

New Airways Pension Scheme

Climate change governance and reporting in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)

Scheme year to 31 March 2025

1 Summary

Executive Summary

This report has been prepared in line with the recommendations of the Taskforce on Climate-Related Financial Disclosure (TCFD), as required by regulation. The TCFD developed a framework to help public companies and other organisations disclose climate-related risks and opportunities.

This report covers the Scheme year dating from 1 April 2024 to 31 March 2025 and describes the activities and approach taken by the Trustee to understand the climate-related opportunities and reduce the risks to the Scheme related to climate change across the investments, the liabilities and the sponsor (British Airways) covenant.

While the Trustee believes that climate-related risks are systemic and potentially highly material to the financial returns of some assets – the Scheme has significantly de-risked over the last few years which means that, in the Trustees' assessment, the financial risk to the Scheme is likely to be modest.

The following points are a summary of the detailed report that follows:

- Our governance structure includes specific roles, responsibilities and oversight regarding climate risks. In addition, the Scheme's overall risk management process includes consideration of climate change risk.
- The most recent climate scenario analysis was undertaken as at 31 December 2023. The Trustee believes it is still relevant, so it has been reproduced for this year's report. The Trustee will review the climate scenario analysis at least triennially or if there has been a material change to the strategic asset allocation, funding strategy or the scenario modelling approach.
- As the Pensions Regulator has noted, modelling the potential financial consequences of different climate scenarios is challenging. The Trustee recognises that outcomes could be materially different from those estimated and is committed to evolving its approach to scenario analysis as new tools are developed.

- We have chosen four climate-related metrics to monitor through time, namely carbon footprint, carbon intensity, data quality and portfolio alignment. We have also included Scope 3 emissions in the metrics data, where relevant. Page 5 summarises the results.

Finally, this is a developing area of financial and risk analysis; the Trustee will continuously review its approach and take appropriate advice from its professional external advisors.

Key Definitions

Definition of Scope 1, 2 and 3 emissions

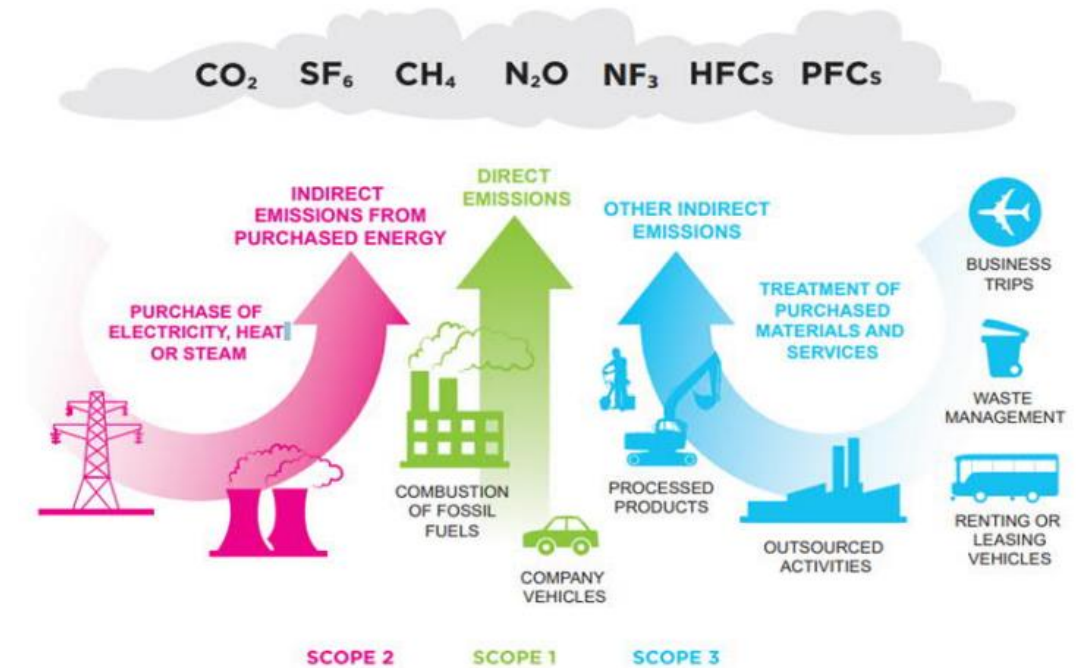
Scope 1, 2 and 3 emissions are as defined by the GHG protocol. The GHG Protocol Corporate Standard classifies a company's GHG emissions into three 'scopes'.

- Scope 1 emissions are direct emissions from owned or controlled sources.
- Scope 2 emissions are indirect emissions from the generation of purchased energy.
- Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

Definition of Greenhouse Gases (GHGs)

The Kyoto Protocol sets out the seven main GHGs as follows:

- Carbon dioxide, CO₂
- Sulphur hexafluoride, SF₆
- Methane, CH₄
- Nitrous oxide, N₂O
- Nitrogen trifluoride, NF₃
- Hydrofluorocarbons, HFCs
- Perfluorocarbons, PFCs



Executive Summary



Emissions Data

Based on available or estimated data, the scope 1 and 2 total absolute emissions for the portfolio decreased over the year. This was largely due three factors (1) a decline in the proportion of UK carbon emissions financed by the gilts owned by the Scheme, (2) an improvement the way carbon emissions associated with the Scheme’s private equity assets are estimated, and (3) a reduction in the Scheme’s allocation to direct property.

Absolute Carbon emissions ¹ (tons CO ₂ and equivalents)		
	31/12/2023	31/12/2024
Gilts/Index-linked Gilts (scope 1 and 2)	1,860,000	1,773,576
Rest of portfolio (scope 1 and 2)	257,769	189,855
Rest of portfolio (scope 3)	1,196,987	1,128,039

Carbon Footprint/Emissions Intensity ¹ (tCO ₂ e/£m)		
	31/12/2023	31/12/2024
Gilts/Index-linked Gilts (scope 1 and 2)	176.6	200.3
Rest of portfolio (scope 1 and 2)	59.1	43.3
Rest of portfolio (scope 3)	403.4	341.8



Focus on data

For Absolute Carbon Emissions and Carbon Footprint there is reported data for **77%*** of the Scheme’s assets.

Including estimated data, this reaches 83%*

*As at 31 December 2024 for Scope 1 and 2 emissions only.



Portfolio Alignment

Proportion of investments with verified Paris-aligned or declared net-zero targets - based on being SBTi² verified

Binary Targets	31/12/2023	31/12/2024
Listed Equity portfolio	43.5%	47.8%
Corporate Bond portfolio	49.8%	51.7%



Climate-Related Targets and progress


Target 1 Baseline date 31/12/2021	<i>The Trustee aims to reduce the carbon intensity of the passive listed equity allocation by at least 45% from 31 December 2021 baseline levels by 2030</i>	
	Change since 31 December 2021 (Scope 1,2 and 3 emissions)	-34%
Target 2 Baseline date 31/12/2022	<i>To increase the percentage of the issuers in the Buy & Maintain Credit portfolio (weighted by market value) that have an SBTi-approved target to 75% by 2030</i>	
	Verified Target: % of the market value invested in issuers with verified SBTi targets	51.7%


¹For BlackRock managed assets total portfolio emissions are split out between the Gilts and index-linked gilts within the Liability Matching Portfolio (i.e. sovereign bonds) and the remainder of the portfolio due to a difference in calculation methodology. The definitions of scope 1, 2 and 3 emissions are provided on page 4.


²Refers to Science Based Targets Initiative

Executive Summary

Potential impact on 31/12/2023 portfolio from different warming pathway scenarios, based on available data¹

	Temperature rise scenario		Risk Model	Funding change ²
	Orderly Transition ¹	~1.5°C	Transition Risk model	-0.8% / (-£67m)
			Physical Risk model	-0.2% (-£26m)

	Temperature rise scenario		Risk Model	Funding change ²
	Disorderly Transition ¹	~1.8°C	Transition Risk model	-0.8% / (-£82m)
			Physical Risk model	-0.3% (-£39m)

	Temperature rise scenario		Risk Model	Funding change ²
	Failed Transition ¹	~3.3°C	Transition Risk model	n/a ³
			Physical Risk model	-0.3% (-£42m)

What does this tell us?



The scenario analysis is based on the scheme's assets and liabilities as at 31 December 2023. As there has been no material change to the strategic asset allocation, funding strategy or scenario modelling approach since the analysis was conducted last year, the analysis has not been updated for this year's report. Based on the analysis, the Trustee believes that the current funding and investment strategies are resilient to climate-related risks.

Within its investment strategy the Trustee has adopted high interest rate and inflation hedge ratios and relatively modest allocations to growth assets, therefore the funding impact from the different scenarios shown is not likely to be financially material as can be seen from the figures on the left-hand side.

The Trustee acknowledges that there are limitations to the financial modelling of potential climate-related risks. BlackRock and the Scheme's advisers are working to evolve the analysis for future years.

The Trustee commits to reviewing the Scheme's scenario analysis at least every three years, or if there is a material change in Scheme circumstances, or a change in scenario modelling capabilities.

¹ These scenarios are based on the Network for Greening the Financial System (NGFS) representative scenarios. They only capture some of the likely effects on the Scheme in each case. Temperature rise is relative to pre-industrial levels.

² The estimated impact on the Scheme's funding ratio based on assets under management with BlackRock and the BlackRock liability proxy. This liability proxy is based on the 2021 Long-term Funding Target (LTFT) funding basis which will not necessarily match the liability value produced by the Scheme Actuary. The Scheme's assets and liabilities have not been adjusted for changes in longevity.

³ The Failed Transition scenario is based on "Current Policies" which are assumed to be priced in to current markets from a transition risk perspective. Source: BlackRock, December 2023. Readers are directed to the Disclaimers related to the scenario analysis in the Appendix.

Modelling includes the interest rate and inflation hedge ratios in place as at 31 December 2023 and is based on the BlackRock liability proxy adopted at the time of the analysis.

2 Introduction

Introduction

Dear Members

The Trustee of the New Airways Pension Scheme (“NAPS”) understands that the Scheme has a long-term payment horizon and believes that climate change represents a long-term systemic risk. However, the Scheme has significantly de-risked over the last few years which means that, in the Trustees’ assessment, the financial risk to the Scheme is likely to be modest.

