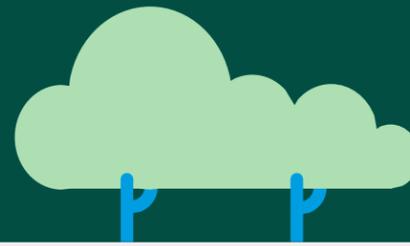


United Utilities Pension Scheme

Defined Contribution (DC) 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, we have also set an interim target of achieving a 50% reduction in scope 1 & 2 emissions* for listed equity and credit assets by 2030, measured by Carbon Footprint, relative to 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 DC Section achieved an 11% reduction in Carbon Footprint for the popular arrangement options in scope. This followed a 9% reduction the prior year, and a 39% reduction between 31 March 2022 and 31 March 2023.

Emissions in the real world

The reduction in total emissions for the DC Section's popular investment options since we started our reporting (31 March 2022), up to 31 March 2025, is broadly equivalent to:

1,207 homes' energy use for one year, or
2,096 petrol-powered cars driven for a year

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 engage with the investment managers regarding these companies.



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? DC Section Update (year to 31 March 2025)

For our “popular” investment funds, including the default fund most members invest in, we are pleased to report that :

- ✓ We saw a further reduction in the Carbon Footprint. As we have a specific target for this metric, a detailed update is provided in the column to the right.
- ✓ Companies with Science Based Targets improved from 42% to 48% (in 2022, the figure was only 8%, highlighting the improvement over the last few years).
- ✓ Implied Temperature Rise held fairly steady, in the range 2.1°C - 2.9°C.
- Data quality improved, either reported or available as an estimate for c97% of the assets (vs 86% last year).

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 and its strategy. This includes how different scenarios for global warming may affect the DC funds your money is invested in.



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 set out 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.

