Taskforce on Climate-related Financial Disclosures Report

Scottish and Newcastle Pension Plan

Year ending 31 October 2024

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Overview

Trustee statement on climate risks and opportunities

Statement from the Chair

The Trustee recognises that climate change represents a long-term financial risk to the Plan's funding objectives. The material impact of climate change on members, financial markets and society is set to reach unprecedented levels. Within last year's TCFD Report, the Trustee set out our commitment to ensuring the potential risks associated with climate change, as well as opportunities arising from the transition to a low-carbon economy, had been identified, assessed, and effectively managed during the Plan year.

The Trustee is pleased to release this TCFD Report for the Plan year ending 31 October 2024 to highlight the progress against the targets that have been set.

Over the last couple of years, the Investment Committee ("IC") has actioned several changes focused on climate-related risks and opportunities. In this reporting year, for example, we have increased the stringency of climate criteria in our segregated bond mandate, adopting a declining emissions intensity threshold and a declining exposure to corporates lacking net zero targets out to 2050. In a previous reporting year, we also noted that we had adopted an enhanced ESG index within our synthetic equity mandate.

Our previous climate-related target was centred on improving the quality of the emissions data that we are able report to 75% by 30 June 2024. We are pleased to have met the emissions data coverage target, achieving coverage of 78% of Scope 1 and 2 carbon footprint data, across the portfolio as a whole. For the upcoming year, given there is now sufficient emissions data coverage to do so, the Trustee has set a decarbonisation target of a 35% reduction in carbon footprint by 2030 (versus 2024). We will continue to review the appropriateness of the target, over time, to understand whether the Plan needs to adjust ambition, including based on market movements and manager ambition.

Chair of the Trustee of the Scottish & Newcastle Pension Plan

The TCFD Framework encompasses four key pillars:

Governance: Governance around climate-related risks and opportunities.

Strategy: Actual and potential impacts of climate-related risks and opportunities.

Risk Management: The identification, assessment and management of climate-related risks.

Metrics and Targets: Disclosure of key metrics and targets.

Executive summary

This report sets out the Trustee's response and key actions across the four Task Force on Climate-related Financial Disclosures ("TCFD") below.

Governance

Governance around climate-related risks and opportunities

The Trustee maintains an ESG policy that sets out the Trustee's ESG beliefs and how these are implemented. The Trustee reviewed this during the reporting year deemed it appropriate.

The Trustee maintains a Climate Delegation Framework which sets out the roles and responsibilities of various stakeholders for managing climate-related risks and opportunities. The Trustee reviewed this during the reporting year deemed it appropriate.

Strategy

Actual and potential impacts of climate risks and opportunities

The Trustee considered the scenario analysis conducted in the previous reporting year to 31 October 2022 and agree that it remains appropriate for the current reporting year.

The investment guidelines for the Corporate Bond mandate were updated, implementing a maximum weighted average carbon intensity for Scope 1 & 2 emissions at future dates until 2050. For issuers that have not made a commitment to achieve net zero emissions by 2050, a maximum corporate bond exposure was also added, decreasing to 0% by 2029.

Risk Management

Identification, assessment and management of climate-related risks

The Risk Committee and Investment Committee ("IC") reviewed the risk register to ensure that it remains appropriate for the current reporting year.

The Investment Consultant conducted an annual review of the Scheme's investment managers to identify areas for improvement. At a high level, the Plan's investment managers received satisfactory ratings. The main area of improvement was in the category "Stewardship", in part due to managers expanding their focus onto specific stewardship priorities or improving engagement reporting.

Metrics & Targets

Disclosure of key metrics and targets

The IC continued to measure, monitor and publish four climate metrics. The IC also measured progress against the Trustee's target of increasing footprint data coverage to 75% for the total portfolio by 30 June 2024. The target was met this reporting year, with 78% coverage as at 30 June 2024.

The Trustee has set a new target to decarbonise the portfolio's carbon footprint (Scope 1 & 2) by 35% by 30 June 2030 (vs the 30 June 2024 level, excluding LDI and synthetic equity). This would equate to a c.7% annual decarbonisation, every year, out to 2030.

TCFD Pillars

Governance

Describe the Trustee Board's oversight of climate-related risks and opportunities

Climate-related beliefs

The Trustee maintains an ESG Policy that sets out the Trustee's ESG beliefs and how these are implemented. No changes to the policy were made when it was reviewed this year. Last year, the Trustee formally incorporated our agreed target of increasing carbon footprint (Scope 1 & 2) data coverage to 75% by 30 June 2024. Given this target has now been met, in the next reporting period, we will update the ESG policy to reflect the latest target.

Climate considerations will be at the heart of our investment-related decision making, demonstrated through an agreed Climate Delegation Framework. Reviewing the Climate Delegation Framework in the previous reporting period, the Trustee formally incorporated the role of the Risk Committee, to whom the general ongoing oversight of Plan risks, including ESG risks, is delegated. No changes to the framework were made when reviewed this year.

Oversight responsibilities of the Trustee Board

Overall responsibility for ESG considerations (including climate-related) lies with the Trustee. The Trustee Board meets at least four times a year and receives updates and support from its Scheme Actuary, Investment Consultants, Legal Counsel and Covenant Adviser on ESG and climate change topics.

The Trustee will consider the quality of advice the advisors are able to provide from a climate perspective when reviewing their appointments.

Climate-related training

The Plan's Investment Consultant provided training on Scope 3 emissions and their importance in decarbonisation action to the IC in 2023, and further training on setting appropriate climate related targets in 2024. The Plan has since implemented an appropriate decarbonisation target.

As part of our ESG Policy we have considered how our ESG beliefs are implemented. Our ESG implementation considerations are set out below:

- Continue to develop our understanding of ESG factors, and climate through regular training.
- Review our ESG Policy in line with regulation and industry progression every 3 years.
- Consider the ESG Policy when making any investment strategy or asset allocation decisions.
- Incorporate ESG criteria as part of all manager selection exercises.
- Annual review of the investment managers' integration of ESG factors.

