70.9)	94.1 (70.8) ↑	4,162.7 (1,485.7) ↑	52.7 (29.6) ↑	91.8 (70.8) ↑	38,825.2 (28,931.9) ↑	503.9 (576.7) ↓	45.7 (33.3) ↑	L&G AM, Wellington	31/03/2026 (31/03/2025)
	Airbus Drawdown At Retirement Fund[2]	29.0 (19.9)	88.5 (46.7) ↑	1,599.8 (337.8) ↑	62.3 (36.4) ↑	86.5 (46.7) ↑	10,836.7 (5,594.7) ↑	432.0 (602.0) ↓	37.9 (21.7) ↑	L&G AM, Wellington, BlackRock	31/03/2026 (31/03/2025)
	Airbus Cash At Retirement Fund[2]	14.5 (12.7)	71.2 (9.6) ↑	260.3 (0.1) ↑	25.3 (0.1) ↑	46.7 (9.6) ↑	4,031.1 (369.8) ↑	597.5 (303.9) ↑	12.9 (0.0) ↑	L&G AM, BlackRock	31/03/2026 (31/03/2025)
	Airbus Annuity At Retirement[2]	0.2 (0.0)	75.0 (10.1) ↑	9.5 (0.1) ↑	73.2 (20.6) ↑	60.5 (10.1) ↑	41.7 (1.4) ↑	399.4 (518.6) ↓	57.1 (4.0) ↑	L&G AM	31/03/2026 (31/03/2025)

Source: L&G AM. [1]Figures relate only to the assets for which data is available. Total emissions are for the Scheme's DC assets, not the whole pooled fund. [2] For these funds, climate metrics are not available at the white-labelled fund level. In these cases, the metrics have been estimated by LCP by calculating a weighted average of the underlying funds' metrics, using the strategic allocation to each underlying fund as at the reporting date. As such, this may result in a large differential when compared to the previous year's reporting.

Metrics and targets – DC section

Asset class	Fund name	Valuation as at 31 March 2026 (£m)	Scope 1 + 2 emissions (for holdings with data)			Scope 3 emissions (for holdings with data)			Portfolio alignment	Data source	Date of holdings data
			Coverage (%)	Total GHG emissions (tCO_2e)[1]	Carbon footprint (tCO_2e/£m)	Coverage (%)	Total GHG emissions (tCO_2e)[1]	Carbon footprint (tCO_2e/£m)	Proportion with SBT (%)		
Equity	L&G World (ex UK) Equity Index Fund	11.0 (9.6)	98.6 ↓ (99.3)	437.2 ↓ (503.4)	40.2 ↓ (53.0)	98.6 ↓ (99.3)	6,714.4 ↑ (5,805.4)	617.4 ↑ (611.7)	52.3 ↑ (46.7)	L&G AM	31/03/2026 (31/03/2025)
	L&G World Emerging Markets Equity Index Fund	1.0 (0.7)	98.8 ↑ (95.9)	139.8 ↑ (135.7)	144.1 ↓ (203.9)	98.8 ↑ (95.9)	771.1 ↑ (726.9)	794.9 ↓ (1,092.1)	21.8 ↑ (18.7)	L&G AM	31/03/2026 (31/03/2025)
	L&G UK Equity Index Fund	7.4 (5.5)	94.3 ↑ (94.1)	423.2 ↑ (370.4)	60.8 ↓ (72.0)	94.3 ↑ (94.1)	7,886.7 ↑ (6,070.9)	1,133.2 ↓ (1,180.5)	50.9 ↓ (51.7)	L&G AM	31/03/2026 (31/03/2025)
	L&G Ethical Global Equity Index Fund	4.1 (3.9)	98.7 ↓ (99.0)	131.2 ↓ (167.8)	32.7 ↓ (43.9)	98.7 ↓ (99.0)	2,272.4 ↑ (2,126.6)	566.7 ↑ (556.6)	64.9 ↑ (55.0)	L&G AM	31/03/2026 (31/03/2025)
	L&G Global Equity Fixed Weights 50:50 Index Fund	11.5 (9.2)	96.1 ↓ (96.5)	609.0 ↓ (609.5)	55.1 ↓ (69.0)	96.1 ↓ (96.5)	11,524.0 ↑ (9,253.5)	1,041.9 ↓ (1,046.7)	52.4 ↑ (50.7)	L&G AM	31/03/2026 (31/03/2025)
	L&G Fossil Fuel Free Climate Equity Index Fund	0.2 (0.2)	98.5 = (98.5)	3.2 ↓ (3.5)	12.9 ↓ (16.0)	98.5 = (98.5)	134.3 ↑ (120.3)	546.9 ↓ (548.0)	62.0 ↑ (54.8)	L&G AM	31/03/2026 (31/03/2025)

Source: L&G AM. [1]Figures relate only to the assets for which data is available. Total emissions are for the Scheme's DC assets, not the whole pooled fund.

Metrics and targets – DC section

Asset class	Fund name	Valuation as at 31 March 2026 (£m)	Scope 1 + 2 emissions (for holdings with data)			Scope 3 emissions (for holdings with data)			Portfolio alignment	Data source	Date of holdings data
			Coverage (%)	Total GHG emissions (tCO_2e)[1]	Carbon footprint (tCO_2e/£m)	Coverage (%)	Total GHG emissions (tCO_2e)[1]	Carbon footprint (tCO_2e/£m)	Proportion with SBT (%)		
Multi asset	L&G Diversified Fund – equities and corporate bonds	4.5 (3.9)	81.1 (80.4) ↑	799.1 (279.2) ↑	181.9 (93.2) ↑	63.3 (62.9) ↑	2,500.4 (2,443.4) ↑	728.1 (815.4) ↓	28.2 (26.5) ↑	L&G AM	31/03/2026 (31/03/2025)
	L&G Diversified Fund – sovereigns only	1.0 (0.8)		108.3 (122.7) ↓	112.7 (146.6) ↓						
Property	L&G Sustainable Property Fund	1.5 (1.5)	12.4 (6.5) ↑	0.2 (0.5) ↓	1.2 (5.4) ↓	12.4 (6.5) ↑	99.8 (9.1) ↑	528.5 (91.7) ↑	2.5 (3.4) ↓	L&G AM	31/03/2026 (31/03/2025)
UK government bonds	L&G UK government bonds funds[2]	0.8 (0.7)	100.0 (100.0) =	105.0 (98.8) ↑	131.0 (141.5) ↓	100.0 (100.0) =	128.0 (116.4) ↑	159.9 (166.7) ↓	100.0[3] (100.0) =	LCP calculations	31/03/2026 (31/03/2025)
Cash	L&G Cash Fund	9.2 (7.9)	65.8 (19.1) ↑	1.4 (0.2) ↑	0.2 (0.1) ↑	15.9 (19.1) ↓	1,366.6 (461.1) ↑	932.6 (303.9) ↑	3.2 (0.0) ↑	L&G AM	31/03/2026 (31/03/2025)

Source: L&G AM, LCP. [1]Figures relate only to the assets for which data is available. Total emissions are for the Scheme's DC assets, not the whole pooled fund. [2]Encompasses two government bond funds – the L&G Over 15 Year Gilts Index Fund and L&G Over 5 Year Index Linked Gilts Fund. UK Government bonds metrics are calculated by LCP. Please see the calculation methodology shown in Appendix 2 for help interpreting this data. [3]The UK has a net zero by 2050 target written into law, with carbon budgets based on advice from the independent Committee on Climate Change, so UK government bond exposure has been treated as having a credible science-based target.