The Trustee identifies, assesses and manages climate-related risks and opportunities for the Scheme, with support from the British Airways Pensions team, the Trustee’s investment manager and the Trustee’s external advisors:

- Investment manager – BlackRock
- Actuarial advisor – LCP
- Investment advisor – LCP
- Covenant advisor – PwC
- Legal advisor – CMS

The Trustee implements its investment strategy using an Outsourced Chief Investment Officer (OCIO) model, in which the investment manager, BlackRock, is also the stewardship provider. The Trustee believes it is important for climate-related risks and opportunities to be taken into account in stewardship activities carried out by the investment manager and in investment decisions proposed by the investment adviser. BlackRock believes that the transition to a low carbon economy will impact

macroeconomic trends, companies and portfolios, and hence dedicates significant resources to analysing and understanding climate-related risk and opportunities. This work informs its capital markets assumptions, and the way it votes and engages with investee companies and issuers.

We have set out this report according to the framework suggested by the TCFD, covering the following key areas:

- **Governance**

This section outlines the Scheme’s governance structure regarding climate-related risks and opportunities, including a breakdown of roles and responsibilities, implementation and oversight.

- **Risk management**

This section summarises the processes used by the Trustee to identify, assess, and manage climate-related risks.

- **Strategy**

This section covers the potential impacts of climate-related risks and opportunities on the Scheme’s funding and investment strategy.

Introduction

- **Metrics**

This section summarises the climate-related metrics which the Trustee has chosen to report for the Scheme and provides data for the investments held as at 31 December 2024.

- **Targets**

The climate-related target chosen by the Trustee, and progress over the reporting period, is provided in this section of the report.

- **Technical Section and Additional Information**

There is a great deal of technical information required for climate analysis and reporting, and in order to keep the report accessible and relevant, we have included the more granular detail in the technical section of the report.

The NAPS Trustee believes the approach outlined in this report is consistent with its fiduciary duty to the beneficiaries of the Scheme. Further, this report fulfils the requirements of the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 (as amended), which are themselves designed to align with the recommendations of the Taskforce on Climate-Related Financial Disclosure.

Further information about the Scheme, including the Statement of Investment Principles (SIP) and Responsible Investment (RI) Policy, can be found on the Scheme's publicly accessible website: www.mybapension.com/naps

A list of acronyms used in this report can also be found on the same website: www.mybapension.com/naps/documents/responsible-investment

Wayne Phelan

Chair of the Trustee

New Airways Pension Scheme

3 Governance

Governance

Trustee Board

The Trustee Board has ultimate responsibility for all aspects of the management and strategy of the Scheme including climate change governance and reporting.

The Trustee maintains a Statement of Investment Principles (SIP), which details the key objectives, risks and approach to considering ESG factors, such as climate change, as part of its investment decision making. The document is reviewed on at least an annual basis.

The Trustee also periodically reviews its responsible investment beliefs, including those related to climate change, and ensures these are reflected in the investment and governance approach taken.

Investment Committee (IC)

The Trustee Board has delegated the regular monitoring of climate risks and opportunities, to the IC. The IC also annually reviews the Scheme's Responsible Investment (RI) Policy including the approach to managing climate-related risks, with advice from the Scheme's investment advisor.

To ensure that the IC is fulfilling its duties adequately, the Trustee maintains a 'Terms of Reference' setting out the IC's responsibilities and delegations, including on ESG and RI issues. The Terms of Reference are subject to annual review by the Trustee Board.

Ongoing Governance Activity

Climate change continues to be present on agendas at Trustee Board and IC meetings at least annually. It is also discussed within other agenda items as part of wider discussions on funding or investment strategy, or as part of the investment manager appointment and review discussions.

Investment Advisor

The Trustee's investment advisor, LCP, advises on managing and monitoring investment-related risks, including climate change. The investment advisor works closely with the Scheme's appointed investment manager, BlackRock, to understand the impact of any strategic asset allocation changes on the Scheme's exposure to climate-related risks and opportunities. LCP representatives attend IC meetings (held at least quarterly) and Trustee Board meetings. Objectives have also been set for LCP which explicitly reference ESG and climate change and the Trustee carries out a review of the performance of LCP against these objectives annually.

Governance

Investment Manager

The investment manager, BlackRock, is responsible for the day-to-day implementation of the Scheme's investment strategy and RI Policy.

The investment manager provides annual reporting to the IC detailing the stewardship, engagement and voting activity conducted on behalf of the Trustee which includes commentary on climate change risks and opportunities for specific investments where relevant.

The Trustee has mandated that the investment manager should seek to integrate ESG factors, including climate-related risks and opportunities, in investment decisions.

BlackRock provides the Trustee with climate scenario analysis for the investments and liabilities of the Scheme when required by the Scheme or its advisors. BlackRock also provides climate-related metric data at least annually.

Scheme Actuary

The Scheme Actuary analyses and monitors the risk of climate change on the Scheme's funding strategy, including in respect to any potential effects on the mortality assumptions underlying the calculation of the Scheme's liabilities.

Covenant Advisor

The Trustee incorporates the effect of climate change on the Scheme's sponsor, British Airways, within its review and analysis of overall climate risk. The Trustee has appointed PwC as its covenant advisor. PwC provides covenant advice during the triennial valuation process, conducts quarterly covenant monitoring and incorporates climate risk into its analysis.

BA Pensions Executive

On behalf of the Trustee, the internal BA Pensions Executive team performs the day-to-day oversight function, challenging advisors and BlackRock and raising issues to the IC and Trustee Board, where appropriate.

Investment Advisor Objectives

In order to ensure that its advisors, including the investment, actuarial and covenant advisors, are taking adequate steps to identify and assess climate risks and opportunities, the Trustee sets objectives for its advisors, including ESG-related objectives where appropriate, and reviews these annually.

Governance

Implementation

Day-to-day management of the Scheme's investments including climate risk management, and the wider NAPS RI Policy, is delegated by the Trustee to the investment manager, BlackRock. BlackRock is responsible for:

- Portfolio management, including individual decisions on the purchase, retention and/or sale of investments;
- The integration of climate change and other ESG risks when making investment decisions as required by the RI Policy, including conducting specific climate-related analysis where appropriate;
- Stewardship, including engagement with held or prospective companies intended to protect and/or enhance the value of the Scheme's assets. Where appropriate this will include working to ensure that investee companies have appropriate climate-related policies and strategies in place;
- Climate-related scenario analysis where it has the potential to inform strategic decisions taken by the Trustee; and
- Production of annual ESG and climate specific reporting for the Trustee including portfolio metrics and analytics (such as emissions data) for monitoring and regulatory purposes.

Oversight

Oversight of the implementation of the Scheme's RI Policy is carried out, on behalf of the Trustee, by the BA Pensions Executive team and investment advisor. Tasks include:

- Regular liaison with the BlackRock Strategic Client Delivery Team. Subject matter experts, such as representatives from the various BlackRock Active Investment Stewardship and Responsible Investment teams, are made available for deep-dive reviews where relevant;
- Reviewing data/analysis/reporting outside of the regular meeting cycle;
- Ensuring sufficient reports and analysis are available to meet the Trustee's climate-related obligations and objectives, as discussed in their quarterly meeting cycle; and
- Reviewing any developments in industry practice, and changes in legislation and regulation.

Governance

Training

The Trustee received training from BlackRock on the Scheme's progress towards its climate-related metrics.

The BA Pensions team attending the meetings received the same training, in addition to joining industry events and with relevant staff keeping up to date with Continuing Professional Development (CPD) requirements.

ESG beliefs

The Trustee considers its Stewardship Priorities in light of the latest Stewardship guidance. It also considers these against the latest BlackRock's Active Investment Stewardship (BAIS) priority framework. The last time this was conducted it found a good mapping. The Trustee will keep under review how well its priorities are aligned with BlackRock's.

More information on the Scheme's stewardship activities is included in the Implementation Statement which can be found on the Scheme's publicly accessible website: <https://www.mybapension.com/naps/documents/index>

Responsible Investment Policy

The Trustee's Responsible Investment Policy can be found on the Scheme's publicly accessible website: <https://www.mybapension.com/naps/documents/responsible-investment>

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Environmental (including climate change), social and governance (“ESG”) issues are multifaceted and represent long-term systemic risks.

We recognise that ESG risks are financially material and need to be managed as we have a long-term payment horizon. We therefore seek to integrate ESG considerations into our decision-making and reporting processes across all asset classes.

Where consistent with our fiduciary duties, and applicable to our investment strategy, we will require our investment managers to actively engage and utilise their voting rights/engagement to drive up ESG standards in the organisations in which we invest.

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Trustee RI policy

4 Risk Management

Risk Management

Processes for identifying, assessing and managing climate-related risks and integration within the Trustee's overall risk management of the Scheme

A key part of the Trustee's role is to understand and manage risks that could have a financially material impact on both the Scheme's investments and the wider funding position and strategy. Climate change is one of the factors that the Trustee considers alongside other financially material risks that may impact the pension outcomes for members. This section summarises the primary climate-related risk management processes and activities of the Trustee Board and its sub-committees. These help the Trustee understand the materiality of climate-related risks, both in absolute terms and relative to other risks that the Scheme is exposed to.

The Trustee Board and its sub-committees prioritise the management of risks primarily based on the potential impact to the security of members' benefits.

In its role as investment manager, BlackRock plays an important part in analysing the climate-related risks and opportunities potentially relevant to the Scheme's assets and liabilities. It uses risk tools to help the Trustee identify existing and emerging climate-related risks. The Trustee has mandated that the investment manager should seek to integrate ESG factors, including climate-related risks and opportunities, in investment decisions.

Governance

The Trustee has documented its approach to ESG, including climate risk, into Scheme documents such as the SIP and the RI Policy, both of which are reviewed at least annually and set out how investment climate-related risks are managed and monitored.

The Trustee maintains a **risk register** to monitor and mitigate financially material risks to the Scheme. A specific RI risk is included: *"Identification, assessment and management of environmental (including climate-related), social and governance factors on the Scheme's assets, liabilities and investment strategy and regulatory compliance."* The

Trustee Board has delegated ongoing monitoring of the risk register to the Governance and Operations Committee, which meets at least quarterly.

The Trustee's governance process ensures climate-related risks are integrated into the Trustee's overall risk management approach and considered in the context of all risks faced by the Scheme, prioritised accordingly.

Strategy

The Trustee's advisors are required to take climate-related risks and opportunities into account as part of the wider strategic advice provided to the Trustee. This includes highlighting the potential impact of climate risk on expected returns and on the Scheme's mortality assumptions.

Climate scenario analysis for the Scheme will be reviewed at least triennially or if there has been a material change to the strategic asset allocation, funding strategy or the scenario modelling approach. A summary of the Trustee's latest climate scenario analysis is included in the next section of this report and is the primary tool to help the Trustee understand the materiality of climate-related risks and opportunities that could impact the Scheme over time.

Risk Management

Reporting

In order to better understand climate exposures, BlackRock provides climate-related reporting which is considered by the BA Pensions team and reviewed at least annually by the Trustee. This includes monitoring of the Trustee's choice of metrics and targets.