Governance

Describe the Trustee Board's role in assessing and managing climate-related risks and opportunities

Climate Delegation Framework

Over 2022, the Trustee agreed a Climate Delegation Framework which sets out the roles and responsibilities of various stakeholders for managing climate-related risks and opportunities. The Trustee has the ultimate responsibility for ensuring Plan-level climate-related risks and opportunities are governed well. As part of the oversight of climate-related risks and opportunities, the Trustee seeks to ensure that sufficient time and resources are awarded to climate change by the Board and IC. The advisors have their responsibilities clearly defined in the Climate Delegation Framework. The advisors delivered governance-related advice through formal meetings. This provided opportunity for the Trustee to consider, discuss, and where it was appropriate, challenge the information provided.

Roles and Responsibilities

Trustee	– Ensuring the Trustee has sufficient knowledge and understanding relating to climate-related risks and opportunities. – Setting and implementing a Climate Delegation Framework. – Incorporating climate-related considerations into the Plan's ESG Policy, ongoing risk management and strategic decisions. – Allowing for climate-related considerations when assessing and monitoring the strength of the sponsoring employer's covenant. – Ensuring that the external advisors have clearly defined responsibilities in respect of climate risk and assessing advisors against their climate responsibilities.
Investment Committee (IC)	– Receiving regular training on climate-related risks and opportunities. – Factoring in climate-related risk management capabilities into the selection, review and monitoring of investment managers. – Identifying climate-related risks and opportunities for the Plan and annually setting and monitoring metrics and targets. – Undertaking analysis of various climate scenarios, on at least a triennial basis. – Receiving updates on the Plan's investments from the Plan's Investment Consultant, including data on ESG metrics and progress against any targets set in relation to these metrics. – Overseeing delivery of TCFD reporting, on an annual basis. – Providing regular updates to the Trustee on the climate-related risks the Plan is exposed to.
Risk Committee	– Maintaining the Plan's risk register and corresponding actions. – Working with relevant advisors as appropriate to provide oversight over all ESG-related risks. The implementation of any actions around ESG-related risks will typically lie with either the IC and / or the Trustee

Governance

Describe the Trustee Board’s role in assessing and managing climate-related risks and opportunities

Roles and Responsibilities cont.

Investment Consultant	– Advising on the inclusion of climate considerations in the Plan’s governance arrangements and decision making. – Advising how climate-related risks and opportunities might affect the Plan’s exposure to different asset classes. – Assisting the Trustee in the selection and monitoring of appropriate climate-related metrics and targets, annually. – Undertaking climate scenario analysis for the Plan, on at least a triennial basis. – Providing training on relevant climate-related matters.
Scheme Actuary	– Assessing climate-related risks and opportunities in relation to the Plan’s funding position and the implications for the Plan’s funding and long-term objective.
Covenant Advisor	– Undertaking periodic reviews of the extent to which climate-related risks and opportunities might affect the Plan’s sponsoring employer.
Legal Advisor	– Providing training to the Trustee on climate-related legal matters. – Assist with the preparation of the Trustee’s annual TCFD report, on an annual basis.
Investment Managers	– Identifying, assessing and managing climate-related risks and opportunities in relation to the Plan’s investments. – Exercising voting rights and engaging with portfolio companies in relation to climate-related risks and opportunities. – Providing climate-related metrics to the Plan’s Investment Consultant in relation to the Plan’s investments, annually, with a focus on quality.

The Trustee’s objectives for the Investment Consultant include their value add for their advice on ESG (including climate change) risks and opportunities, consistent with the Trustee’s ESG objectives and advice on complying with the Trustee’s TCFD obligations. The Trustee measures the Investment Consultant against these objectives annually.

Strategy

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

Agreed timeframes

The Trustee has identified the following timeframes as relevant to the Plan, which have been determined by a blended view of the climate outlook, membership demographics, funding position, the long-term objective ("LTO") and ability to pay benefits. In the shorter term, we expect transition risks to be greatest. However, in the longer term, we expect physical risks to increasingly manifest and become more important.

<table>
<tr><th>Timeframe</th><th colspan="3">Investment Horizon</th><th colspan="4">Climate Horizon</th><th>Risks to Assets</th><th>Risks to Liabilities</th><th>Risks to Sponsor</th></tr>
<tr><td>Short term
3 years</td><td>Actuarial review cycle.</td><td>Potential further de-risking.</td><td>Review of long-term objective ("LTO") and illiquid mandates.</td><td>Company target setting.</td><td colspan="2">Improvement in data quality.</td><td>Government responses to international climate negotiations.</td><td rowspan="2">Transitional risks such as the costs associated with global decarbonisation anticipated, carbon pricing and climate regulation.</td><td rowspan="4">Changes to yields (as for assets), inflation and longevity expectations due to expected transition costs or rising physical risks.</td><td rowspan="4">The need to adapt to a changing industry and the wider global transition.</td></tr>
<tr><td>Medium term
8 years</td><td colspan="3">LTO target & consideration of insurance options.</td><td colspan="2">Companies hitting interim 2030 targets.</td><td colspan="2">Alignment with Sustainable Development Goals. (SDGs)</td></tr>
<tr><td>Long term
13 years</td><td colspan="3">Duration of the Plan's liabilities.</td><td colspan="4"></td><td rowspan="2">Physical risks such as damage to assets caused by extreme weather events anticipated.</td></tr>
<tr><td>Very long term
28 years</td><td colspan="3">c. 90% of remaining liabilities paid.</td><td colspan="2">Physical damages expected to be incurred.</td><td colspan="2">Companies setting Net Zero by 2050 targets.</td></tr>
</table>

Strategy

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

Impact on assets

Over the next few pages, we touch on our latest analysis of potential climate impacts on assets. Whilst we have not undertaken updated climate scenario analysis this year, we consider climate-related risks and opportunities as part of our strategic discussions with our Investment Consultant on an annual basis. The Trustee has agreed a triennial approach to climate scenario analysis and will undertake an updated exercise during the next reporting year.

In terms of implemented opportunities, in previous reporting, we noted that the IC have implemented bespoke ESG guidelines within the segregated corporate bond mandate and an index with enhanced ESG characteristics for the synthetic equity mandate. In this reporting year, the IC agreed further climate-related criteria for the segregated corporate bond mandate, including adding increasingly stringent emissions intensity (Weighted Average Carbon Intensity) targets and decreasing the mandate's exposure to issuers that have not set net zero ambitions, over time, out to 2050.