Metrics and targets – DC section

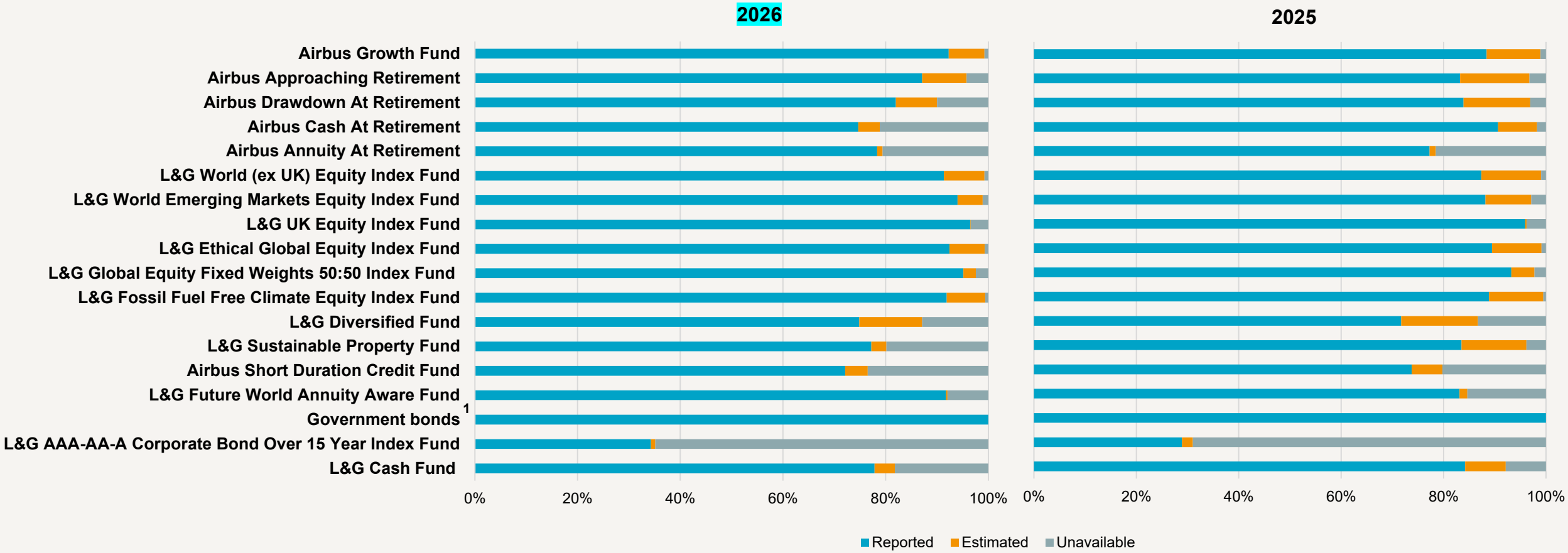
Asset class	Fund name	Valuation as at 31 March 2026 (£m)	Scope 1 + 2 emissions (for holdings with data)			Scope 3 emissions (for holdings with data)			Portfolio alignment	Data source	Date of holdings data
			Coverage (%)	Total GHG emissions (tCO_2e)[1]	Carbon footprint (tCO_2e/£m)	Coverage (%)	Total GHG emissions (tCO_2e)[1]	Carbon footprint (tCO_2e/£m)	Proportion with SBT (%)		
Bonds	Airbus Pension Scheme Short Dated Credit	0.2 (0.3)	76.5 (78.4) ↓	8.2 (8.1) ↑	50.3 (37.7) ↑	77.4 (79.8) ↓	43.2 (60.0) ↓	262.4 (275.5) ↓	22.5 (32.8) ↓	BlackRock	31/03/2026 (31/03/2025)
	L&G Future World Annuity Aware – corporate bonds only	0.1 (0.1)	91.2 (83.5) ↑	18.6 (4.2) ↑	78.9 (47.0) ↑	35.7 (35.0) ↑	43.3 (79.6) ↓	469.0 (894.3) ↓	21.4 (22.0) ↓	L&G AM	31/03/2026 (31/03/2025)
	L&G Future World Annuity Aware – sovereigns only	0.1 (0.1)		7.6 (9.0) ↓	53.0 (72.5) ↓						
	L&G AAA-AA-A Corporate Bond Over 15 Year Index Fund – corporate bonds only	0.7 (0.7)	34.2 (29.8) ↑	7.0 (6.6) ↑	25.7 (39.0) ↑	26.1 (21.3) ↑	85.2 (120.3) ↓	409.2 (710.3) ↓	25.2 (16.2) ↑	L&G AM	31/03/2026 (31/03/2025)
	L&G AAA-AA-A Corporate Bond Over 15 Year Index Fund – sovereigns only[2]	0.1 (0.1)		3.7 (5.3) ↓	57.0 (78.2) ↓						

Source: L&G AM, LCP. [1] Figures relate only to the assets for which data is available. Total emissions are for the Scheme's DC assets, not the whole pooled fund. [2]Encompasses bonds issued by supranational organisations and government-related agencies.

Metrics and targets – DC section

The fourth metric, data coverage, is shown below for Scope 1 & 2 and on the next page for Scope 3. The coverage is shown as the split of portfolio value (not the split of the emissions figures).