The Trustee, via the BA Pensions team and investment advisor, monitor BlackRock's stewardship (voting and engagement) programme for the Scheme's assets. On an annual basis, the stewardship reporting is also presented to the Trustee, considered and challenged where necessary.

BlackRock also provides the BA Pensions team with its Stewardship Annual Report.

Under the *Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019*, the Trustee is required to produce an Annual Implementation Statement, setting out how the voting and engagement policies described in the Scheme's Statement of Investment Principles have been followed. These statements include example case studies of BlackRock's significant engagement activity.

Current and previous implementation statements are included on the Scheme's public website: www.mybapension.com/naps/home/index

Asset Manager Review

BlackRock's conviction is that sustainability risk – and climate risk in particular – is investment risk. The BlackRock Active Investment Stewardship team engages with companies which are potentially exposed to climate related risks to assess how material sustainability-related factors impact a company's ability to generate long-term shareholder returns. Where BlackRock does not see enough progress, in particular where there is a lack of alignment combined with a lack of engagement, BlackRock may use its vote against management and will flag holdings for targeted review and engagement where they believe they may represent a risk to performance. Conversely, BlackRock believes companies that distinguish themselves in terms of their emissions trajectory, transition readiness and governance will often represent opportunities.

For example, looking just at corporate bonds held at the end of 2024 - 48.3% of the portfolio was invested in companies with no verified SBTi targets. Around half of that 48.3% was invested in public companies where engagements are tracked by BlackRock's Active Investment Stewardship team. Of the half that was invested in listed companies, BlackRock engaged on environmental matters with just over 70% (based on assets under management). Those included corporate bonds issued by banks, other financial services, media companies and utilities.

Risk Management: Transition Risks and Physical Risks

Climate Risks and Opportunities

The effects of climate change will be felt over many decades. The Trustee has considered two types of climate-related risks and opportunities in its climate scenario analysis:



Transition risks and opportunities

This covers the potential financial and economic risks and opportunities from the transition to a low-carbon economy (i.e. one that has a low or no reliance on fossil fuels), in areas such as:

- Policy and legislation
- Market
- Technology
- Reputation

Risks include the possibility of future restrictions, or increased costs, associated with high carbon activities and products. There are also opportunities, which may come from the development of low-carbon technologies. In order to make a meaningful impact on reducing the extent of global warming, most transition activities need to take place over the next decade and certainly in the first half of this century.



Physical risks and opportunities

The higher the future level of global warming, the greater physical risks will be in frequency and magnitude. Physical risks cover:

- Physical damage (storms; wildfires; droughts; floods)
- Resource scarcity (water; food; materials; biodiversity loss)

Physical risks are expected to be felt more as the century progresses, though the extent of the risks is highly dependent on whether global net zero greenhouse gas emissions are achieved by 2050.

There are investment opportunities, for example in newly constructed infrastructure and real estate, that are designed to be resilient to the physical impacts of climate change, as well as being constructed and operated in a way that have low or no net carbon emissions. There are also opportunities for investment in those companies or industries that focus on energy conservation and resource efficiency.

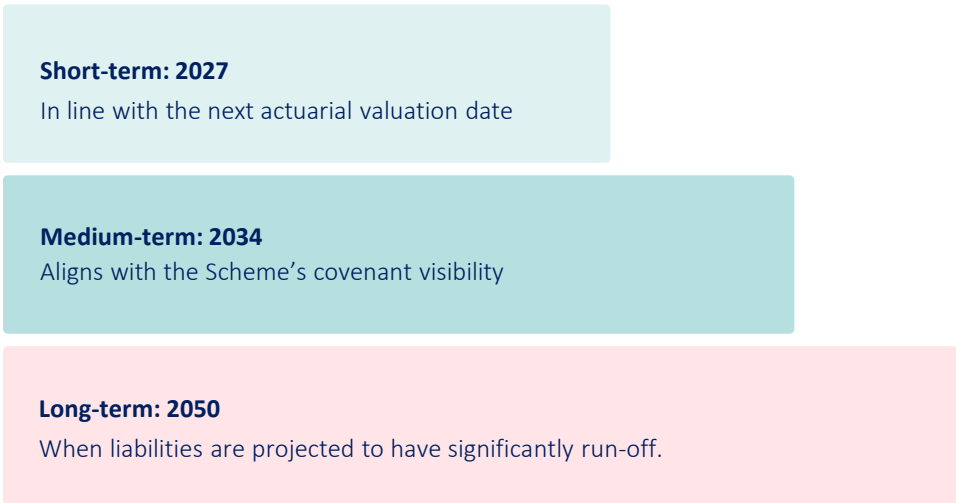
5 Strategy

Strategy: Time Horizons

Strategy

ESG issues, including climate change, are multifaceted and represent long-term systemic risks. The Trustee recognises that ESG risks are financially material and need to be managed as the Scheme has a long-term payment horizon. The Trustee therefore seeks to integrate ESG considerations into its decision-making and reporting processes across all asset classes. ESG considerations are integral to the development of the Scheme’s investment strategy. As a core part of this the Trustee has reviewed scenarios for future development in climate change and their potential impact on the Scheme’s assets and liabilities.

Time Horizons set by the Trustee



Short Term (Now to 2027)

- **Transition risks are greater than physical risks** with **moderate asset re-pricing risk** driven by:
 - Increases in private sector net zero commitments and clearer decarbonisation plans; and
 - Perceived or real increased pricing of greenhouse gas emissions/carbon.
 - Exposure to developing economies which have longer time horizons for country level phase down of fossil fuel usage.

Medium Term (2027 to 2034)

- **Transition risks continue to dominate** with **heightened asset re-pricing risk** driven by:
 - Future warming pathways become clearer;
 - Growth in market awareness and better pricing into asset valuations;
 - Unexpected policy changes that surprise markets; and

Long Term (2034 to 2050)

- **Physical risks become increasingly important:**
 - Development of technology and low carbon solutions; and
 - Policy, legislation and regulation likely to also play a key role at the international, national and subnational level.

Strategy: Impacts and Opportunities

Short Term (Now to 2027)

The Scheme's immediate exposure to climate-related risk is driven mainly by the Scheme's allocations to public and private equity. Although some industry sectors are likely to be materially impacted by transition risk in the near-term, the impact at an index-level may be modest.

Medium Term (2027 to 2034)

Over the medium term the Scheme is expected to broaden its exposure to lower-risk assets like corporate bonds. Market surprises due to unexpected policy changes related to climate change could lead to asset price volatility and therefore funding level volatility. Extreme weather events could also impact individual issuers, particularly those with physical assets in vulnerable geographies.

The Scheme manages down-side risk from its fixed income portfolios through security selection, where BlackRock as investment manager includes climate-related risks and opportunities in its investment process. The Scheme has also adopted a policy – through BlackRock as investment manager – of working with issuers to understand their climate-related transition strategies and, where appropriate, their commitments to decarbonisation.

The Scheme is also open to considering climate-related investment opportunities. As an example - while the Scheme's allocation to BlackRock's Strategic Alternative Income Fund (SAIF) does not have a direct climate-related mandate - it currently has significant investments in renewable energy including on- and off-shore wind and solar.

Long Term (2034 to 2050)

Physical risks will likely increase over the long term if global temperatures rise. Assets located in high-risk regions will be most impacted by acute hazards including wildfires, rising sea-levels, increased inland flooding, hurricanes and a rise in the number of extreme temperature days. They will also be impacted by chronic factors which in aggregate are likely to reduce GDP growth in most regions relative to a scenario without additional warming.

As the Scheme matures, the Trustee aims to reduce investment risk with a view to providing the greatest security possible for members' benefits. The Scheme has already taken steps in this direction, for example it maintains high levels of hedging against UK interest rate and inflation risk. It is likely to continue to reduce investment risk over the long term, increasing its exposure to high-quality, cash-generating assets such as investment grade corporate bonds and debt instruments, UK fixed interest gilts and index-linked gilts, and cash.

Strategy: Climate Scenarios

The most recent climate scenario analysis was undertaken as at 31 December 2023. The Trustee believes it is still relevant, so it has been reproduced for this year's report. The Trustee will review the climate scenario analysis at least triennially or if there has been a material change to the strategic asset allocation, funding strategy or the scenario modelling approach.

Given the uncertainty around the timing and impact of climate-related transition and physical risks, the Trustee has considered a range of possible climate scenarios modelling different risks to test the resilience of the Scheme's investment strategy and funding strategy. The purpose of scenario analysis is to better understand the risks and opportunities posed by climate change to the Scheme and to inform the Trustee's strategy and investment decisions accordingly. They are hypothetical constructs, not forecasts, predictions or sensitivity analyses. The scenarios model the investment strategy in place as at 31 December 2023 and assume this is static over all time horizons. Longevity changes have not currently been built in quantitatively to the analysis.

This report summarises three of these scenarios which present different trajectories, based on Network for Greening the Financial System (NGFS) representative scenarios:

1. **"Orderly Transition"** – this models **transition risk** and **physical risk separately** and the global average temperature increase is 1.5°C above pre-industrial levels.

- The Trustee has chosen this as it meets the requirement of modelling a scenario of a temperature increase within the range of 1.5°C - 2°C above pre-industrial levels; and
- Is in line with the Paris Agreement, a global government pact signed in 2015, designed to keep global warming well below 2°C, while pursuing efforts to limit it to 1.5°C.

2. **"Disorderly Transition"** – this models **transition risk** and **physical risk separately** and the global average temperature increase is 1.8°C above pre-industrial levels.

- The Trustee has chosen this as it represents a scenario that breaches the 2°C global average temperature increase; and
- This scenario assumes that some corrective actions are taken but is a delayed transition starting in 2030.

3. **"Failed Transition"** – this models **physical risk only** and the global average temperature increase is 3.3°C above pre-industrial levels.

- The Trustee has chosen this as it represents a scenario that breaches the 2°C global average temperature increase; and
- This scenario assumes no corrective action to reduce emissions is taken and current policies are maintained.

Strategy: Climate Scenarios

Based on the data available, all three scenarios have a **limited expected impact** on the Scheme’s funding position. In the context of the scenario analysis undertaken, the Trustee believes that the current funding and investment strategies are resilient to climate-related risks. The Scheme has adopted high interest rate and inflation hedge ratios and has modest allocations to growth assets. Due to this, the funding impact from the different scenarios is not significant.