Impact on liabilities

In addition to the risks to the Plan's assets, the Plan manages the impact on liabilities by hedging a high proportion of the liabilities' exposure to interest rate and inflation movements. The Trustee also recognises that the changes in how long members are expected to live and draw their pensions from the Plan ("longevity risk") is a potentially material source of risk to the funding level. The Plan hedges against some of the longevity risk through a longevity swap.

In the previous reporting year, the Scheme Actuary conducted longevity analysis that considers climate risk, taking account of the protection provided by the Plan's longevity swap. The modelling indicates the following scenario outcomes, each compared with longevity assumptions constructed with no explicit allowance for climate-related risks: (1) a temperature rise of 1.5-2°C above pre-industrial levels might increase Plan liabilities by 5.5% and increase life expectancy by 21 months for older generations; and (2) a temperature rise of 3.5-4°C above pre-industrial levels might decrease Plan liabilities by 2.5% and decrease life expectancy by 5 years for younger generations.*

Based on this analysis, mortality changes arising from the direct and indirect impact of climate change may be material to the funding strategy longer term, but the Trustee will keep this under review.

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

* It is important to note that these "Results" are based on longevity projection models and third-party data which may produce output that differ materially from actual outcomes. The Results are set out for informational purposes only and should not be used for any other purpose. In particular, the Results should not be relied upon, and they are not suitable for repurposing, copying, redistributing or modifying. The model provider disclaims all liability and makes no representations about the suitability for any purpose of the Results and such content is supplied on an as is basis, without any warranty of any kind.

Strategy

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

Impact on the sponsor

The Covenant Adviser has identified and analysed the climate-related risks faced by the Sponsor during the Plan year 31 October 2023; focusing on both physical and transition risks. In carrying out this analysis, the Covenant Advisor has considered the ability of the sponsor, at a Group level, to be able to cover the Plan's climate funding risk. The quantum of the climate funding risk was estimated at c.£260m by taking the secondary funding target deficit in the Plan from mid-2023 and overlaying the expected change in funding position under climate scenario analysis carried out during the reporting year to 31 October 2022 by the Investment Consultant. The climate scenario selected was Current Policies (compared with the Baseline scenario) at 28 years.

Timeframe	Although the Plan is well funded, Self Sufficiency (and associated lower covenant dependency) is not targeted until 2039, meaning covenant climate risks will remain a consideration for some time.
Sponsor climate dependency	The Group's climate dependency (for water/barley etc.) is reflected in its relatively robust climate-driven 'Evergreen' strategy which embeds sustainability / responsibility into its governance, risk management, environmental targets (including achieving net zero by 2040) as well as embedding these in its TCFD disclosures.
Sponsor profitability	The Group's three key climate risks with greatest financial impact are regulation / pricing on greenhouse gas ('GHG') emissions, water scarcity and cost of raw materials. The analysis shows reasonably robust Group climate resilience with 'worst case' Group operating profits remaining several multiples above the c.£260m Plan climate funding risk. This is for the 1.5°C scenario where GHG pricing is at its highest. Cover could improve following any Group mitigation actions.
Climate risk mitigation	The Group's strategies, including net zero by 2040, renewable energy use, sustainable agricultural commodities, water stewardship and recycling / reusable strategies, could mitigate a number of the additional key risks including GHG pricing, increased regulation, and investor and social concerns.
Summary	No immediate threats to covenant strength have been identified and high-level quantitative and qualitative analysis indicates reasonably robust Group climate resilience. As all the climate risks identified by the Group might create significant costs by 2030, notably GHG pricing, they should be kept under review. However, whilst climate financial uncertainties remain, their impacts are likely to be reduced by mitigation actions.

Strategy

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

During 2022, the IC assessed the potential impacts on the Plan's assets and liabilities under three different climate scenarios defined by the Network for Greening the Financial System ("NGFS"), interpreted and modelled by Moody's Analytics, and integrated into the Investment Consultant's investment model. The IC, in conjunction with the Investment Consultant, chose these scenarios to provide a balanced set of hypothetical constructs with which to analyse the potential risks and opportunities across the Plan's assets. Forward-looking analysis always involves uncertainty, however these scenarios help to examine different possible outcomes in terms of emissions, global average temperatures, and associated transition and physical risks, for example.

Net Zero 2050

- Paris aligned scenario – temperatures kept to a 1.5°C rise this century.
- CO_2 emissions reach net zero in 2050 globally, but only some regions achieve global greenhouse gas net zero by 2050.
- Relatively high transition costs incurred in near term, but physical damages are minimised.

Divergent Net Zero

- Paris aligned scenario – temperatures kept to a 1.5°C rise this century.
- Divergence in policies across sectors results in higher transition costs e.g. the transport sector instils more stringent policies than the energy sector.
- Physical damages are minimised.

Current Policies

- The world largely fails to meet the ambition set out in the Paris Agreement, resulting in 3.8°C of warming this century.
- Whilst there are lower transition costs, higher physical risks arise due to rising global temperatures, with shifts in weather patterns and an increased incidence of natural disaster.

Limitations:

The Trustee accepts there are limitations involved within climate scenario analysis, including the potential underestimation of climate risk. The Trustee therefore uses the scenario analysis for comparative purposes rather than analysing the absolute magnitude of results. Further detail can be found in the Appendix.

Low	
Average	
High	

Strategy

Describe the impact of climate-related risks and opportunities on the Plan's strategy and planning

Materiality matrix of climate-related risks and opportunities

The IC, in conjunction with its advisors, has used a colour-coded rating to summarise the results of the modelled impact upon the Plan of climate-related risks and opportunities across the different time horizons agreed (analysis shown on next few pages).

Assets – The Plan's assets are diversified and are expected to react differently to various climate scenarios.

Liabilities – The Plan's liabilities are well hedged and significantly protected from adverse changes to yields and inflation. Potential changes in longevity assumptions are a material risk, although some of this risk is mitigated through a longevity swap.

Covenant – Due to the nature of the Sponsor's business area, it faces a number of risks relating to ongoing climate change. However, mitigation actions could lessen the impact of climate-related risks.