Split of data coverage (% of assets) for Scope 1 + 2 emissions

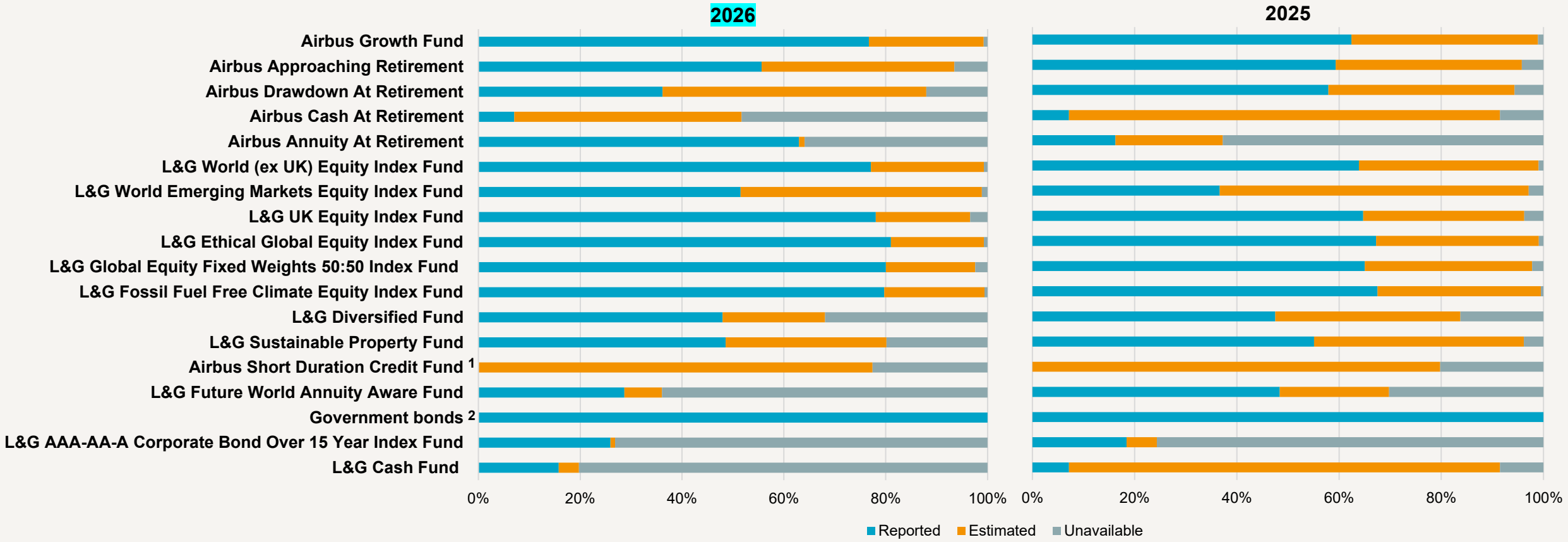


Source: L&G AM , BlackRock, Wellington. [1]Encompasses two UK government bond funds - the L&G Over 15 Year Gilts Index Fund and L&G Over 5 Year Index Linked Gilts Fund. Coverage may vary year to year due to changes in underlying holdings, their relative portfolio weights and their eligibility for assessment, as well as changes in data availability.

Metrics and targets – DC section

The fourth metric, data coverage, is shown below for Scope 3 emissions. The coverage is shown as the split of portfolio value (not the split of the emissions figures).

Split of data coverage (% of assets) for Scope 3 emissions



Source: L&G AM , BlackRock, Wellington. [1]BlackRock used estimated MSCI data for the Airbus Short Duration Credit Fund as MSCI uses a consistent estimation methodology across all companies it covers. BlackRock was unable to aggregate and compare reported data from the underlying companies directly due to differences in the methodologies used between companies for Scope 3 reporting. The Trustee will continue to liaise with BlackRock to improve the level of reporting for the TCFD report next year. [2]Covers two UK government bond funds - the L&G Over 15 Year Gilts Index Fund and L&G Over 5 Year Index Linked Gilts Fund. Coverage may vary year to year due to changes in underlying holdings, their relative portfolio weights and their eligibility for assessment, as well as changes in data availability.

Metrics and targets – DC section

Metric (TCFD category)	Key findings
Absolute emissions	As of 31 March 2026, the Scope 1 & 2 emissions from the Airbus Growth Fund decreased by approximately 22% compared to the previous year. This reduction was driven by the decrease in the carbon footprint of the Fund over the period. As the value of the investments held by the Scheme grow, the absolute level of emissions associated with these investments also increase. This does not necessarily indicate a decline in the fund's overall emissions efficiency. Instead, the higher total emissions reflect the larger amount of money invested and hence more assets held. The Trustee recognises that emissions levels vary by asset class. For example, investments in emerging markets generally exhibit higher emissions compared to those in developed markets for a variety of reasons, such as higher dependency on fossil fuels. Whilst Scope 3 emissions dominate the aggregate emissions figures, there remain concerns on the robustness of the data. This is due to the wide range of indirect activities covered under scope 3 and the complex calculations and assumptions required for this calculation, which can lead to variability and uncertainty in the reported figures. The Trustee uses climate metrics to identify and manage climate-related risks and opportunities when making investment decisions. The highest absolute emissions for the DC section come from the equity allocation used in the default strategy, as this is where most of our members are invested. In order to manage this, the Trustee selected the L&G Low Carbon Transition Global Equity Index Fund as the sole fund for the growth phase of the Scheme's default arrangements. The Fund has significantly lower carbon footprint (12.0 tCO2e/£m) compared to standard global equities (eg the LGIM World (ex-UK) Equity Index Fund has a carbon footprint of 40.2 tCO2e/£m). The absolute emissions of the Scheme are expected to rise over time, given additional contributions, new members and investment returns. As such, it is important to consider the full range of metrics.
Carbon Footprint (Emissions intensity)	Based on the funds for which data is available, around half of the available funds saw a reduction in carbon footprint across Scope 1, 2 and 3 emissions over the year ending 31 March 2026. However, some of the funds saw a large increase in carbon footprint (eg the L&G Cash Fund and the L&G Sustainable Property Fund saw a carbon footprint increase due to new money market positions in two specific holdings). The Trustee remains comfortable that these increases are understandable and do not cause significant concerns in the overall sustainability characteristics of the strategy. However, the Trustee will continue to monitor changes in carbon footprint over time and will seek opportunities for improvement if necessary.

Metrics and targets – DC section

Metric (TCFD category)	Key findings
% of companies with SBTi-approved targets (Portfolio alignment)	As at 31 March 2026, 50.9% of underlying companies within the listed equity and corporate bond allocation* of the Airbus Drawdown Lifestyle have set decarbonisation targets that had been verified by the SBTi. This has improved since the March 2023 baseline of 37.5%. The Trustee will continue to monitor this metric over time and seek to ensure improvement to demonstrate an appropriate level of portfolio alignment.
Data Quality (Non-emissions based)	As at 31 March 2026, approximately 95% of the assets that were analysed were deemed to have high-quality data, meaning it was either reported or could be estimated. This is an improvement from 93% in the 31 March 2025 report. The Trustee anticipates improvements in both the coverage and the quality of the metrics in future reports.

** In this report, for the L&G Diversified Fund, it was not possible to split out the listed equity and corporate bonds allocations only. As a result, the figure used for this fund may also include the SBTi of alternatives held in this multi asset fund. As at 31 March 2026, the L&G Diversified Fund held more than 50% of assets in listed equities and corporate bonds.*

Metrics and targets

Targets

The Trustee has set the following targets for the DB and DC sections. The current proportion of those relevant DB and DC assets with SBTi targets has been calculated using a weighted average of the relevant holdings.