31 December 2023	Transition Risk Change in Funding Ratio ¹	Physical Risk Change in Funding Ratio ¹
Orderly Transition	-0.8%	-0.2%
Disorderly Transition	-0.8%	-0.3%
Failed Transition ²	n/a	-0.3%

¹ The estimated impact on the Scheme’s funding ratio based on assets under management with BlackRock and the BlackRock liability proxy, based on the 2021 Long-Term Funding Target basis. The position shown is as a result of adjusting the present value of the current assets and liabilities.

² The Failed Transition scenario is based on "Current Policies" which are assumed to be priced in to current markets from a transition risk perspective.

The modelling may understate or overstate the true level of risk due to uncertainty around future economic impacts of climate change. In particular, it would not be appropriate to add together the impacts of a transition risk scenario and a physical risk scenario due to these being different models. Although the Trustee has evaluated the impact of transition and physical risk separately, it is conscious that it should take both into account. Analysis is developing in this area and the Trustee will review its scenarios in future reporting periods. The Technical Section of this report provides more detail on the modelling approach, along with the assumptions and limitations of the scenario analysis.

Source: BlackRock, December 2023. Readers are directed to the Disclaimers related to the scenario analysis in the Appendix.

Strategy: Climate Scenario 1 – Orderly Transition

Overview: BlackRock’s “Orderly Transition” scenario is based on the “Net Zero by 2050” pathway developed by the NGFS. Global warming is limited to c.1.5°C through stringent climate policies and innovation, with CO₂ emissions reaching “net zero” relative to pre-industrial levels in c.2050.

Risk Factors: Transition risk and physical risk factors.

Narrative: The main features of this scenario are higher carbon prices and taxes, higher end user energy prices and a changing energy mix (out to 2050). Those companies which rely heavily on energy, utility and basic materials are most severely affected. The financial model also incorporates changing consumer behaviour, which impacts demand for goods and services.

The impact of the Orderly Transition on the Scheme’s funding level has been considered over a single timespan over the lifetime of the scenario modelled. The model considers the impact of transition risk factors to 2050, covering the Scheme’s short, medium and long-term time horizons.

Outcome: The estimated impact on Scheme funding from physical and transition risk under this scenario is small. Transition risk in this scenario results mainly from UK inflation, which is expected to be driven higher in the short-term by rising carbon prices and an increase in government investment. Higher inflation increases the value of both the Scheme’s liabilities and to a slightly lesser extent its assets, with the impact in both cases being modestly offset by higher interest rates. Due however to the Scheme’s high levels of interest rate and inflation hedging, the overall impact on Scheme funding as modelled is modest.

This analysis has been conducted on the liability matching portfolio, public equity and private equity (via a proxy). Property, alternatives and diversified illiquid income have been excluded due to lack of data availability therefore the summary below may be underestimating the impacts on the overall strategy.

	Assets*	Liabilities**	Surplus (Deficit)	Funding Ratio	Change in Surplus	Change in Funding Ratio
Base, 31/12/2023	£14,206m	£13,109m	£1,097m	108.4%		
Orderly Transition – Transition Risk	£14,625m	£13,594m	£1,031m	107.6%	–£67m	–0.8%
Orderly Transition – Physical Risk	£14,128m	£13,056m	£1,071m	108.2%	–£26m	–0.2%

* Includes a negative adjustment of £133m for the value of the Scheme’s AVCs.

** The Scheme’s assets and liabilities have not been adjusted for changes in longevity. Liabilities are on the 2021 LTFT basis but are based on the liability proxy value from BlackRock’s Aladdin system. This will not necessarily match the liability value produced by the Scheme Actuary.

Source: BlackRock, December 2023. The Technical Section contains more information about the scenario modelled as well as the assumptions and limitations. Note: Totals may not sum due to rounding

Strategy: Climate Scenario 2 – Disorderly Transition

Overview: BlackRock’s “Disorderly” scenario is based on the “Delayed Transition” pathway developed by the NGFS which assumes policy action is delayed until 2030.

Risk Factors: Transition risk and physical risk factors

Narrative: This scenario assumes that the implementation of policies to ensure a transition to a low carbon economy is delayed until 2030. Carbon taxes are used to cut income tax, thus boosting private consumption. There is a negative shock to business confidence as stringent policies are introduced. Some corrective action is taken but temperatures still rise by 1.8 degrees by c.2100 relative to pre-industrial levels.

The impact of the Disorderly Transition scenario on the Scheme’s funding level has been considered over a single timespan over the lifetime of the scenario modelled. The model considers the impact of physical risk factors and transition risk factors (separately) to 2050, covering the Scheme’s short, medium and long-term time horizons.

Outcome: The estimated impact on Scheme funding from physical and transition risk under this scenario is also small. Transition risk in this scenario is delayed relative to that modelled under an orderly transition, with policy action impacting economies and markets mainly after 2030. The impact of physical risk is similar to the orderly transition as the increased physical risk due to higher temperatures is mainly evident post-2050. Due to the Scheme’s high levels of interest rate and inflation hedging, the overall impact on Scheme funding as modelled is modest.

This analysis has been conducted on the liability matching portfolio, public equity and private equity (via a proxy). Property, alternatives and diversified illiquid income have been excluded due to lack of data availability therefore the summary below may be underestimating the impacts on the overall strategy.

	Assets*	Liabilities**	Surplus (Deficit)	Funding Ratio	Change in Surplus	Change in Funding Ratio
Base, 31/12/2023	£14,206m	£13,109m	£1,097m	108.4%		
Disorderly Transition – Transition Risk	£14,453m	£13,437m	£1,016m	107.6%	-£82m	-0.8%
Disorderly Transition – Physical Risk	£14,115m	£13,056m	£1,058m	108.1%	-£39m	-0.3%

* Includes a negative adjustment of £133m for the value of the Scheme’s AVCs.

** The Scheme’s assets and liabilities have not been adjusted for changes in longevity. Liabilities are on the 2021 LTFT basis but are based on the liability proxy value from BlackRock’s Aladdin system. This will not necessarily match the liability value produced by the Scheme Actuary.

Source: BlackRock, December 2023. The Technical Section contains more information about the scenario modelled as well as the assumptions and limitations. **Note: Totals may not sum due to rounding**

Strategy: Climate Scenario 3 – Failed Transition

Overview: BlackRock’s “Failed Transition” scenario is based on the “Current policies” pathway developed by the NGFS.

Risk Factors: Physical risk factors only. Transition risk is not modelled as BlackRock makes the assumption that current policies are reflected in current asset prices.

Narrative: This scenario assumes that current policies are maintained, and that no additional corrective action is taken to reduce emissions is taken.

The impact of Failed Transition scenario on the Scheme’s funding level has been considered over a single timespan over the lifetime of the scenario modelled. The model considers the impact of physical risk factors to 2050, covering the Scheme’s short, medium and long-term time horizons.

Outcome: The impact of physical risk is similar to the orderly and disorderly transitions as the increased physical risk due to higher temperatures is mainly evident post-2050. The Trustee recognises that as temperatures rise, some regions will be increasingly impacted by acute weather events and that these may not be reflected in the analysis shown. The Scheme’s high allocation to UK corporate and government bonds, and its high levels of interest rate and inflation rate hedging are likely however to mitigate the impact on the Scheme’s funding level.

This analysis has been conducted on the liability matching portfolio, public equity and private equity (via a proxy). Property, alternatives and diversified illiquid income have been excluded due to lack of data availability therefore the summary below may be underestimating the impacts on the overall strategy.

	Assets*	Liabilities**	Surplus (Deficit)	Funding Ratio	Change in Surplus	Change in Funding Ratio
Base, 31/12/2023	£14,206m	£13,109m	£1,097m	108.4%		
Failed Transition – Physical Risk	£14,112m	£13,056m	£1,056m	108.1%	-£42m	-0.3%

* Includes a negative adjustment of £133m for the value of the Scheme’s AVCs.

** The Scheme’s assets and liabilities have not been adjusted for changes in longevity. Liabilities are on the 2021 LTFT basis but are based on the liability proxy value from BlackRock’s Aladdin system. This will not necessarily match the liability value produced by the Scheme Actuary.

Source: BlackRock, December 2023. The Technical Section contains more information about the scenario modelled as well as the assumptions and limitations. **Note: Totals may not sum due to rounding**

Strategy - Covenant

Impact of climate-related risks and opportunities on the covenant provided by British Airways ("BA")

Climate change poses a unique challenge to the aviation industry, which is currently reliant on carbon-intensive technology for its operations. Further, potential disruption arising from extreme weather events and the high level of investment required to meet net zero targets have the potential to adversely impact BA and its operations. Climate-related risks and opportunities are therefore increasingly significant to the Trustee's assessment of the strength of the employer covenant and covenant horizon. The following section considers key climate-related risks and opportunities and their potential covenant impact over the short, medium and long term.

BA's climate strategy

BA has developed its own strategy, also reflected as part of its 2024 Transformation Plan, to achieve net zero carbon emissions by 2050. This is predicated on the delivery of operational efficiencies, investment in lower emissions aircraft, use of sustainable aviation fuels ("SAF"), and investment in carbon reductions and removals in other sectors. Below is a summary of the short, medium and long-term initiatives being undertaken by BA as part of its sustainability strategy:

Carbon reduction and removals initiatives

- BA participates in the European Trading System ("ETS") and the Carbon Offsetting and Reduction Scheme for Aviation ("CORSIA").
- BA has also partnered with CUR8, UNDO and Standard Chartered to partake in a pilot scheme involving the purchase of more than 4,000 tonnes of carbon removal credits. The credits are delivered by UNDO, which uses nature-based technology to permanently lock away CO₂ from the atmosphere.

Investment in new aircraft and improving operational efficiency

- BA is investing in more modern, fuel-efficient aircraft which are up to 35% more fuel efficient than those they replace.
- Pilots continually refine operational practices, such as optimised landing gear deployment to improve operational efficiency in the air.
- Where possible, BA is replacing diesel and petrol pushback vehicles with more sustainable electric alternatives.

Investment in SAF production

- SAF can be incorporated into existing fuel supply infrastructure and aircraft and is expected to meet c.50% of BA's fuel needs by 2050. IAG has committed to 10% of its fuel needs being met by SAF by 2030.
- To support these targets, BA has partnered with a number of companies to supply and scale SAF production, including Lanzajet (supported by Nova Pangea Technologies), Phillips 66, Aemetis, Twelve and, recently, EcoCeres.

Investment in hydrogen technology

- BA recognises hydrogen-powered aircraft's potential to achieve zero emissions on short-haul routes by 2050.
- To support this longer term ambition, it has invested in ZeroAvia, which is a leading innovator in decarbonising commercial aviation.

Strategy - Covenant

Climate-related risks and opportunities

In accordance with earlier sections, the Trustee categorises climate-related risks and opportunities as either transition or physical.