Risk	Time frame	Government Bonds	Corporate Bonds	Higher Yielding Credit	Long Lease Property	Private Markets	Equity	Liabilities	Sponsor
Transitional (net zero scenario)	Short term (3 years)	Average	Low	Low	Average	Low	Low	A temperature rise of 1.5-2°C above pre-industrial levels might mean 2.5% higher Plan liabilities and 21 months higher life expectancy for older generations.*	The largest transitional risks to the sponsor identified were regulation / pricing on GHG emissions and increased cost of raw materials. The covenant analysis suggests risks to covenant are low.
	Medium term (8 years)	Average	Average	Average	Average	Low	Low		
	Long term (13 years)	Average	Average	Average	Average	Low	High		
	Very long term (28 years)	Low	Low	Average	Low	Low	High		
Physical (current policies scenario)	Short term (3 years)	Average	Average	Average	Average	Average	Average	A temperature rise of around 3.5-4°C above pre-industrial levels might mean 1.1% lower Plan liabilities and over 5 years' lower life expectancy for younger generations.*	The largest physical risks to the sponsor identified were water scarcity. The covenant analysis suggests risks to covenant are low.
	Medium term (8 years)	Average	Average	Average	Average	Low	Low		
	Long term (13 years)	Average	Average	Low	Low	Low	High		
	Very long term (28 years)	Low	Low	Low	High	High	High		
Expected allocation change		↑	↑	↓	↓	↓	↓		

* It is important to note that these "Results" are based on longevity projection models and third-party data which may produce output that differ materially from actual outcomes. The Results are set out for informational purposes only and should not be used for any other purpose. In particular, the Results should not be relied upon and they are not suitable for repurposing, copying, redistributing or modifying. The model provider disclaims all liability and makes no representations about the suitability for any purpose of the Results and such content is supplied on an as is basis, without any warranty of any kind.

Strategy

Describe the resilience of the Plan's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

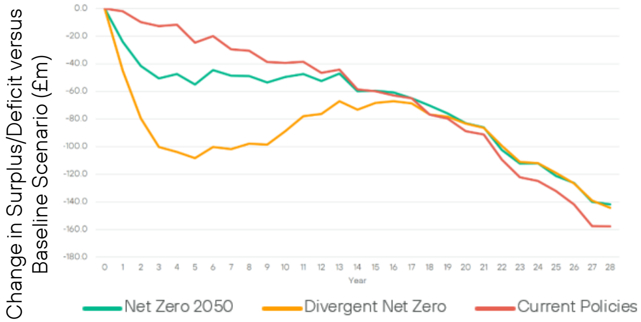
Climate scenario analysis

The Trustee has reviewed the latest scenario analysis (undertaken during the Plan year to 31 October 2022) and determined that further analysis, outside of the regulatory cycle, was not required. This was a result of minimal material changes to the investment strategy and funding position over the Plan year, and the absence of significant increases in the availability of data. The Trustee has agreed to conduct scenario analysis in line with the regulatory reporting cycle, with the next set of analysis likely to take place in the next reporting period, in 2025.

Resilience of the investment strategy and funding strategy

The latest analysis, demonstrates that over the short to medium term, the costs associated with the transition to a lower carbon economy are clear within the Net Zero 2050 and Divergent Net Zero scenarios. This reinforces the focus on investing in companies that are prepared for the transition to a low carbon economy. Over the longer term, the costs relating to physical damages are significant within the Current Policies scenario, with temperatures reaching a c.3.8 °C rise above pre-industrial levels by the end of 2050. The model predicts that this could cause a c.£158m reduction in surplus.

The IC recognises this modelling is based on top-down macroeconomic assumptions and analysis and so will not always account for specifics of underlying investment funds or holdings. More detail is provided in the Appendix.



	Expected annual asset return drag compared with the Baseline scenario (1 = 0.01%)				Expected change in funding position compared with the Baseline scenario			
Scenario	3 years	8 years	13 years	28 years	3 years	8 years	13 years	28 years
Net Zero 2050	-46	56	27	-30	-£50m	-£49m	-£47m	-£142m
Divergent Net Zero	-47	70	29	-30	-£100m	-£98m	-£67m	-£145m
Current Policies	-	50	5	-44	-£12m	-£30m	-£44m	-£158m

Strategy

Describe the resilience of the Plan's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Resilience of asset classes

In the latest analysis, the IC considered the potential impacts on different asset classes to understand which allocations might contribute to the Plan's climate risk and how this might evolve over time. This analysis, also included in the previous TCFD report, covered all asset classes in which the Plan invests.

The Plan's synthetic equity mandate has potentially the greatest exposure to transitional and physical risk, given the economic sensitivity of the asset class. The IC, however, notes that the equity allocation is expected to be reduced over time, with possible mitigation provided by the fact that is currently structured to replicate the return on a "low carbon" index.

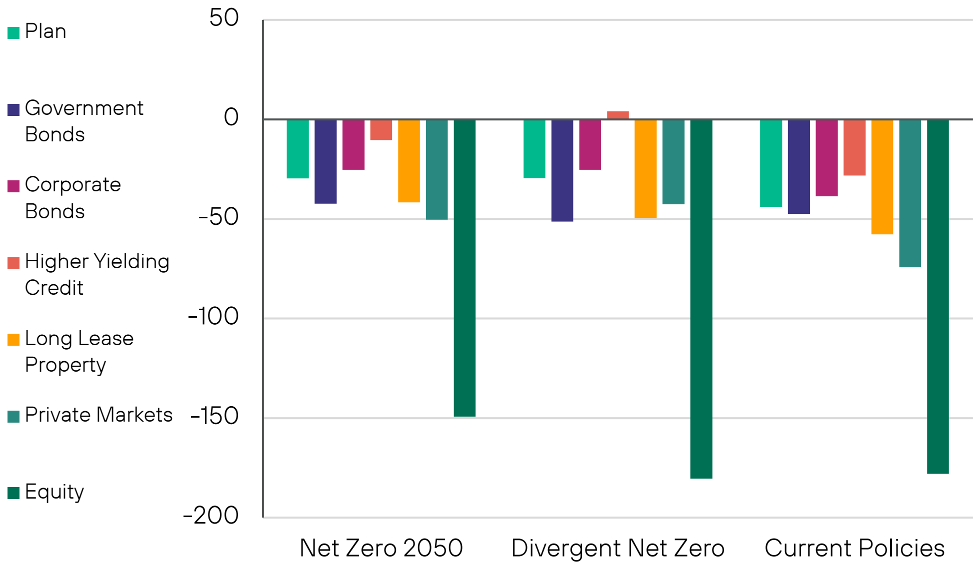
Corporate bonds have a relatively low impact on return from climate change. The integration of decarbonisation objectives in the segregated corporate bond mandate will help to align the mandate with low carbon outcomes (under the low carbon scenarios analysed).