Targets	Coverage	Reference base year
Increase the percentage of listed equities with SBTi targets by an absolute increase of 30% from 40% as at 30 September 2022 by 30 September 2027.	Listed equities within the DB section	2022 (30 September)
Increase the percentage of listed equities and corporate bonds with SBTi targets by an absolute increase of 33%, from 37% as at 31 March 2023 to at least 70% by 31 March 2030.	Listed equities and corporate bonds within the DC section's default strategies	2023 (31 March) [1]

Why were these targets selected?

These targets were chosen as the metric (is is forward-looking and focussed on the transition that needs to occur in the future in order to achieve net zero aims globally.

Achieving the above targets will improve the Scheme's assets' alignment with a 1.5C pathway which is expected to help manage climate-related risks to the Scheme by:

1. Reducing exposure to climate transition risks in the shorter-term by keeping up with/slightly ahead of a general market trend; and
2. Supporting collective action to meet the Paris Agreement goals, hence reducing longer-term systemic risks from the physical effects of climate change.

[1]Last year the Trustee updated the reference base year of the DC Section from 30 September 2022 to 31 March 2023. This change was made because the SBTi data for 31 March 2023 is more comprehensive than that for 30 September 2022. Prior to 2023, the SBTi figure reported by managers was overestimated because it counted both the companies with an SBTi-approved target in place, and those who had only committed to set one. It is more robust to only consider the former in our TCFD target. The methodology used for the 31 March 2023 base year calculations aligns with that of the 31 March 2026 figures, providing a more accurate basis for comparison and a more reliable baseline going forward.

Metrics and targets

Scheme Year performance against the target

The climate reporting carried out during the Scheme Year included an assessment of the current alignment with the above target.

- Broadly 52% of the DB Section's listed equity investments and 51% of the DC section's listed equity and corporate bond investments within the default strategies had set SBT targets by 30 September 2025 and 31 March 2026 (an increase from 50% for the DB section as at 30 September 2024 and 43% for the DC section as at 31 March 2025), based on information provided by investment managers about SBTi-validated targets.

Portfolio alignment	Reference base year	Previous reporting date	Current reporting date	Target
DB Section	**40%** (30 Sept. 2022)	**50%** (30 Sept. 2024)	**52%** (30 Sept. 2025)	**70%** by 30 Sept. 2027
DC Section	**37%** (31 March 2023)	**43%** (31 March 2025)	**51%** (31 March 2026)	**70%** by 31 March 2030

The following steps are being taken to achieve the target:

The Trustee, with help from its investment adviser (LCP), has communicated the respective targets to each investment manager (DB & DC).

Investment managers are routinely invited to present at Trustee meetings as part of the existing monitoring process. When meeting with any of the Scheme's investment managers, the Trustee will ask the manager how they expect the proportion of portfolio companies with SBTi-validated targets to change over time and encourage the manager to engage with portfolio companies about setting SBT, prioritising those with the highest carbon footprint.

The investment adviser encourages managers to support the goal of net zero emissions by 2050 or earlier and has published its expectations for investment managers in relation to net zero. This includes the use of effective voting (where applicable) and engagement with portfolio companies to encourage achievement of net zero. The investment adviser continues to engage with managers on this topic and will encourage them to use their influence with portfolio companies to increase the use of SBTi targets.

The Trustee reviews progress towards the target each year and consider whether additional steps are needed to increase their chance of meeting the target.

Appendices

Contents

Appendix 1 - Climate scenario analysis

Modelling approach

- The scenario analysis is based on a model developed by Ortec Finance and Cambridge Econometrics. The outputs were then applied to the Scheme's assets by LCP.
- The three climate scenarios are projected year by year, over a 40-year period. The results are intended to help the Trustee to consider how resilient the DB strategy and DC default strategy is to climate-related risks.
- The three climate scenarios chosen are intended to be plausible, not "worst case". They are only three scenarios out of countless others which could be considered.
- Other scenarios could give better or worse outcomes for the Scheme.

Modelling limitations

- As this is a "top-down" approach, investment market impacts were modelled as the average projected impacts for each asset class. This contrasts with a "bottom up" approach that would model the impact on each individual investment held by the default strategy. As such, the modelling does not require extensive plan-specific data and so the Trustee was able to consider the potential impacts of the three climate scenarios for all of the Scheme's assets in the default strategy and DB Strategy.
- In practice, the Scheme's investments may not experience climate impacts in line with the market average.
- The asset and liability projections shown reflect the current strategic journey plan. No allowance is made for changes that might be made to the funding or investment strategy as the climate pathways unfold, nor for action to be taken in response to the Scheme achieving its long-term funding target.
- Like most modelling of this type, the modelling does not allow for all potential climate-related impacts and, therefore, is quite likely to underestimate some climate-related risks. For example, tipping points (which could cause runaway physical climate impacts) are not modelled and no allowance is made for knock-on effects, such as climate-related migration and conflicts.
- In addition, the model presumes that the UK government and bank counterparties will remain solvent, thereby making no allowance for credit risk on government bonds and derivative exposures. However, in a scenario where global warming exceeds 4ºC, this assumption may no longer be valid.
- Medians from Ortec Finance's model outputs are used to project forward assets and liabilities, which means the results reflect the model's "middle outcomes" for investment markets under the three scenarios. Allowing for market volatility would result in better or worse model outputs than shown. Investment markets may be more volatile in future as a result of physical and transition risks from climate change, and this is not illustrated in the modelling shown.

Appendix 1 - Climate scenario analysis

Modelling approach – more details

- The scenario analysis is based on the ClimateMAPS model developed by Ortec Finance and Cambridge Econometrics, and was then applied to the Scheme's assets and liabilities by LCP. The three climate scenarios were projected year by year, over the next 40 years.
- ClimateMAPS uses a top-down approach that consistently models climate impacts on both assets and liabilities, enabling the resilience of the DB Section's funding strategy to be considered. The model output is supported by in-depth narratives that bring the scenarios to life to help the Trustee's understanding of climate-related risks and opportunities.
- ClimateMAPS uses Cambridge Econometrics' macroeconomic model which integrates a range of social and environmental processes, including carbon emissions and the energy transition. It is one of the most comprehensive models of the global economy and is widely used for policy assessment, forecasting and research purposes. The outputs from this macroeconomic modelling – primarily the impacts on country/ regional GDP – are then translated into impacts on financial markets by Ortec Finance using assumed relationships between the macroeconomic and financial parameters.
- Ortec Finance runs the projections many times using stochastic modelling to illustrate the wide range of climate impacts that may be possible, under each scenario's climate pathway. LCP takes the median (ie the middle outcome) of this range of impacts, for each relevant financial parameter, and adjusts it to improve its alignment with LCP's standard financial assumptions.
- LCP then uses these adjusted median impacts to project the assets and liabilities of the Scheme to illustrate how the different scenarios could affect its funding level. The modelling summarised in this report used scenarios based on the latest scientific and macro-economic data 31 December 2024 updated to reflect market conditions at 30 September 2025.
- The modelling included contributions assumed to be paid in line with the current Schedule of Contributions, and the Trustee previously discussed how future planned changes to the investment strategies for both Sections would change the analysis. For the DC Section, members' starting pots values were assumed to equal the average value for Scheme members of their age, and member and employer contributions were assumed to be paid in line with the current contribution structure. No allowance was made for changes to the investment strategy or contributions in response to the climate impacts modelled.
- As this is a "top-down" approach, investment market impacts were modelled as the average projected impacts for each asset class, ie assuming that the Scheme's investments are affected by climate risk in line with the market-average portfolio for the asset class. This contrasts with a "bottom up" approach that would model the impact on each individual investment held in the Scheme's investment portfolio. As such, it does not require extensive scheme-specific data and so the Trustee was able to consider the potential impacts of the three climate scenarios for all of the Scheme's assets.