Transition risks

Transition risks relate to the transition to a low-carbon economy. The airline industry is exposed to a variety of transition risks, including changes in the regulatory environment, technological changes, changes in consumer demand and reputational damage. A summary of the key risks facing BA is set out below:

- **Demand** may be adversely impacted by changing attitudes towards the negative effects of flying on climate:
 - **Business travel demand** may reduce as organisations seek to meet their own climate-related targets. However, we do not consider this to be a material risk in the short to medium term and any reduction may be offset by increased leisure demand, as has been observed post-pandemic.
 - **Consumer demand** may reduce over the medium to long term due to increasing global concerns about climate change, with some consumers seeking alternative modes of transport or choosing to travel less. We anticipate the risk of reduced consumer demand and a potential loss of market share to increase, particularly where BA is not at the forefront of adopting low carbon technologies.
 - It is important to note that any reduction in demand is likely to occur over time and should, therefore, be more manageable for BA than a step change.
- **Regulatory risks** are likely to increase, particularly over the medium term, driven by several factors, including:
 - The speed at which airlines are required to adhere to net zero regulation and regulation relating to non-CO₂ impacts;
 - Requirements to comply with CORSIA (market-based emission offset program) on all international flights; and
 - The adoption of greenhouse gas emission and climate-related goals by certain airports.
- **Navigating potential policy asymmetry** between the global territories in which BA operates and maintaining compliance could prove a challenge in the medium to long term, with any failure to comply giving rise to potential fines and reputational damage.
- **SAF** is unlikely to present a wide-scale low-carbon solution in the short to medium term. Despite the UK Government's SAF mandate, it is unlikely economies of scale will be achieved in the production of SAF in the near term, rendering it considerably more expensive than conventional jet fuel. Until supply constraints are overcome, use of SAF has the potential to erode profitability, particularly in the short to medium term.

Strategy - Covenant

- **Technology** required to facilitate the transition to net zero is not yet available at scale and remains subject to development. The availability of more efficient aircraft is ultimately dependent on manufacturers and the rate of technological change, both of which are beyond BA's control. However, the need for investment in new technology, particularly if mandated by the regulatory environment, is likely to increase in the medium to long term. BA's capacity to invest in new aircraft and low-carbon solutions is driven by its cash reserves and access to finance, which could put pressure on the airline's liquidity, particularly if policy changes are abrupt. Notwithstanding, the pace of technological change renders an abrupt transition to new technologies less likely to occur in the short term.
- **Access to finance** could be restricted over the medium to long term if investors and finance providers place greater emphasis on climate-related criteria which BA fails to meet. Any such failure to adhere to criteria could potentially impact the airline's capacity to invest and may adversely impact its share price.

Physical risks

Physical risks of climate change include the impact of extreme weather events due to a warming climate. The airline industry is particularly exposed to such events, which have the potential to severely disrupt operations, damage assets and ultimately reduce profitability. A warming climate is likely to increase the frequency and intensity of such events and is therefore likely to exacerbate physical risks in the medium to long term.

Opportunities

BA's strong position at London Heathrow and its investment in low-carbon innovators present an opportunity for the airline to differentiate itself in the market and become a market leader during the transition to net zero. In particular, its adoption of low-carbon solutions such as SAF and commitment to climate-related targets and metrics could reduce negative perceptions associated with the industry and bolster demand in the short to medium term.

Strategy - Covenant

Monitoring climate-related covenant risks and opportunities

As part of the ongoing monitoring of the strength of the covenant, the Trustee will consider the following climate-related opportunities and risks and an ongoing basis:

- Performance against reported sustainability targets;
- BA's compliance with evolving regulatory frameworks in respect to climate change and the transition to a net zero economy;
- Technological developments in the aviation space and pace of progress;
- Risks of "green" finance criteria and potential impact on BA's access to finance in the medium to long term; and
- Evolving consumer sentiment in respect to air travel and its impact on demand for both business and leisure travel.

Conclusion

The aviation industry is particularly exposed to the transition risks associated with a net zero world; however, the rate of technological change is likely to curb an abrupt transition. Whilst BA has made commitments to achieving net zero, the Trustee recognises that the challenges of successfully navigating the changing regulatory environment, remaining compliant across different territories and meeting the level of investment required to achieve net zero, along with increased physical risks arising from extreme weather events, could adversely impact the covenant beyond the covenant horizon.

The impact of climate on the employer covenant is therefore considered as part of the Scheme's funding and investment strategy.

Strategy - Actuarial

Impact of Climate-Related Risks on the Liabilities of the Scheme

The modelling carried out by BlackRock under the Scenario Analysis considers the impacts on the liabilities* by applying consistent stresses to those applied to the assets. However, BlackRock's model currently makes no allowance for the potential impact of climate change on life expectancy and so the Trustee has worked with its actuarial advisor, LCP, to further consider this risk.

Longevity Assumptions

The Trustee makes an assumption about how long Scheme members will live, and therefore how long pensions will be paid for. If a member lives longer, the Scheme pays the member's pension for longer and therefore needs more assets to make the payments. Typically, the Trustee will review its assumption for future life expectancy every three years as part of the formal actuarial valuation.

Climate-Related Impact

The impact of climate change on life expectancy is highly uncertain. The Trustee has considered at a high-level what the potential impacts of climate change might be on members' life expectancies under its chosen scenarios over the three timescales described in this report. This identified drivers that could result in either an increase or decrease in future life expectancies.

For example, in the Failed Transition scenario, the continued use of fossil fuels may lead to higher temperatures, reducing cold-related deaths in winter and potentially increasing life expectancies. However, this effect could be offset by less prosperous economic conditions, which may limit the funding available for healthcare and therefore reduce life expectancies. The extent to which these (and many other) factors outweigh each other will determine whether life expectancies increase or decrease.

Allowance in the most recent actuarial valuation

As part of the 2024 actuarial valuation, the Trustee considered the impact of climate risk when making assumptions about future investment returns. The impact of climate change on longevity assumptions is highly uncertain and so no explicit impact was built into the longevity assumptions agreed for the 2024 actuarial valuation. However, the Trustee did consider uncertainties associated with life expectancy and the sensitivity of the valuation results to the assumptions made. For example, the Scheme's liabilities would be around 1% higher if mortality rates were 5% lower than the mortality assumption adopted.

The Trustee will keep this area under review and consider it further as part of its strategic planning, risk management frameworks and for the next actuarial valuation as at 31 March 2027.

* The liabilities modelled by BlackRock will differ slightly from those modelled by the Scheme Actuary due to differing model approaches and assumptions. The modelling shown in this report is based on the 2021 LTFT liabilities.

6 Metrics

Metrics: Introduction

This report presents data analysis for the Scheme's assets as at 31 December 2023 and 31 December 2024, where available.

The Trustee has chosen to present four climate-related metrics in this report. These climate-related metrics help the Trustee to:

- Understand the climate-related risk exposures and opportunities within the Scheme's investment strategy; and
- Identify areas potentially requiring risk management, which might include asking the investment manager to conduct additional due diligence.



Absolute Emission Metric: Total Greenhouse Gas (GHG) Emissions



Emissions Intensity Metric: Carbon Footprint



Additional Metric: Data Quality



Portfolio Alignment Metric: Binary Target

The Trustee recognises the challenges associated with the various metrics, tools and modelling techniques used to assess climate risk. The Trustee will work with BlackRock to continuously improve the approach to assessing and managing risks over time as more data becomes available. The Technical Section of this report sets out the data limitations and assumptions used in collating these metrics.

Comment on data: The Trustee is taking steps to address data gaps that are present, where possible. The Trustee seeks improvements from the industry, its investment manager and entities it has exposure to. BlackRock engages with companies to improve their data reporting in this area and with industry organisations on ways to enhance reporting of sovereign data. The Trustee notes that emissions figures shown may increase as more data becomes available.

Metrics: Absolute Emissions Metric – Total GHG Emissions

“Total GHG Emissions” measures the total Green House Gas (GHG) emissions associated with a portfolio. It attempts to calculate the amount of carbon emissions the Scheme “owns” (or finances) as a consequence of its holdings. Total GHG Emissions are measured in tonnes of CO₂ equivalent (“tCO₂e”) based on the Kyoto Protocol covering seven main GHGs^{1,2}.

Scope 1 and 2 carbon emissions data has been calculated for all asset classes where data is available. Proxies have been used for asset classes where data is not available, where BlackRock believes that to be an appropriate approach. **Data is reported for 76.7% of the portfolio, and allowing for estimated data the Trustee is reporting on 82.6% of the portfolio (Scope 1 and 2 only). Estimated scope 3 data is available for 22.6% of the portfolio. Figures at 31 December 2024.**

Scope 3 emissions are included for the Scheme’s equity and corporate bonds portfolios. Due to low availability of company reported Scope 3 data, this has been estimated across the 15 GHG Protocol stated categories based on MSCI’s internally vetted model.

The emissions data helps the Trustee to see the breakdown of where the emissions come from, to understand the exposures to climate-related risk within the investment strategy. The largest allocation for the Scheme is to the Liability Matching Portfolio, and this drives the bulk of Scope 1 and 2 emissions (based on available data). This portfolio provides good protection against changes in interest rates and inflation and therefore the Trustee expects the allocations to these assets to remain stable or increase over time as the funding level improves. The majority of this portfolio is invested in UK Government bonds and so will be aligned with the UK Government’s climate-related targets. Currently, the UK is targeting emissions reductions of 78% by 2035 relative to 1990 levels. The Trustee has very limited ability to influence these carbon reduction targets set by the UK Government. The methodology for the Gilts, Index-linked Gilts and Gilt TRS emissions within the Liability Matching Portfolio and the remainder of the portfolio is different.

Based on available or estimated data, the scope 1 and 2 total absolute emissions for the portfolio decreased over the year. This was largely due three factors (1) a decline in the proportion of UK carbon emissions financed by the gilts owned by the Scheme, (2) an improvement the way carbon emissions associated with the Scheme’s private equity assets are estimated, and (3) a reduction in the Scheme’s allocation to direct property. Scope 3 emissions for the portfolio slightly reduced over the period.