These risks at asset class level will be considered as the Plan progresses along its de-risking journey.

Updating climate scenario analysis (next reporting period)

In the next reporting period, we will update the climate scenario analysis for the Plan. As part of this, we will re-evaluate the climate scenarios chosen, to reflect changes in market best practice.

The return drag of the asset classes that feature in the Plan's investment strategy under different climate scenarios relative to the Baseline scenario (ann. bps) at year 28.



Source: Investment Consultant
Note: Additional detail on scenario analysis can be found in the appendix
The analysis covers all asset classes in the portfolio

Risk Management

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

Climate-related risk management process

We depict below the Trustee's climate-related risk management process. This applies to both the management of transition risks and physical risks from climate change. This is designed to allow identification of the most material risks for the Plan and the development of controls and processes to manage these.

Risk identification and prioritisation

Risk register: The Trustee reviews the climate-related considerations in our risk registers at least annually.

Training: The Trustee and IC receive climate change training to understand potential impacts of climate-related risks.

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

Investment strategy impact

Climate scenario analysis: The IC seeks to quantify the potential of climate change on the Plan's investment and funding strategy (as discussed on pages 12-15).

ESG integration: Where possible, the IC ensures ESG considerations are integrated within each mandate. For example, selecting an index with enhanced ESG characteristics for the synthetic equity mandate and including ESG investment guidelines within the corporate bond mandate.

Climate risk monitoring

Assessing investment managers; The IC assesses the ESG capabilities of our investment managers on an annual basis (further detail provided on pages 17-18).

Assessing climate metrics: The IC monitors a set of climate-related metrics on an annual basis, in line with TCFD recommendations. (further detail provided on pages 21-24). The quality and availability of these metrics is expected to improve over time.

Stewardship

Assessing investment managers; The IC assesses the stewardship activities and capabilities of our investment managers on an annual basis to ensure these align with our ESG beliefs and policy.

Risk Management

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

Investment managers

Whilst the Trustee retains ultimate responsibility, the Trustee delegates day-to-day management of the investments to investment managers, and the Trustee expects the managers to be identifying, assessing and managing climate-related risks on an ongoing basis on the Trustee's behalf.

The Investment Consultant provides the Trustee with an annual assessment report that assesses each of the underlying managers with regards to their ESG capabilities. Example criteria of this assessment under each area are shown below. The Trustee receives an annual assessment report from its Investment Consultant that assesses each of the underlying managers with regard to the level of ESG integration for each mandate. The impact assessment has a strong focus on climate-related risks and includes a specific climate score for each of the underlying managers.

At a high level, the Plan's investment managers received satisfactory ratings. The main area of improvement was in the category "Stewardship", in part due to managers expanding their focus onto specific stewardship priorities or improving engagement reporting. The high-level ratings are summarised on the following page. The Trustee uses this assessment to identify areas of improvement and targets engagement efforts towards these areas. The Trustee expects to see progress in the Investment Managers' capabilities and the Investment Consultant's considerations each year.

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

Stewardship Activity

The Trustee recognises the importance of stewardship in driving change and aiding the transition to a lower carbon economy.

The Trustee delegates stewardship responsibilities (Voting & Engagement) to its Investment Managers, and the managers should engage and vote on all issues, including climate, in the best interest of the Plan's members.

This is monitored through the Implementation Statement produced by the Plan's Investment Consultant.

Risk Management

Meets Additional Impact Criteria | Meets Additional Sustainable Criteria | Meets Traditional Criteria | Partially Meets Criteria | Significantly Fails to Meet Criteria

↑ Category has improved since last assessment   ↓ Category has deteriorated since last assessment

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

Manager	Investment Approach	Risk Management	Stewardship	Reporting	Collaboration	Climate
Government Bonds	Meets Traditional Criteria	Meets Traditional Criteria	Meets Traditional Criteria ↑	Meets Traditional Criteria	Meets Traditional Criteria	Meets Traditional Criteria
Synthetic Equity	Meets Additional Sustainable Criteria	Meets Traditional Criteria	Meets Traditional Criteria ↓	Meets Traditional Criteria	Meets Additional Sustainable Criteria	Meets Additional Sustainable Criteria
Asset Backed Securities	Partially Meets Criteria ↓	Partially Meets Criteria ↓	Meets Traditional Criteria ↑	Significantly Fails to Meet Criteria ↓	Meets Traditional Criteria	Partially Meets Criteria
Corporate Bonds	Meets Additional Sustainable Criteria	Meets Traditional Criteria ↓	Meets Additional Sustainable Criteria ↑	Meets Traditional Criteria ↓	Meets Traditional Criteria	Meets Traditional Criteria ↓
Higher Yielding Credit – Manager 1	Meets Traditional Criteria	Meets Traditional Criteria	Meets Traditional Criteria	Partially Meets Criteria	Meets Additional Sustainable Criteria ↑	Meets Additional Sustainable Criteria ↑
Higher Yielding Credit – Manager 2	Partially Meets Criteria ↓	Meets Traditional Criteria	Partially Meets Criteria	Meets Traditional Criteria	Partially Meets Criteria	Partially Meets Criteria
Long Lease Property	Meets Traditional Criteria	Meets Traditional Criteria	Partially Meets Criteria ↑	Partially Meets Criteria	Meets Traditional Criteria ↓	Meets Traditional Criteria
Private Markets – Manager 1	Partially Meets Criteria	Partially Meets Criteria	Significantly Fails to Meet Criteria	Significantly Fails to Meet Criteria ↓	Significantly Fails to Meet Criteria ↓	Significantly Fails to Meet Criteria
Private Markets – Manager 2	Significantly Fails to Meet Criteria	Partially Meets Criteria	Meets Traditional Criteria ↑	Significantly Fails to Meet Criteria	Meets Traditional Criteria ↓	Partially Meets Criteria ↑
Private Markets – Manager 3	Significantly Fails to Meet Criteria ↓	Partially Meets Criteria	Partially Meets Criteria ↑	Significantly Fails to Meet Criteria	Meets Traditional Criteria	Partially Meets Criteria
Private Markets – Manager 4	Partially Meets Criteria	Meets Traditional Criteria ↑	Partially Meets Criteria ↑	Significantly Fails to Meet Criteria ↓	Meets Traditional Criteria	Partially Meets Criteria