Appendix 1 - Climate scenario analysis

Scenarios considered and why the Trustee chose them

The Trustee carried out climate scenario analysis in March 2026 with the support of their actuarial and investment advisers, LCP. The analysis looked at three possible scenarios:

Transition	Description
High warming	No new* low-carbon policies enacted, and some existing ones are scaled back. Current technological trends continue. Paris Agreement goals not met, and the resulting high warming leads to severe physical impacts
Limited action	Policymakers implement limited new climate policies and fall short of meeting the Paris Agreement goals, resulting in a combination of transition and physical risks
Net zero financial crisis	Global net zero CO2 emissions achieved by 2055** via rapid and effective climate action. Financial markets react abruptly in 2026. Paris Agreement goals nearly met

The Trustee acknowledges that many alternative plausible scenarios exist, but found these were a helpful set of scenarios to explore how climate change might affect the Scheme in future.

To provide further insight, the Trustee also compared the outputs under each scenario to a “climate uninformed base case”, that makes no allowance for either changing physical or transition risks in future.

The scenarios’ key features are summarised on page 49.

Source: Ortec Finance, modelling as at 31 December 2024, updated to reflect market conditions at 30 September 2025. *New compared to the International Energy Agency's World Energy Outlook 2022 – Stated Policies Scenario (STEPS). **Note that in previous iterations of the Net Zero Financial Crisis scenario, Net Zero was reached by 2050 and temperatures were limited to 1.5ºC of warming (in line with Paris Agreement goals). Due to now allowing for updated historical emissions and temperature data, this is no longer feasible under the modelling assumptions.

Appendix 1 - Climate scenario analysis

The climate scenarios considered by the Trustee

Scenarios	High Warming	Limited Action	Net Zero Financial Crisis
Low carbon policies	There are no new* low-carbon policies enacted in this scenario and some existing ones are scaled back. Current technological trends continue (such as significant falls in renewable energy prices).	Moderate steps taken by policymakers to increase climate action, but commitments made under the Paris Agreement are not met.	Ambitious low carbon policies, high investment in low carbon technologies and substitution away from fossil fuels to cleaner energy sources and biofuel. Carbon Capture and Storage also used to achieve global net zero CO_2 by 2055**.
Paris Agreement outcome	Paris Agreement goals not met.	Paris Agreement goals not met.	Global net zero CO_2 achieved by 2055**. Paris Agreement goal nearly met.
Global warming	Average global warming is about 2°C by 2050 and 3.7°C by 2100, compared to pre-industrial levels.	Average global warming is about 1.8°C by 2050 and 2.9°C by 2100, compared to pre-industrial levels.	Average global warming stabilises at around 1.6°C above pre-industrial levels.
Physical impacts	Severe physical impacts. Multiple climate tipping points are reached and many countries suffer from extreme weather events.	High physical impacts.	Moderate physical impacts.
Impact on GDP	Global GDP in 2100 projected to be almost 80% lower than in the Ortec Finance / Cambridge Econometrics base case.***	Global GDP in 2100 projected to be about 60% lower than in the Ortec Finance / Cambridge Econometrics base case.	Global GDP in 2100 projected to be about 5% lower than in the Ortec Finance / Cambridge Econometrics base case.
Financial market impacts	Financial markets price in climate-related risks in 2030 and 2039 as the scale of future risks become more widely accepted and understood.	Financial markets price in climate-related risks in 2030 and 2039 as the scale of future risks become more widely accepted and understood.	Abrupt repricing of assets and a sentiment shock to the financial system in 2026.

Source: Ortec Finance, modelling as at 31 December 2024. Figures quoted are medians. *New compared to the International Energy Agency's World Energy Outlook 2022 – Stated Policies Scenario (STEPS) **Note that in previous iterations of the Net Zero Financial Crisis scenario, Net Zero was reached by 2050 and temperatures were limited to 1.5°C of warming (in line with Paris Agreement goals). Due to now allowing for updated historical emissions and temperature data, this is no longer feasible under the modelling assumptions. ***The Cambridge Econometrics base case is a climate-uninformed economic and financial outlook against which climate scenario impact is typically measured

Appendix 1 - Assumptions for DC Climate Scenario Analysis

LCP's modelling is designed to illustrate, for each climate scenario and the default lifestyle strategy, the development of a typical member's fund value.

The key investment assumptions behind its modelling are set out overleaf.

These assumptions are used within LCP's modelling to determine:

- the expected fund at retirement and various measures of the risk of achieving this; and
- the pension the member could buy and various measures of the risk of achieving this.