Total Absolute Emissions - GHG Emissions (tCO ₂ e) ²	31/12/2023	31/12/2024
Liability Matching Portfolio (scope 1 and 2)	1,860,000	1,773,576
Rest of portfolio, where available (scope 1 and 2)	257,769	189,855
Rest of portfolio, where available (scope 3)	1,196,987	1,128,039

31/12/2024	Allocation (%)	Scope 1 and 2 GHG Emissions (tCO ₂ e) ²	Scope 3 GHG Emissions (tCO ₂ e) ²	Comments
Equities - Global Passive	6.1	21,174	167,154	
Private Equity	4.1	2,903	74,684	Proxied using listed equities
Property including DII inflation linked property	8.4	11,468	-	Data/proxies not available for Scope 3 emissions. Development properties are NA
Alternatives	2.4	-	-	Data/proxies not available
DII (excluding property)³	9.5	-	-	Data/proxies not available
Corporate Bonds	15.4	154,310	886,202	
Liability Matching Portfolio – Gilts, Repo, TRS	52.3	1,773,576	-	Appendix has further details. Data/proxies not available for Scope 3 emissions
Cash	1.7	-	-	Data/proxies not available

1) Seven main GHGs: carbon dioxide, methane, nitrous oxide, nitrogen trifluoride, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.

2) Total GHG Emissions assumes securities for which there is no reported or estimated carbon emissions data have portfolio-average Carbon Footprint. Total GHG Emissions are higher (more conservative) than they would be if we assumed the contribution from these securities was zero.

3) DII definition includes: ABS, CLO, SAIF, Legacy Floating Rate Funds, Secure Income property and Real Assets

Metrics: Emissions Intensity Metric – Carbon Footprint

“Carbon Footprint” calculates the carbon intensity of each asset class by dividing the total GHG emissions of each portfolio by the size of the portfolio in pounds sterling. Carbon Footprint is measured in tonnes of CO₂ equivalent per £ million invested.

Scope 1 and 2 carbon emissions data has been calculated for all asset classes where data is available. Proxies have been used for asset classes where data is not available where we believe that to be an appropriate approach. **Data is reported for 76.7% of the portfolio, and allowing for estimated data the Trustee is reporting on 82.6% of the portfolio (Scope 1 and 2 only). Estimated scope 3 data is available for 22.6% of the portfolio. Figures at 31 December 2024.**

Scope 3 emissions data are included for the Scheme’s equity and corporate bonds portfolios. Due to low availability of company reported Scope 3 data, this has been estimated across the 15 GHG Protocol stated categories based on MSCI’s internally vetted model.

The Liability Matching Portfolio and the Corporate Bond holdings show the highest emissions intensity of the data available (based on Scope 1 and 2 emissions data). However, these assets are included within the strategic asset allocation as they provide liability matching characteristics and good protection against changes in interest rates and inflation. The Trustee expects the allocations to these assets to remain stable or increase over time as the funding level improves. There are limited levers available to influence the intensity figure for government bonds within the Liability Matching Portfolio.

Carbon Footprint - (tCO ₂ e/£m) ¹	31/12/2023	31/12/2024
Liability Matching Portfolio (Scope 1 and 2)	176.6	200.3
Rest of portfolio, where available (Scope 1 and 2)	59.1	43.3
Rest of portfolio, where available (Scope 3)	403.4	341.8

31/12/2024	Allocation (%)	Scope 1 and 2 Carbon Footprint (tCO ₂ e/£m) ¹	Scope 3 Carbon Footprint (tCO ₂ e/£m) ¹	Comments
Equities - Global Passive	6.1	26.9	212.6	
Private Equity	4.1	5.5	141.4	Proxied using listed equities
Property including DII inflation linked property	8.4	10.5	-	Data/proxies not available for Scope 3 emissions. Development properties are NA
Alternatives	2.4	-	-	Data/proxies not available
DII (excluding property)³	9.5	-	-	Data/proxies not available
Corporate Bonds	15.4	77.7	446.1	
Liability Matching Portfolio – Gilts, Repo, TRS	52.3	200.3	-	Technical Section has further details. Data/proxies not available for Scope 3 emissions
Cash	1.7	-	-	Data/proxies not available

1) Carbon Footprint is calculated only for securities where BlackRock has either reported or estimated carbon emissions data. Carbon intensity is higher than it would otherwise be.

2) DII includes: ABS, CLO, SAIF, Legacy Floating Rate Funds, Secure Income property and Real Assets

3) Enterprise value data is not available for c.3.1% of the corporate bond portfolio. Where that’s the case, securities are excluded from both Total GHG Emissions and Carbon Footprint.

Source: BlackRock, Aladdin Climate, MSCI, Bloomberg. All data is as at 31 December 2024 unless otherwise noted.

Metrics: Additional Metric – Data Quality across the portfolio

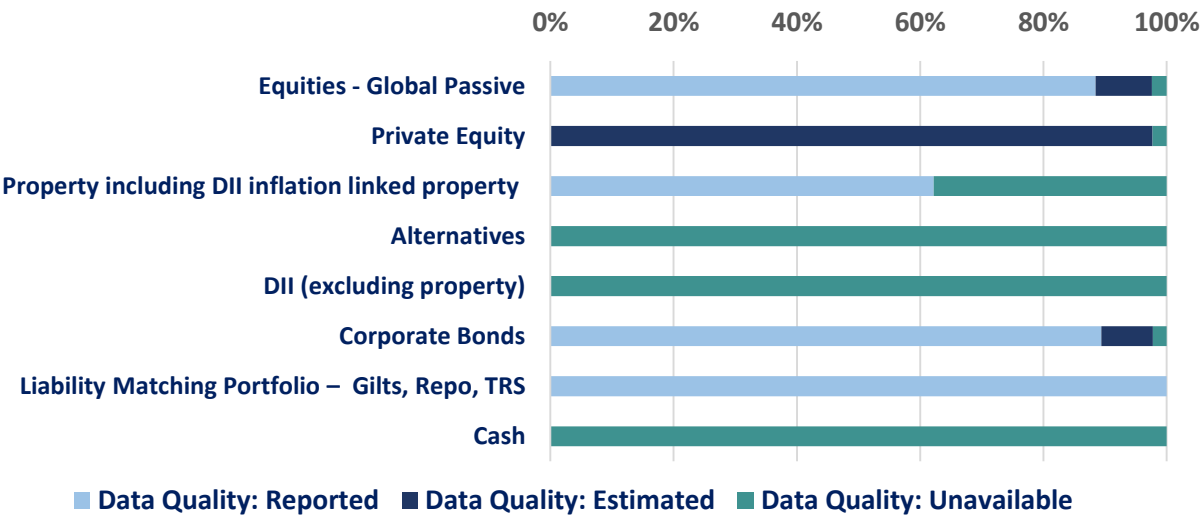
“Data Quality” will – over time – help the Trustee evaluate the reliability of the information collected. The measure aims to represent the proportions of the portfolio for which the Trustee has high quality data. This is based on four factors which consider what proportion of the data is verified, reported, estimated or unavailable. Note that BlackRock have been unable to source a breakdown between reported data that is verified or unverified. Therefore, the carbon emissions data shown is classified as “reported”, “estimated” or “unavailable”. Where it is unavailable, as noted in the previous two pages, a proxy has been used if relevant.

Comment on Scope 1 and 2 data: For the equity and corporate bond mandates the level of reported data is reasonably high with only a small proportion unavailable or estimated. For property, the data quality is good for non-developmental projects, but data is unavailable for developmental. The largest mandate, the Liability Matching Portfolio has 100% reported carbon emissions data.

Where reported, the data quality is generally high giving the Trustee comfort in the figures and the ability to use the data to assess climate-related risks and opportunities. However, there is still some way to go to improve overall data quality in the portfolio and across the industry particularly in unlisted assets.

Scope 3 emissions data are included for the majority of the Scheme’s equity and corporate bonds portfolios. Due to low availability of company reported Scope 3 data, this has been estimated across the 15 GHG Protocol stated categories based on MSCI’s internally vetted model.

Scope 1 and 2 data quality across the portfolio as at 31 December 2024



Note that even where carbon emissions data may be available, other data points essential for certain calculations may not be available. The data quality figures shown reflect the availability of emissions data only.
**Property includes DII inflation-linked property*
***DII definition includes: ABS, CLO, SAIF, Legacy Floating Rate Funds, Secure Income property assets and Real Assets. Data shown excludes DII inflation linked property*
****Enterprise value data is not available for c.3.1% of the corporate bond portfolio. These securities are excluded from both Total GHG Emissions and Carbon Footprint*
Private Equity has been proxied using a listed benchmark. Data or proxies are not available for Alternatives, DII (excluding property) TAA and Cash.
Source: BlackRock, MSCI, Bloomberg. All data is as at 31 December 2024 unless otherwise noted.

Metrics: Portfolio Alignment – Binary Target

A "**portfolio alignment**" metric means a metric which indicates the alignment of the Scheme's assets with the climate change goal of limiting the increase in the global average temperature to 1.5 degrees Celsius above pre-industrial levels (i.e. In line with the goals of the Paris agreement).

This "**binary target**" measurement measures the alignment of the portfolio with a given climate outcome, based on the proportion of investment in the portfolio with declared net zero or Paris-aligned targets.

Science Based Targets initiative (SBTi)'s Portfolio Coverage Tool for Financial Institutions is an open source example of a tool that tracks the percentage of companies in a portfolio that have declared net zero/Paris aligned targets.

This metric is the proportion of the portfolio measured by market value invested in issuers that have SBTi verification status or not.

47.8% of the Scheme's index equity mandate and 51.7% of the Scheme's corporate bond portfolio are invested in issuers who have verified science-based carbon reduction targets. Another c.11% and 7% respectively are believed to be committed to working towards having verified targets. This represents positive progress over the year to December 2024.

The data is only available for corporate bonds and public equities. This was the preferred metric in terms of data coverage and reporting ability from the investment manager.

The positives of this metric are its simplicity, allowing a straightforward assessment of the extent to which a portfolio is committed to net zero. It is also the only forward-looking metric that could tie directly to real-world changes, whereas other metrics are more backwards-looking. It is useful for challenging the investment manager if investing in new companies with no net zero target. However, it does not tell you where in the journey a company (or the portfolio) is in achieving the net zero target.

		31/12/2023 Comparator	31/12/2024	31/12/2024
	Allocation 31/12/2024 (%)	Verified Target % of market value invested in issuers with verified SBTi targets	Verified Target % of market value invested in issuers with verified SBTi targets	Committed % of market value invested in issuers committed to adopting SBTi
Equities - Global Passive	6.1	43.5%	47.8%	10.7%
Private Equity	4.1	-	-	-
Property including DII inflation linked property	8.4	-	-	-
Alternatives	2.4	-	-	-
DII (excluding property)¹	9.5	-	-	-
Corporate Bonds	15.4	49.8%	51.7%	7.0%
Liability Matching Portfolio – Gilts, Repo, TRS	52.3	-	-	-
Cash	1.7	-	-	-

1) DII includes: ABS, CLO, SAIF, Legacy Floating Rate Funds, Secure Income property and Real Assets

Source: BlackRock, MSCI. All data is as at 31 December 2024 unless otherwise noted.
The calculation "looks up" to issuers' parent entities where appropriate

7 Targets

Targets: Trustee’s Climate-Related Target 1

The Trustee has decided to set a climate-related target for the listed equity mandate only, relating to the Carbon Footprint metric. The Trustee’s target is:

*To reduce the carbon intensity of the passive equity allocation by at least 45% from 31 December 2021 baseline levels by 2030**

In June 2021, the Trustee selected a new ESG Enhanced Focus MSCI All Country World benchmark for the passively managed equity portfolio which currently makes up 100% of the total listed equity portfolio. This benchmark includes a decarbonisation target therefore the Trustee’s target, as stated above, is aligned with the passive equity index objectives. The 45% figure assumes around 7% p.a. reduction over c.9 years, which is consistent with underlying objective for the passive equity index. The Trustee has decided to use 31 December 2021 date as a baseline.