Risk Management

5 – Significant Impact / Almost certain
4 – Major / Likely
3 – Moderate / Possible
2 – Minor / Unlikely
1 – Insignificant / Nearly impossible

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

Risk register

Climate-related risks and opportunities are embedded into the risk management process and are captured within wider investment risk assessments. During the scheme year, the Risk Committee reviewed and agreed the Plan's risk register. The Risk Committee reviews the risk register in detail on an annual basis to develop and maintain these processes, with support provided by advisors, the IC and investment managers to quantify these risks (e.g. via climate scenario analysis), including the relative risks posed by transition versus physical risks. In addition, at least quarterly, the Risk Committee receives updates from the IC on the development and emergence of investment risks. The risk register includes actions the Trustee will take in managing climate-related risks such as manager monitoring and regular reviews with the Principal Employer.

The Plan's risk register is outlined below and on the following page and captures the impact and likelihood of climate risks which drive discussions on priority and actions by the Trustee.

	Potential issues:	Potential mitigating actions:	Risk Impact	Risk Likelihood
Principal Employer covenant	• Worsening covenant position associated with the impacts of climate change (transition and physical). • Damage to reputation and/or legal challenge due to poor or inconsistent climate practices.	• Triennial review of sponsor covenant conducted by the Plan's covenant advisor. • Chair of Trustee meets sponsor Financial Director regularly. • Funding Committee meets regularly to consider covenant issues. • Quarterly monitoring of key covenant KPI's through the IRM dashboard.	5	1
Funding	• Funding strategy does not adequately capture ESG factors or climate change. • Funding target is increased at future actuarial valuations due to higher expected costs / greater uncertainty / weaker Principal Employer due to climate-related reasons.	• Funding committee review funding strategy with input from advisors on an annual basis. • Plan goals are reviewed annually by Trustee board. • Actuary, Principal Employer, investment consultant and covenant consultant all involved in ongoing funding level assessment and IRM.	4	1

5 – Significant Impact / Almost certain
4 – Major / Likely
3 – Moderate / Possible
2 – Minor / Unlikely
1 – Insignificant / Nearly impossible

Risk Management

Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the Trustee’s overall risk management

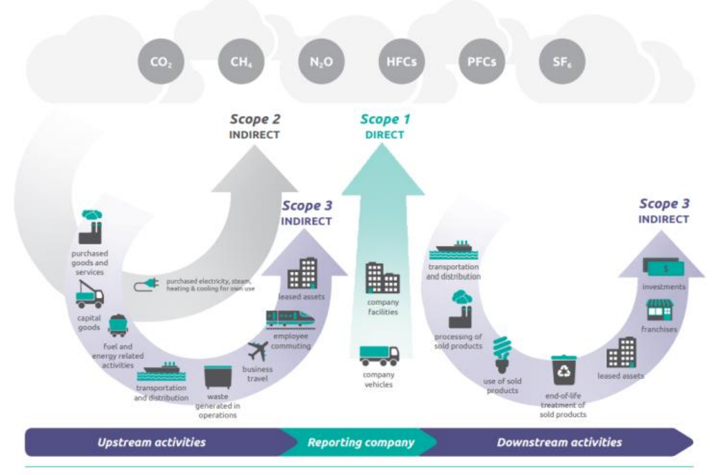
	Potential issues:	Potential mitigating actions:	Risk Impact	Risk Likelihood
Investment strategy	• Cost of longevity insurance increases due to climate change. • Asset mispricing due to the impacts of climate change and the transition to low-carbon economy and/or physical impacts of climate change.	• Asset & liability studies undertaken as required. • Monitoring of investment performance reviewed at quarterly Investment Committee meetings. Annual audit of investments. • A joined-up approach to funding & investments. Quarterly IRM reporting. • Monthly review of Plan's investments against risk appetite. • Agreed funding and long-term strategy which is reviewed as part of the formal valuation exercise. • Longevity swap. • Continued monitoring of investments against the Trustee's ESG policy and climate target(s), and regular (at least triennial) climate scenario modelling.	3	3
Asset and investment manager allocations	• Investment managers do not adequately integrate financially material ESG factors (including climate risks) into their risk management framework. • Investment managers do not adopt effective stewardship or do not collaborate to encourage best practice in addressing systemic climate risks. • Investment managers do not consider potential investment opportunities which may be expected to benefit from climate change and provide upside opportunity for the portfolio, or individual asset classes.	• T&Cs of engagement with fund managers allows for level of redress in the event of financial loss arising from investment without IMA or not acting properly on valid and timely. instructions. • Quarterly monitoring of investment performance and managers. • Annual evaluation of investment consultant objectives. • Monitoring managers and asset classes on the risks and opportunities that arise from climate change and how these are managed on an ongoing basis.	3	1

Metrics and Targets

Disclose the metrics used by the Trustee to assess climate-related risks and opportunities in line with its strategy and risk management process

The IC agreed to annually measure, monitor and publish four climate metrics :

1. **Absolute emissions metric**: Total greenhouse gas emissions (scope 1 & 2 and scope 3)
2. **Emissions intensity-based metric**: Carbon footprint (scope 1 & 2 and scope 3)
3. **Portfolio alignment metric:** Implied temperature rise ("ITR")
4. **Additional climate change metric:** Data quality



Metrics

Greenhouse gas ("GHG") emissions result from a number of economic activities, primarily as a result of burning fossil fuels. The gases contribute to the increased retention of the sun's energy, resulting in a "greenhouse effect" where the Earth is warmed. Slowing and reducing the release of GHGs into the atmosphere is therefore important.