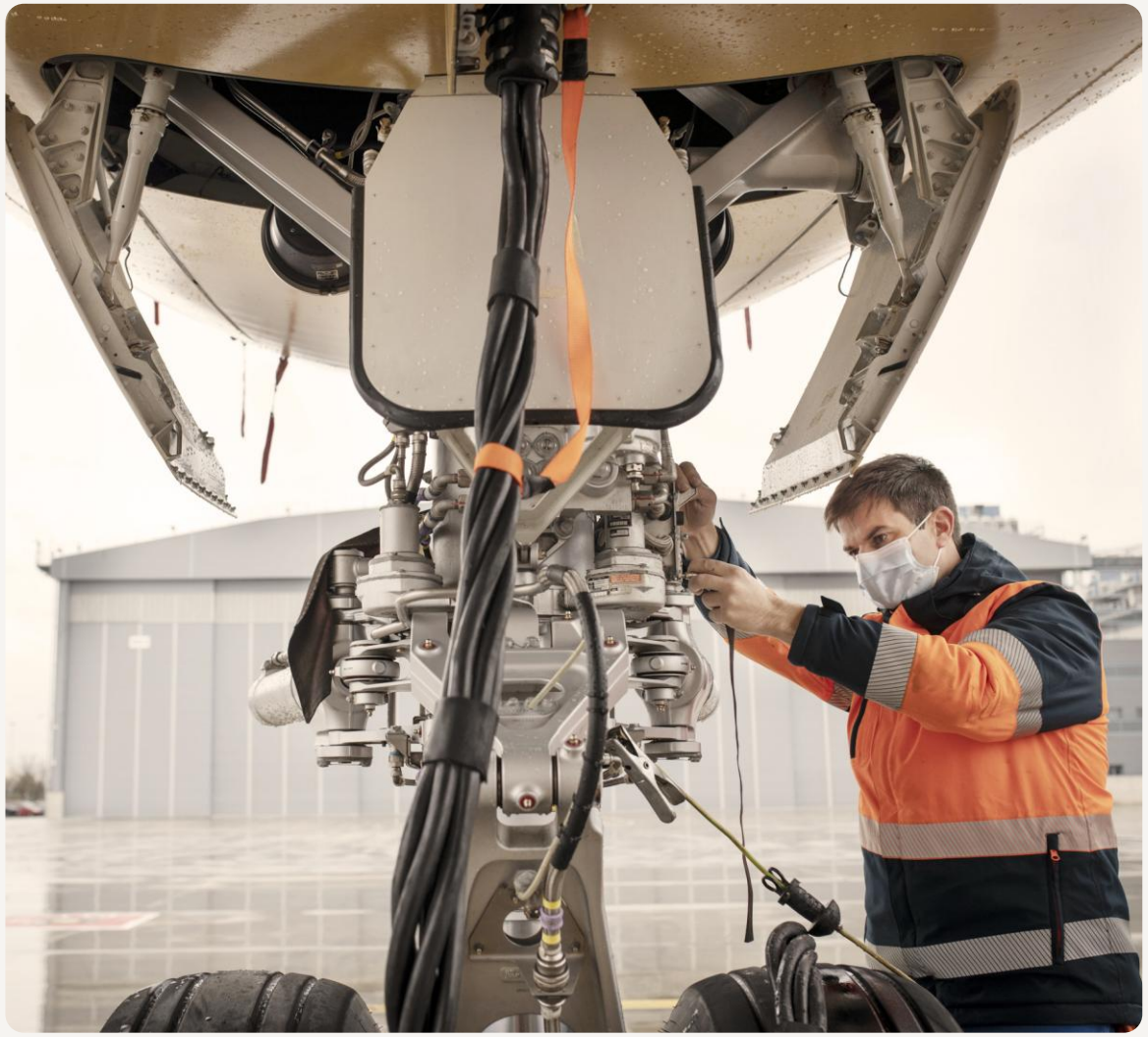
A 2.5% pa real increase in the member's salary is assumed. The output is shown in real terms.

LCP's assumptions for the long-term expected annual return and expected standard deviation of the annual returns for each asset class or investment are set out overleaf.

The expected return assumptions are geometric average long-term annual figures. The assumptions are intended to be best estimates; this means for each assumption there is a 50/50 chance that the observed value will be either higher or lower than assumed. The return assumptions have been reduced to allow for the typical investment management fees required to invest in each asset class.

The climate-uninformed expected return assumptions for cash, gilts, index-linked gilts, corporate bonds, high yield debt and emerging market debt are based on observed market yields as at 30 September 2025. Other climate-uninformed assumptions have been set by:

- looking at analyses of historical information;
- taking into account the views of a number of investment organisations; and
- making pragmatic judgements.



Appendix 2 - Further information on climate-related metrics

UK government bonds (DB and DC) and LDI

GHG emissions for government bonds (gilts) are calculated on a different basis from the other asset classes, so cannot be compared with the other emissions figures shown.

The emissions figures were calculated by the Trustee's investment adviser using publicly available data sources. As suggested in the statutory guidance, Scope 1+2 emissions have been interpreted as the production-based emissions of the country. Scope 3 emissions have been interpreted as the emissions embodied in goods and services imported by the country and consumed within the country (rather than re-exported).

In line with guidance from the Partnership for Carbon Accounting Financials (PCAF), emissions intensity has been calculated as:

$$\frac{UK\ \ GHG\ \ emmisions}{PPP\ -\ adjusted\ \ GDP\ \ for\ \ UK}$$

GHG emissions have then been calculated as:

$$Emmisions\ intensity\ \times\ value\ of\ a\ schemes\ investment\ gilts$$

For the LDI mandate, derivatives have been treated as an investment in an equivalent gilt. Greenhouse gas emissions have been calculated for the gilt exposure (including the repo loan amount) but not the swap positions. This is in line with the Trustee's understanding of the typical interpretation of the DWP guidance by investment managers and consultancies as not requiring estimation of emissions for swap exposures at this time.

Knight Frank Property

The climate-related metrics have been provided by the investment manager for the underlying property funds held as at 31 December 2024. The carbon footprint has been calculated using GRESB's Carbon Footprint Dashboard (from GRESB's 2025 results, applying to data for FY 2024). Where energy consumption data is missing from underlying funds, GRESB's Estimation Model applies a building's known data points e.g. floor size, location, property sub-market, to generate a highly representative estimation using GRESB's extensive global database. This allows GRESB to fill data gaps and provide 100% coverage. In the property industry, carbon intensities and data coverage are measured by floor area.

Aviva Lime Property

The climate-related metrics have been provided by the investment manager for the underlying property funds held as at 31 December 2023 and 2024 respectively.

In 2024, Aviva Investors implemented a new data management system, Deepki, to improve the accuracy and efficiency of real estate data collection and reporting. Deepki combines advanced data management tools, automated data feeds, and enhanced estimation methodologies. Historical data was migrated from the previous system, ADAPt, while 2024 onwards data is sourced through a combination of live utility provider feeds and manual inputs.

Where less than 100% actual data is available, Deepki uses estimation methodologies based on historical data and asset characteristics to calculate consumption and emissions. These include gap-filling, extrapolation, and indexing techniques, applied according to data coverage thresholds. This approach has improved portfolio-wide data coverage, transparency, and alignment with PCAF data quality scoring guidelines.

GHG emissions are calculated in Deepki using consumption data and internationally recognised standards, including the GHG Protocol and ISO 14064. Emission factors are applied using a hierarchy that prioritises regional factors where available, increasing accuracy over reliance on national or International Energy Agency databases alone.

The GHG Protocol categorises emissions into three scopes: Scope 1 covers direct emissions from owned sources, such as natural gas consumption; Scope 2 covers emissions from purchased electricity; and Scope 3 covers indirect emissions associated with activities such as tenant energy use, waste disposal, and business travel.

Appendix 2 - Further information on climate-related metrics

DC assets (excluding government bonds)

The data for the DC Section has been calculated using asset holdings as of 31 March 2026.

