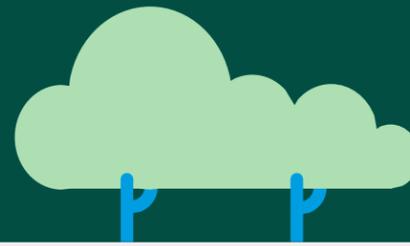


United Utilities Pension Scheme

Defined Benefit (DB) Section
Climate Change Report 2025



The Scheme's Targets

We have a firm ambition to reach a “net zero” emissions target by 2050 for listed equity and credit assets, as we believe this is in the best interests of our members, our communities, and society.

As a milestone along the way, we have set an interim target of achieving a 50% reduction in scope 1 & 2 emissions* for listed equity and credit assets by 2030, as measured by carbon footprint, relative to the position at 31 March 2023.

**Scope 1: Emissions from a company's direct activity (e.g. running company vehicles).
Scope 2: Emissions a company causes indirectly (e.g. electricity bought for heating buildings).*

Over the year to 31 March 2025, the DB Section achieved a 16% reduction in the Carbon Footprint we track for target purposes (this followed a 38% reduction the prior year), putting us in a strong position to meet our targets.

Emissions in the real world**

The reduction in total emissions for the DB invested assets since we started our reporting (31 March 2022), up to 31 March 2025, is broadly equivalent to:

15,870 homes' energy use for one year, or

27,564 petrol-powered cars driven for a year

***Please note: These figures exclude the L&G insurance “buy-in” policy.
Source: US Environmental Protection Agency Equivalencies Calculator.*

What's next? Key Actions for 2026



Transition plan: We have mapped our journey to net zero with a transition plan, which identified companies with the highest emissions and / or the lowest potential to make the transition to a lower carbon world. The Trustee will be engaging with the investment managers regarding these companies at our next meetings with the managers.



Scenario analysis: The Trustee will be completing our triennial climate scenario analysis, which helps us to identify risks and opportunities under different potential scenarios.



Governance: We have an ongoing programme of governance and training to ensure the Scheme is managing its risks, keeping policies up-to-date, and maintaining knowledge of climate change developments.



Scheme metrics

We use measurable metrics to allow us to:

Identify issues

For example, by highlighting funds with a relatively high carbon footprint

Track progress

To chart the progress of the Scheme over time, seeking ongoing improvements

What metrics does the report show?

- 1. Total Emissions:** The amount of carbon dioxide and other greenhouse gases the Scheme is responsible for financing.
- 2. Carbon Footprint:** The amount of carbon dioxide and other greenhouse gases emitted, normalised to allow for the investment size, so we can compare different funds easily.
- 3. Science Based Targets (SBT):** The % of companies / issuers of securities in our funds that have set net zero targets validated by an independent body, the SBT initiative.
- 4. Implied Temperature Rise (ITR):** A measure of how aligned the Scheme investments are relative to the Paris Agreement's 1.5°C target.
- 5. Data Quality:** The proportion of Scheme investments for which there is high-quality climate-related data.

How are we doing? DB Section Update (year to 31 March 2025)

- ✓ We made good progress on reducing the Carbon Footprint of the Scheme's invested assets. As we have a specific target for this metric, an update is provided in the column to the right.
- ✓ Companies with Science Based Targets increased from 40% to 43% (in 2022, the figure was just 23%, highlighting positive change over time).
- ✓ Implied temperature rise held steady at around 1.8°C, bringing us closer to the goal of the Paris Agreement.
- Data quality continues to improve, with good data either reported or estimated for over 90% of the assets for scope 1 and 2 emissions, and 100% for scope 3 emissions (see box to the right for definitions).
- The points above cover our invested assets. Alongside these assets, we hold an insurance policy with L&G. The metrics for this policy are also making progress, and L&G are committed to net zero by 2050.

Our annual Climate Change report

Last year we published our third [Climate Change Report](#). The Trustee believes that managing the risks relating to climate change is important, as these risks could have a significant impact on the Scheme. The transition to a low-carbon world also presents attractive investment opportunities.

What does the report cover?



Governance: How we include climate change issues in our decision-making, and the roles played by our sub-committees, advisers, and investment managers.



Strategy: How climate risks and opportunities impact the Scheme. This includes details of how different scenarios for global warming may affect the funding position of the Scheme.



Risk Management: How we identify and mitigate climate-related risks, and how we aim to access opportunities.



Metrics and Targets: How we measure climate-related metrics, such as the carbon footprint of the Scheme's investments. We also detail our targets to drive improvements over time (see details to the right).

The report also sets out the specific actions and activities carried out during the year, and what we have planned for 2026 and beyond.

Why take action?

“Any scheme that does not consider climate change is ignoring a major risk to pension savings and missing out on investment opportunities.” The Pensions Regulator.