The Trustee chose four climate-related metrics which are in line with the recommendations set out for the Plan. The process of selecting these metrics for monitoring focussed on two key aspects: (1) level of impact; and (2) availability of data. The Investment Consultant gathers this data from the investment managers on behalf of the Trustee. This section shows the latest metrics gathered for the Plan's assets.

The Trustee has reported, where available, on Scope 1 & 2 emissions and, separately, Scope 3 emissions. Scope 1 & 2 emissions arise from the direct activities of companies and assets, or from the energy they purchase, whilst Scope 3 emissions arise from their value chains.

Monitoring the implied temperature rise metric provides a forward-looking perspective to feed into strategic discussions, whereas emissions reporting is backward-looking in nature.

Data coverage

The Trustee has met its set target to increase carbon footprint (Scope 1 & 2) data coverage to 75% of total portfolio by 30 June 2024. Whilst this is a step in the right direction, the Investment Consultant will continue to engage with the investment managers on data quality and coverage on behalf of the Trustee.

Metrics and Targets

Green: Improvement in metrics
Orange: Broadly the same **Red**: Deterioration in metrics

Disclosure of Scope 1 and Scope 2 greenhouse gas (GHG) emissions (as at 30 June 2024)

Manager	Strategic allocation %	Total GHG emissions Scope 1 & 2 (tCO_2e)		Carbon footprint Scope 1 & 2 ($tCO_2e/£m$)		Carbon Footprint Data Quality % of scope 1 & 2 emissions that are			
		Metric	Coverage	Metric	Coverage	Verified	Reported	Estimated	Unavailable
Government Bonds – Mandate 1	36.0%	247,983	100%	167	100%	-	100%	-	-
Government Bonds – Mandate 2		4,905	100%	167	100%	-	100%	-	-
Asset-Backed Securities		-	-	-	-	-	-	-	100%
Corporate Bonds	26.5%	13,190	90%	40	90%	-	75%	14%	11%
Higher Yielding Credit – Mandate 1	3.3%	2,474	71%	47	71%	-	29%	41%	29%
Higher Yielding Credit – Mandate 2	11.7%	5,116	21%	92	21%	-	17%	4%	79%
Long Lease Property	7.5%	22	100%	4	100%	100%	-	-	-
Private Markets – Mandate 1	0.0%	125	100%	107	100%	-	-	100%	-
Private Markets – Mandate 2	1.5%	2,672	100%	43	100%	-	17%	83%	-
Private Markets – Mandate 3	3.3%	5,863	100%	47	100%	-	65%	35%	-
Private Markets – Mandate 4	1.5%	-	-	-	-	-	-	-	100%
Private Markets – Mandate 5	1.1%	-	-	-	-	-	-	-	100%
Private Markets – Mandate 6	7.5%	2,766	15%	102	15%	-	15%	-	85%
Total Portfolio	**100%**	**285,115**	**78%**	**93**	**78%**	**8%**	**62%**	**8%**	**22%**

Further caveats and detail can be found in the Appendix.

Metrics and Targets

Green: Improvement in metrics
Orange: Broadly the same **Red**: Deterioration in metrics

Disclosure of Scope 3 greenhouse gas (GHG) emissions and other metrics (as at 30 June 2024)

Manager	Strategic allocation %	Total GHG emissions Scope 3 (tCO_2e)		Carbon footprint Scope 3 (tCO_2e/£m)		Implied temperature rise	
		Metric	Coverage	Metric	Coverage	Metric	Coverage
Government Bonds – Mandate 1	36.0%	-	-	-	-	1.5 – 2.0°C	100%
Government Bonds – Mandate 2		-	-	-	-	1.5 – 2.0°C	100%
Asset-Backed Securities		-	-	-	-	-	-
Corporate Bonds	26.5%	58,928	91%	182	91%	2.20°C	87%
Higher Yielding Credit – Mandate 1	3.3%	7,267	71%	138	71%	2.64°C	70%
Higher Yielding Credit – Mandate 2	11.7%	29,475	21%	532	21%	2.68°C	23%
Long Lease Property	7.5%	7,205	75%	47	75%	-	-
Private Markets – Mandate 1	0.0%	107	100%	91	100%	-	-
Private Markets – Mandate 2	1.5%	2,303	100%	37	100%	-	-
Private Markets – Mandate 3	3.3%	13,391	100%	107	100%	-	-
Private Markets – Mandate 4	1.5%	-	-	-	-	-	-
Private Markets – Mandate 5	1.1%	-	-	-	-	-	-
Private Markets – Mandate 6	7.5%	1,535	9%	92	9%	-	-
Total Portfolio	**100%**	**120,210**	**40%**	**129**	**40%**	**-**	**-**

Further caveats and detail can be found in the Appendix.

Metrics and Targets

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

Target setting

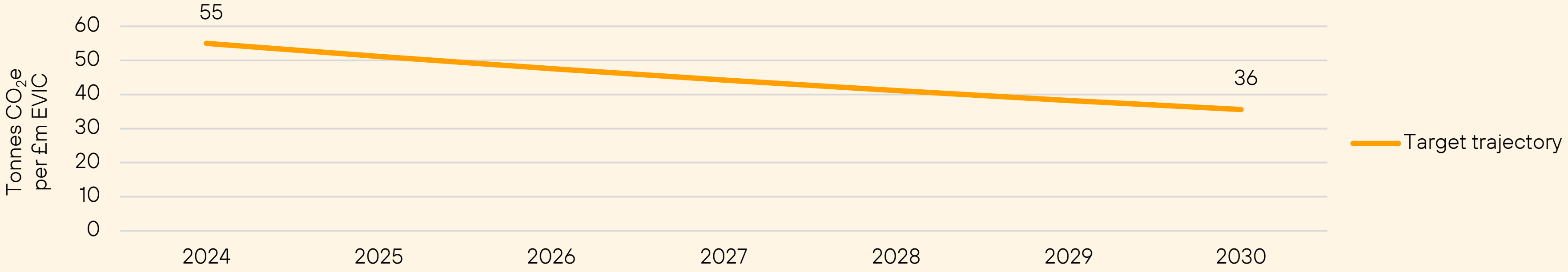
The Trustee agreed a target of carbon footprint data coverage at 75% for the total portfolio by 30 June 2024, which has been met.