The Trustee recognises scope 3 data can be limited and less reliable, but the passive equity index aims to decarbonise based on all three scopes.

Progress: The Scope 1,2 and 3 carbon footprint for the passive equity index has fallen by 34% compared to 31 December 2021 baseline levels. Given the carbon footprint is reported in GBP, it will be distorted by currency movements relative to USD. In addition, the carbon footprint of the portfolio will be impacted by market moves, data lags and estimated data revisions.

	Passive Listed Equity Portfolio	
Date	31 December 2021	31 December 2024
Data Coverage (reported plus estimated)	98%	97%
Carbon Footprint (tonnes of CO ₂ e per £m invested) Scope 1,2 and 3	363.4	239.6
Change		-34%

**As measured by the carbon footprint and Scope 1, 2 and 3 emissions, where available. Due to low availability of company reported Scope 3 data, MSCI estimates Scope 3 across the 15 GHG Protocol stated categories based on its internally vetted model. There is no distinction made between reported and estimated data for Scope 3 assets.*

***Uses carbon footprint (intensity measure based on Enterprise Value including cash).*

Source: BlackRock, December 2024 and MSCI

Targets: Trustee’s Climate-Related Target 2

From 31 December 2022, the Trustee adopted a climate-related target for the corporate bond mandate only relating to the Portfolio Alignment, Binary Target metric. The corporate bond mandate consists of one segregated Buy and Maintain high-quality credit mandate.

The Trustee’s target is:

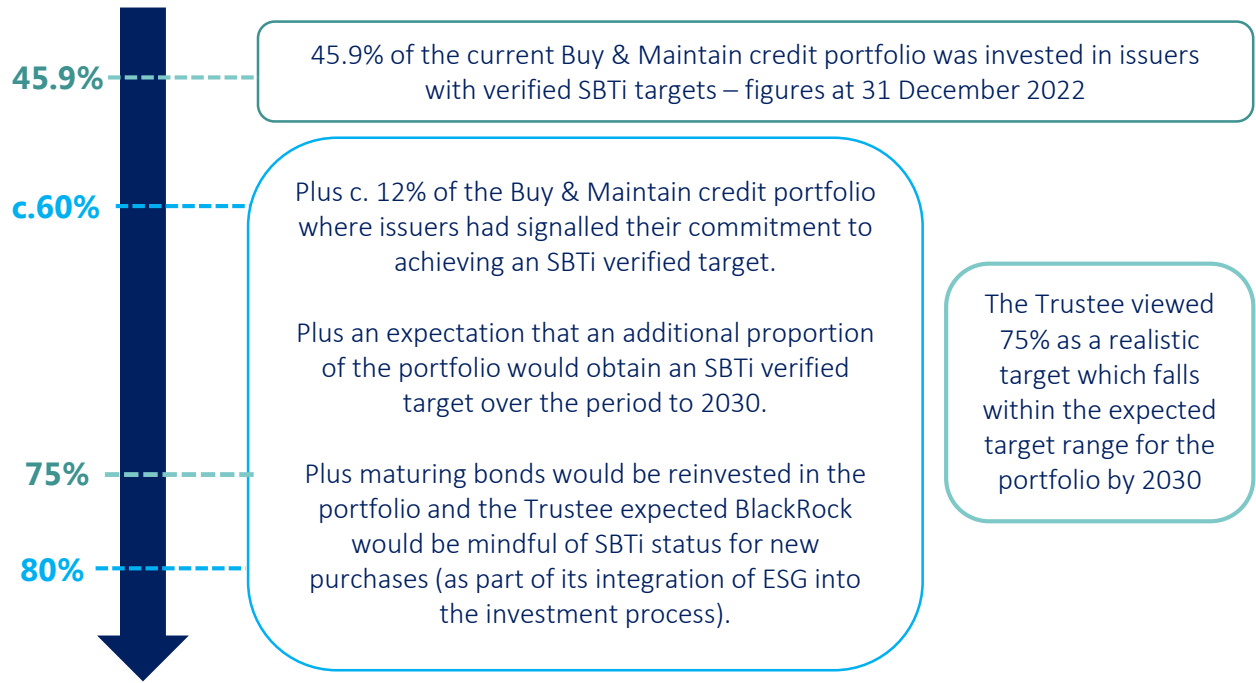
To increase the percentage of the issuers in the Buy & Maintain Credit portfolio (weighted by market value) that have an SBTi-approved target to 75% by 2030

The chart on the right explains why the Trustee chose this particular level for the target. Corporate bonds were chosen as the target portfolio given their expected future prominence in the Scheme’s long-term investment strategy within a low-risk investment portfolio.

A summary of the progress to date against this target is shown opposite. It can be seen that 51.7% of the corporate bond portfolio has a SBTi-verified target as at 31 December 2024. A further 7.0% of the portfolio holdings have committed to adopting SBTi in future. The remainder of the target will need to come from the proportion of the portfolio that is neither committed nor verified but which may commit in the future.

The Trustee considered the challenges around how to implement a climate-related target without requiring portfolio turnover. Use of engagement and stewardship are key to driving climate-positive outcomes. The target has the opportunity for real world impact through active engagement. Active stewardship should play a vital role over simply divesting in moving to a low carbon economy. The Trustee expects BlackRock to be mindful of SBTi status when reinvesting proceeds from the bonds held and have formally instructed this.

Why 75% by 2030?



	Corporate Bond Portfolio	
	31 December 2022 (comparator)	31 December 2024
Verified Target: % of market value invested in issuers with verified SBTi targets	45.9%	51.7%

8 Technical Section

Technical Section – Supporting Information for Scenario Analysis

Scenario	Rationale	Catalysts	Calibration	Scenario Source
Orderly Transition – transition risk	<ul style="list-style-type: none"> A transition to Global Net Zero by 2050 is achieved via immediate and smooth policy responses Carbon taxes are channelled back to the economy via government investment 	<ul style="list-style-type: none"> UK sees up to 2% p.a. GDP gains peaking in 2027 (50% of carbon tax assumed to be reinvested into the economy) UK inflation around 1.9% higher peaking in 2026, largely driven by repricing of carbon prices Price of carbon rises to over 800 \$/ton by 2050. 	<ul style="list-style-type: none"> The UK yield curve rises modestly as growth accelerates Higher inflation drives most of the impact on UK LDI assets and pension liabilities Assumed no significant central bank response to higher inflation. 	NGFS Net Zero 2050*
Orderly Transition – physical risk	<ul style="list-style-type: none"> Robust corrective action is taken to reduce emissions, but temperatures still rise by 1.5°C by c 2100 relative to pre-industrial levels 	<ul style="list-style-type: none"> Physical changes such as higher temperatures, sea-level rises and hurricanes impact GDP. The impacts are largely felt from 2050 onwards 	<ul style="list-style-type: none"> The UK yield curve increases modestly in the near term, but more for longer tenors as physical risks become more evident. 	NGFS Net Zero 2050*
Disorderly transition – transition risk	<ul style="list-style-type: none"> A delayed transition starts in 2030 Carbon taxes are used to cut income tax, thus boosting private consumption There is a negative shock to business confidence as stringent policies are introduced 	<ul style="list-style-type: none"> There is a negative impact on UK GDP particularly in the early to mid 2030s UK inflation around 1% higher than in a base case peaking in 2032 largely driven by repricing of carbon prices Price of carbon rises from 0 in 2030 to over 1000 \$/ton by 2050 	<ul style="list-style-type: none"> The middle of the UK yield curve rises modestly as the risk premia (probability of default) applied to the UK increases. Higher inflation is priced in from 2030 onwards There is assumed to be no significant central bank response to higher inflation. 	NGFS Delayed Transition*
Disorderly transition – physical risk	<ul style="list-style-type: none"> Some corrective action to reduce emissions is taken but temperatures rise by 1.8°C by c 2100 relative to pre-industrial levels 	<ul style="list-style-type: none"> Physical changes such as higher temperatures, sea-level rises and hurricanes impact GDP. The impacts are largely felt from 2050 onwards 	<ul style="list-style-type: none"> The UK yield curve increases modestly in the near term, but more for longer tenors as physical risks become more evident. 	NGFS Delayed Transition*
Failed transition – physical risk	<ul style="list-style-type: none"> No corrective action to reduce emissions is taken meaning that temperatures rise by 3.3°C by c 2100 relative to pre-industrial levels 	<ul style="list-style-type: none"> Physical changes such as higher temperatures, sea-level rises and hurricanes impact GDP. The impacts are largely felt from 2050 onwards 	<ul style="list-style-type: none"> The UK yield curve increases modestly in the near term, but more for longer tenors as physical risks become more evident. 	NGFS Current Policies*

Note: the impact of transition and physical risk on sovereign bond portfolios and Scheme liabilities has been modelled separately by BlackRock through calibration of user specified stress tests intended to be consistent with the climate scenarios shown.