Unless otherwise stated, the metrics presented in this report are sourced from LGIM and are based on LGIM's calculation methodology. The exceptions are the Airbus Pension Scheme Short Dated Credit Fund and the underlying data for the Airbus Drawdown at Retirement Fund and Airbus Cash at Retirement Fund (sourced from BlackRock), and the Airbus Approaching Retirement Fund (sourced from Wellington).LGIM sourced carbon emissions data and company fundamental data from Institutional Shareholder Services (ISS), while BlackRock sourced the data from MSCI.

LGIM and BlackRock used data on carbon emissions from a company's operations and purchased energy for the calculation of carbon footprint. The formulas used to calculate the carbon footprints of the corporate holdings are:

- LGIM: $\sum_i^n \frac{carbon\ \ i}{EVICi} * adj\_weighti$
- Blackrock: $\sum_i^n \frac{Carbon\ \ Emissions\ \ Scope\ \ 1{+}2\ \ Intensity\ \ (EVICi){\times}(Market\ \ \ \ Valuei)}{NAV}$
- Wellington: We are currently working with Wellington to agree appropriate wording for disclosing their sourced data and calculation methodology.

where "i" is a term used to describe an investment in a particular company, and n is the total number of companies.

Our investment adviser, LCP, multiplied the carbon footprint (reported in tonnes CO2e per £1 million invested) by the amount invested by the Scheme in each fund, in £million, and adjusted for the coverage in order to derive the total carbon emissions figures

Where reported data was not available, where possible, modelling or estimations were used to fill the gaps. Notably:

- In LGIM's calculations, LGIM excludes ineligible and unavailable data. This means the carbon footprint figures will not assume zero emissions for the portion of the portfolio with no data. This approach ensures the carbon footprint is not artificially low because of lack of data leading to an incorrect conclusion that no emissions were produced by the part of the portfolio not covered.
- In BlackRock's calculation, BlackRock also excludes unavailable data. For example, absolute figures are shown as a percentage of available data while percentage figures are shown as a percentage of net asset notional value.

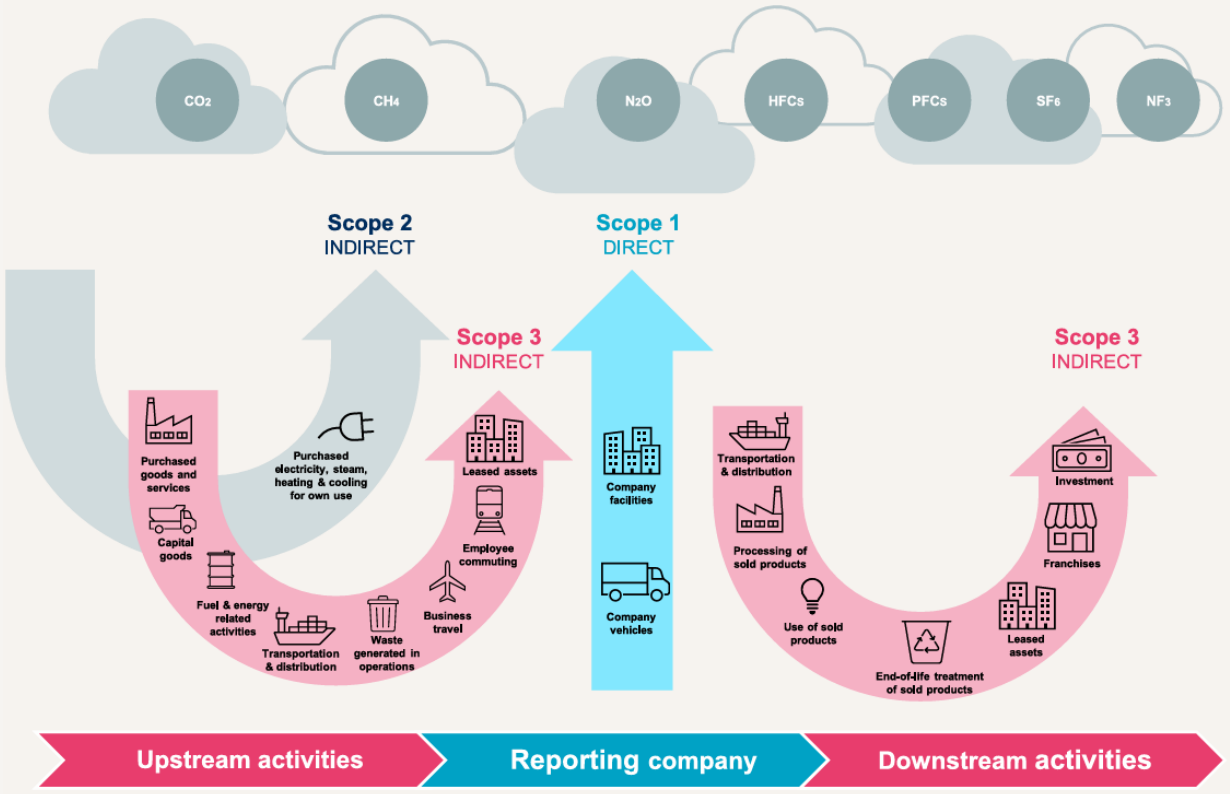
We have reported SBTs based on companies with targets accredited by SBTi rather than companies committed to an SBTi-aligned strategy but not yet accredited. The latter is the approach of some investment managers (including LGIM prior to this reporting year), however the Trustee has a preference for the more stringent approach. LGIM and BlackRock have also aligned their reporting with this approach for this reporting year.

Appendix 3 - Greenhouse gas emissions explained

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

The metrics related to greenhouse gas emissions are split into the following three categories: Scope 1, 2 and 3. These categories describe how directly the emissions are related to an entity’s operations. Scope 3 emissions often form the largest share of an entity’s total emissions, but are also the ones that the entity has least control over.

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



Source: GHG Protocol

Appendix 4 - Glossary

Actuarial valuation – an actuarial valuation is an accounting exercise performed to estimate future liabilities arising out of benefits that are payable to members of a DB pension Plan, typically once every three years. In the actuarial valuation exercise, a liability payout at a future date is estimated using various assumptions such as discounting rate and salary growth rate.

Alignment – in a climate change context, alignment is the process of bringing greenhouse gas emissions in line with 1.5°C temperature rise targets. It can be applied to individual companies, investment portfolios and the global economy.

Asset class – a group of securities which exhibit broadly similar characteristics. Examples include equities and bonds.

Bond – a bond is a security issued to investors by companies, governments and other organisations. In exchange for an upfront payment, an investor normally expects to receive a series of regular interest payments plus, at maturity, a final lump sum payment, typically equal to the amount invested originally, or this amount increased by reference to some index.

Buy-in – DB pension Plan trustees may choose to "buy-in" some of their Plan's expected future benefit payments by purchasing a bulk (ie one covering many individuals) annuity contract with an insurance company. This allows the trustees to reduce their Plan's risk by acquiring an asset (the annuity contract) whose cash flows are designed to meet ie "match" a specified set of benefit payments under the pension Plan. The contract is held by the trustees and responsibility for the benefit payments remains with the trustees. Common uses of buy-in arrangements have been to cover the payments associated with current pensioners or a subset of those members. Contracts to meet payments to members who are yet to become pensioners can also be purchased.