**NGFS (Network for Greening the Financial System) published scenarios can be found here: https://www.ngfs.net/sites/default/files/ngfs_climate_scenarios_technical_documentation_phase2_june2021.pdf*

Technical Section – Supporting Information for Scenario Analysis

Context	
	<ul style="list-style-type: none"> Results are expressed as “climate-adjusted valuations” for Transition and Physical Risks. These are based on discounted cash flow analysis in each scenario relative to a “counterfactual” scenario that is assumed to be priced into current valuations. BlackRock’s analysis considers a single timespan over the lifetime of the scenario modelled. The “counterfactual” assumes no additional warming for Physical Risk scenarios, and no additional policies enacted for Transition Risk scenarios. The outputs are therefore conservative by design (i.e. they produce more severe outcomes) which is consistent with stress testing market practice. Essentially “de minimis” pricing of climate change is assumed in current valuations. Due to different methods the Physical and Transition Risk adjusted values cannot be added to provide a total climate risk adjusted value. Given evolving nature of climate analytics, we expect input data and models to change over time, with potentially significant impacts on results.
BlackRock: Scenario Analysis Limitations	
Modelling	<ul style="list-style-type: none"> The climate models used focus separately on transition risk or physical risk. A holistic view of climate-related financial risks should take both into account The climate models used do not predict the abrupt or irreversible changes that may result from reaching critical climate thresholds or “tipping points” The economic models used may not adequately predict feedback loops and will therefore underestimate the chance of systemic failure in parts of the global economy Models also do not include the social or political impact of mass migration The current framework incorporates first order impacts on companies’ revenues and costs. It does not capture second order effects such as supply chain disruption Based on prior economic and financial crises, it can be hard to predict the scale of monetary and fiscal policy responses. The models’ assumptions about changes in financial valuations may therefore be incorrect. They also do not include the impact of other shocks that might occur such as recessions, conflicts or pandemics.
Data	<ul style="list-style-type: none"> BlackRock have been able to provide physical and transition risk scenario analysis for assets equalling c.87% of the total There are a number of portfolios for which there is not adequate information on the underlying holdings to provide quantitative scenario analysis. These are: Private Equity, Property, Alternatives and DII. Where BlackRock believe this could be misleading they have marked the estimated impact as N/A Cash is not included in this analysis
Note on Liabilities	
	<ul style="list-style-type: none"> The Liabilities shown are based on the Trustee’s 2021 Long-Term Funding Target assumptions. However, the liability figures are produced from the liability proxy provided to BlackRock and are an output from BlackRock’s Aladdin system and the figures will not necessarily match the liability value produced by the Scheme Actuary. The liabilities modelled by BlackRock will also differ slightly from those modelled by the Scheme Actuary due to differing model approaches, assumptions, and due to the cashflows provided to BlackRock being primarily for the purpose of maintaining the liability hedging portfolio.

Technical Section – Supporting Information for Scenario Analysis as at 31 Dec 23

Description	Type	Climate Scenario ¹	Financial Model ¹	Temperature Rise	Climate Policy Assumptions
Orderly Transition	Transition and physical risk	NGFS Net Zero by 2050	Aladdin Climate	~1.5°C	Immediate and co-ordinated
Disorderly Transition	Transition and physical risk	NGFS Delayed Transition		~1.8°C	Delayed action
Failed Transition	Physical risk only	NGFS Current Policies		~3.3°C	Current policies only

Data Coverage	Public Equity	Private Equity ²	Alternatives	Property	Diversified Illiquid Income	Corporate Bonds ³	Liability Hedging Assets excl. corporate bonds	Total ⁴
All risk scenarios	98.2%	100%	N/A	N/A	N/A	94.4%	100%	87.4%

BlackRock’s climate models are intended to highlight the potential impact of climate policies and outcomes on the economy and on financial markets. Although they provide some insight into where the Scheme may face risks or have opportunities, modelling financial risks requires making a number of assumptions which may not be correct.

The scenario assessments BlackRock has considered should be taken independently. Physical risks and transition risks are however linked. Scenarios with increased transition risk in the short to medium term are likely to have lower physical risks in the long term (and vice versa). The DWP’s guidance for Occupational Pension Schemes does however note that considering transition and physical risk separately may be helpful. BlackRock’s transition models use the Network for Greening the Financial System’s scenarios as a starting point. The implications of each scenario are modelled at an economy-wide, sector, issuer and asset level by BlackRock. The models focus on the most likely direct impact of climate policy measures, evolving consumer trends, and technological innovation on corporate prospects. Aladdin Climate has been used to calculate the impact on the Scheme’s corporate equity and corporate credit portfolios. The impact of both physical and transition risk on the Scheme’s liability matching assets and liabilities has been modelled separately in Aladdin through calibration of user specified stress tests intended to be consistent with the climate scenarios shown.

BlackRock’s physical models use the Intergovernmental Panel on Climate Change’s scenarios as a starting point. The implications of each scenario are modelled by BlackRock at an economy-wide, sector and company level. The models focus on forecasting the impact of climate perils on the economy and on individual corporates. The impact of physical risk on sovereign bond portfolios and UK pension scheme liabilities has been modelled separately in Aladdin through calibration of user specified stress tests intended to be consistent with the climate scenarios shown.

This analysis has been conducted mainly on listed assets. Unlisted, private market assets, other than private equity via a proxy, have been excluded, therefore the impact figures will be understated.

The analysis has an effective date of 31 December 2023..

Note on modelling: The intricacies of climate systems present considerable difficulties in modelling the impacts on the Scheme’s assets and liabilities. This is particularly true in the Failed Transition scenario. Due to the unprecedented nature of such warming, it is challenging to encompass all potential consequences within the modelling process. Simplifications in the modelling, such as not allowing for tipping points, mean the actual impact on the Scheme is likely to be more significant than is currently being modelled. As long as these limitations are understood, the scenarios still provide valuable insights to inform climate risk assessment and management.

1) BlackRock’s equity and corporate bond models forecast the impact of the various scenarios and look forward 30 years, or for corporate bonds a shorter time period relevant to their individual maturities. The climate and economics models look further out, for example the physical models currently run to 2090, but there is a limit of what is relevant to the current valuation of financial securities.

2) Private equity is modelled using a listed index equity proxy

3) Data coverage for bottom-up modelling of corporate bonds spreads. Coverage is as per LDI for modelling interest rate and inflation rate shocks.

4) Includes £216m of cash and other (which includes the mark to market FX hedging)

Technical Section – Supporting Information for Scenario Analysis

Estimated impact on Assets as at 31 December 2023

The impact of the transition scenarios on the Scheme's assets is shown below:

Estimated Impact on Assets	Public Equity ¹	Private Equity	Alternatives	Property	Diversified Illiquid Income	Liability Matching Portfolio ²	TOTAL ³
AUM at 31/12/2023	£389m	£612m	£458m	£1,133m	£1,431m	£10,101m	£14,340m
Orderly Transition -Transition Risk -Physical Risk	-2.4% -3.5%	-2.8% -3.5%	Not covered	Not covered	Not covered	4.4% -0.4%	2.9% -0.5%
Disorderly Transition -Transition Risk -Physical Risk	-6.1% -3.8%	-6.8% -3.8%	Not covered	Not covered	Not covered	3.1% -0.5%	1.7% -0.6%
Failed Transition -Transition Risk -Physical Risk	N/A -4.0%	N/A -4.1%	Not covered	Not covered	Not covered	N/A -0.5%	N/A -0.7%

1) Private equity is modelled using a listed index equity proxy.

2) The liability matching portfolio includes the Scheme's corporate bond mandate.

3) Total includes £216m of cash and other

Climate Related Risks: Liability hedging portfolio as at 31 December 2023

The largest estimated change in the Scheme's liabilities occurs under the orderly transition scenario, where higher carbon prices and an increase in government investment drives higher inflation. In the disorderly scenario, transition-related activities are delayed, reducing the near-term impact.



Technical Section – Supporting Information for Metrics

Benchmark proxies

Absolute Emissions and Emissions Intensity for the Scheme’s Private Equity portfolio have been proxied using actual sector and geographic exposures where they are available, and a diversified listed index proxy where they are not. The proxy universe used is MSCI AC World (IMI) for Scope 1 and 2, and MSCI AC World for Scope 3. Emissions data is sourced from Aladdin Climate. Portfolio metrics are calculated using the carbon intensity of the median company in each geographic/sector sub-group that has been mapped.

Liability Matching Portfolio

Physical gilts, gilt repo and gilt Total Return Swaps (TRS) have been included. Interest rate and inflation swaps have been excluded from the calculation.

Total emissions is calculated as follows: Metrics tonnes of CO₂ and equivalents per country multiplied by (face value of gilts in the portfolio / public debt). This is based on MSCI data, Bloomberg data and the value of the gilts held. The components below can be added together.

Total emissions tCO ₂ e	For physical gilts: c.1,770,000 tons CO ₂ and equivalents
	For green gilts: c.5,300 tons CO ₂ and equivalents
	For gilts TRS: 0 tons CO ₂ and equivalents (the Scheme was not holding any gilts TRS at the effective date)

The Emissions footprint figure is arrived at by dividing the above through by the portfolio NAV.

	Total in Liability Matching Portfolio at 31/12/2024
Physical gilts excluding green gilts	£8,839m
Green Gilts	£16m
Gilt TRS	£0m
Cash, Repo, other	-£2,117m
Portfolio NAV	£6,738m

Portfolio Alignment – Binary Target

This is the percentage of investments that have declared net zero/Paris-alignment targets and are already net zero/Paris-aligned. Science Based Targets initiative (SBTi)’s Portfolio Coverage Tool for Financial Institutions is an open source example of a tool that tracks the percentage of companies in a portfolio that have declared net zero/Paris aligned targets. SBTi validation is not currently available for companies in certain sectors. The measurement of the binary target metric will include securities where an SBTi target has been set at the issuer or parent issuer level. The calculations shown are weighted by market value of each security to target coverage across the whole portfolio.

9 Additional information

Scheme Information

Scheme overview

NAPS is a predominantly Defined Benefit (DB) arrangement which opened in 1984 and since closed to new entrants in 2003 and closed to future accrual in 2018.

Access to key documents for the Scheme is available using the following website: www.mybapension.com including a copy of the Member's Handbook which succinctly explains the key features of the Scheme rules and options available to members. The full details can be found in the Trust Deed and Rules also available via the website.

NAPS contains several sub-schemes most notably the British Caledonian pension scheme (BCal) which merged with NAPS in 1988; and the Dan Air pension scheme (DADN) which merged with NAPS in 1994. DADN is made up of two distinct sub-sections Dan Air and Davies and Newman.

All analysis has been carried out at Scheme-level. The analysis has not considered the AVC/Cash Balance holdings for proportionate reasons.

Asset Allocation

Assets as at 31 December 2024	Value (£m)	Allocation (%)
Equities - Global Passive	786.1	6.1%
Private Equity	528.0	4.1%
Property including DII inflation linked property	1,088.3	8.4%
Alternatives	311.0	2.4%
DII (excluding property)	1,222.8	9.5%
Corporate Bonds	1,986.6	15.4%
Liability Matching Portfolio – Gilts, Repo, TRS	6,738.1	52.3%
Total Assets	12,885.6	100.0%

Note: values shown above sourced from BlackRock as at 31 December 2024

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- The BlackRock data, models and methodologies rely on comparatively new analysis and there is limited peer review or comparable data available.
- To the extent that the BlackRock's scenario analysis includes third party-data, BlackRock uses the data as provided by such third-party and is not liable for inaccuracies or omissions therein.

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