Buy-out – DB pension Plan trustees may choose to "buy-out" some or all of their Plan's expected future benefit payments by purchasing a bulk (ie one covering many individuals) annuity contract from an insurance company. The insurer then becomes responsible for meeting pension benefits due to Plan members (effected ultimately by allocating to each Plan member an individual annuity contract). Following a full buy-out, (ie one covering all Plan members) and having discharged all of the trustees' liabilities, the pension Plan would normally be wound up.

Carbon emissions - These refer to the release of carbon dioxide, or greenhouse gases more generally, into the atmosphere, for example from the burning of fossil fuels for power or transport purposes.

Carbon footprint – In an investment context, the total carbon dioxide or greenhouse gas emissions generated per amount invested (eg in £m) by an investment fund. Related definitions are used to apply the term to organisations, countries and individuals

Covenant – the ability and willingness of the sponsor to make up any shortfall between a DB Plan's assets and the agreed funding target.

Credit – long-term debt issued by a company, also know as corporate bonds. Corporate bonds carry different levels of credit risk which is indicated by their rating and credit spread.

Defined Benefit (DB) – a pension Plan in which the primary pension benefit payable to a member is based on a defined formula, frequently linked to salary. The sponsor bears the risk that the value of the investments held under the Plan fall short of the amount needed to meet the benefits.

Defined Contribution (DC) – a pension scheme in which the sponsor stipulates how much it will contribute to the arrangement which will depend upon the level of contributions the member is prepared to make. The resultant pension for each member is a function of the investment returns achieved (net of expenses) on the contributions and the terms for purchasing a pension at retirement. In contrast to a defined benefit scheme, the individual member bears the risk that the investments held are insufficient to meet the desired benefits.

Appendix 4 - Glossary

Debt – money borrowed by a company or government which normally must be repaid at some specified point in the future.

Default strategy – the fund or mix of funds in which contributions in respect of a DC member will be invested in the absence of any explicit fund choice(s) of that member. Environmental, social and governance (ESG) – an umbrella term that encompasses a wide range of factors that may have been overlooked in traditional investment approaches. Environmental considerations might include physical resource management, pollution prevention and greenhouse gas emissions. Social factors are likely to include workplace diversity, health and safety, and the company's impact on its local community. Governance-related matters include executive compensation, board accountability and shareholder rights.

Equity – through purchase on either the primary market or the secondary market, company equity gives the purchaser part-ownership in that company and hence a share of its profits, typically received through the payment of dividends. Equity also entitles the holder to vote at shareholder meetings. Note that equity holders are entitled to dividends only after other obligations, such as interest payments to debt holders, are first paid. Unlike debt, equity is not normally contractually repayable.

Fiduciary obligations – a legal obligation of one party (a fiduciary) to act in the best interest of others. Fiduciaries are people or legal entities that are entrusted with the care of money or property on behalf of others. They include pension Plan trustees.

Fossil fuels – fuels made from decomposing plants and animals, which are found in the Earth's crust. They contain carbon and hydrogen, which can be burned for energy. Coal, oil, and natural gas are examples of fossil fuels.

Funding position – a comparison of the value of assets with the value of liabilities for a DB pension Plan. Gilts – bonds issued by the UK government. They are called gilts as the bond certificates originally had a gilt edge to indicate their high quality and thus very low probability of default.

Greenhouse gas (GHG) emissions (scopes 1, 2 and 3) – gases that have been and continue to be released into the Earth's atmosphere. Greenhouse gases trap radiation from the sun which subsequently heats the planet's surface (giving rise to the "greenhouse effect"). Carbon dioxide and methane are two of the most important greenhouse gases.

Integrated risk management – Integrated risk management is an approach used by DB pension Plan trustees to identify, manage and monitor the wide range of risks (relating to investment, funding and covenant) which might impact the chances of meeting their Plan's overall objectives Liabilities – obligations to make a payment in the future. An example of a liability is the pension benefit 'promise' made to DB pension Plan members, such as the series of cash payments made to members in retirement. The more distant the liability payment, the more difficult it often is to predict what it will actually be and hence what assets need to be held to meet it.

LDI (Liability Driven Investment) – an investment approach which focusses more than has traditionally been the case on matching the sensitivities of a DB pension Plan's assets to those of its underlying liabilities in response to changes in certain factors, most notably interest rate and inflation expectations.

Net zero – this describes the situation in which total greenhouse gas emissions released into the atmosphere are equal to those removed. This can be considered at different levels, eg company, investor, country or global. Paris Agreement – the Paris Agreement is an international treaty on climate change, adopted in 2015. It covers climate change mitigation, adaptation and finance. Its primary goal is to limit global warming to well below 2°C, preferably to 1.5°C, compared to pre-industrial levels.

Physical risk – these are climate-related risks that arise from changes in the climate itself. They include risks from more extreme storms and flooding, as well as rising temperatures and changing rainfall pattens.

Responsible Investment (RI) – the process by which environmental, social and governance (ESG) issues are incorporated into the investment analysis and decision-making process, and into the oversight of investments companies through stewardship activities. It is motivated by financial considerations aiming to improve risk-adjusted returns.

Appendix 4 - Glossary

Science-based targets – targets to reduce greenhouse gas emissions that are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement.

Science-Based Targets initiative (SBTi) – an organisation that sets standards and provides validation for science-based targets set by companies and investors.

Scenario analysis – a tool for examining and evaluating different ways in which the future may unfold.

Scope 1, 2 and 3 – a classification of greenhouse gas emissions.

Segregated mandate – a segregated investment approach ensures that an investor's investments are held separately from those of other investors. This approach offers great flexibility – for example, the investor can stipulate the precise investment objective to be followed and can dictate which securities can or cannot be held.

Self-select – in contrast with a default fund, a self-select fund within a DC Plan is one of a range of funds that members can choose to invest in.

Stakeholder – an individual or employer that has an interest in any decision or activity of an organisation. The stakeholders of a company include its employees, customers, suppliers and shareholders.

Stewardship – stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. It is often implemented via engagement with investee companies and exercising voting rights.

Taskforce on Climate-related Financial Disclosures (TCFD) – a group of senior preparers and users of financial disclosures from G20 countries, established by the international Financial Stability Board in 2015. The TCFD has developed a set of recommendations for climate-related financial risk disclosures for use by companies, financial institutions and other organisations to inform investors and other parties about the climate-related risks they face.

Tipping points – Critical thresholds beyond which small incremental changes trigger large, abrupt, and potentially irreversible, impacts on climate outcomes, asset values, or financial system stability.

Transition risk – these are climate-related risks that arise from the transition to a low-carbon economy and can include changes in regulation, technology and consumer demand.