The Trustee recognises the importance of improving data quality and availability in relation to carbon footprint, in particular so as to be able to set a decarbonisation target. The target set in 2022 by the Trustee has been met.

In previous reporting, the notional exposure for synthetic equity (for which, being a derivative, no data is available) was treated as a standalone allocation. For consistency with the treatment of LDI, the allocation LDI and synthetic equity have been combined in our calculations. This is because the LDI portfolio holds the collateral required to back the synthetic equity. This has contributed to the improvement in carbon footprint coverage.

The Trustee has therefore set a new target, which is to achieve a 35% reduction in the carbon footprint (Scope 1 & 2) by 30 June 2030 (versus a 30 June 2024 baseline, excluding LDI and synthetic equity).

This would equate to a c.7% annual decarbonisation, every year, out to 2030. The Trustee intends to continue engaging with the Investment Managers via its Investment Consultant to be able to achieve this new target. The Plan will embed the target within its governance arrangements (the ESG Policy) over the next reporting period.



Source: Investment Consultant. Calculations, Investment Manager data.
Notes: Please note that the trajectory shown above is for illustrative purposes only and is unlikely to reflect the reality of the Plan's decarbonisation journey.
Note on calculation approach: the weighted average carbon footprint of the portfolio will be calculated on the basis of the strategic asset allocation (as set out in the Plan Statement of Investment Principles) weights multiplied by the carbon footprint of the individual mandates. The coverage was calculated on a similar basis using strategic weights and individual mandate coverage.

Appendix

Scenario analysis appendix

Modelling principles

The Plan's Investment Consultant, partnered with Moody's to deliver a climate change model during the Plan year to 31 October 2022 . Please see an overview below:

1. Selection of climate scenarios from the Network for Greening the Financial System. The interpretation and implementation of these scenarios are detailed below, across these building blocks.
2. Inclusion of climate scenarios within Moody's climate model, composed of two building blocks: a socioeconomic model and a climate model. The socioeconomic model is the REMIND-MAGPIE general equilibrium model, modelling macroeconomic growth and energy systems. This assumes that markets are efficient and sets out traditional economic assumptions around the evolution of economic markets. The climate model is the MAGICC 6 model, modelling climate and weather. The model runs 600 climate scenario projections and takes the median outcome for each climate scenario: baseline, net zero 2050, divergent net zero and current policies. There is interplay between these models.
3. The investment model is the Investment Consultant's proprietary SOFIA model. SOFIA is a stochastic model that simulates a large number of possible future economic outcomes, in which financial conditions develop in a number of different ways, defined by assumptions for average outcomes, range of variability, and inter-dependency between different markets. The results shown in this report are based on the median results. In each case, SOFIA assumes that the strategy remains constant over the full projection period, and assets are annually rebalanced back to the original allocations. SOFIA takes the initial starting position of the assets, and projects these values forward under the simulated scenarios, taking into account any relevant inflows and outflows.
4. The high-level market scenarios are generated by a third-party Economic Scenario Generator (ESG) provided by Moody's Analytics. The ESG is an industry-standard tool that is widely used by financial institutions (e.g. insurers, asset managers, and investment banks). Both the climate scenarios and the underlying economic impacts are provided by Moody's Analytics. Based on the scenarios generated by the ESG, SOFIA simulates asset class returns calibrated to the Isio's asset class assumptions.
5. The output is an understanding of the potential impacts on investment strategy and asset class outcomes, as well as the funding position. In particular, the potential impacts of expected rising transitional and physical costs associated with climate change are assessed.

Strategy

Scenario analysis appendix

Modelling limitations

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

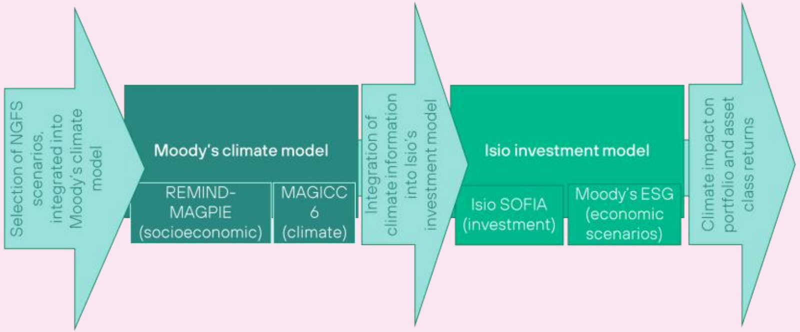
No guarantee can be offered that actual outcomes will fall within the range of simulated results. Actual outcomes may be better than the simulated 95th percentile or worse than the simulated 5th percentile.

The only risk factors considered in the modelling are those that affect the values of pension plan's assets. The modelling results should be viewed alongside other qualitative considerations including portfolio complexity, governance burden, and liquidity risk.

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

Compliance Statement

The strategy modelling material in this report is summarised from a longer report. For details of the modelling assumptions and Technical Actuarial Standards compliance, please refer to the report produced by the Investment Consultant for Trustee entitled TCFD - Strategy & Risk Management (dated October 2022).



Metrics and Targets

Metrics appendix

Climate metrics definitions

The IC selected and monitored four climate metrics during 2024:

1. **Absolute emissions metric:** Total greenhouse emissions (scope 1 & 2 and scope 3)
    - *Total amount of greenhouse gas emissions emitted by the underlying portfolio companies, attributed to the investor based on the total investment in each company.*
    - *Equation:* $\sum_{n}^{i}\left(\frac{\text{Current value of investment}_i}{\text{Investee company enterprise value}_i}\right) \text{X investee company's scope 1 and 2 emissions}_i$ *(or equivalent for Scope 3 emissions)*
2. **Emissions intensity-based metric:** Carbon footprint (scope 1 & 2 and scope 3)
    - *An intensity measure of emissions that assesses the level of greenhouse gas emissions arising from a £1 million investment in a company.*
    - *Equation:* $\frac{\sum_{n}^{i}\left(\frac{\text{Current value of investment}_i}{\text{Investee company enterprise value}_i} \text{X investee company's scope 1 and 2 emissions}_i\right)}{\text{Current value of all investments (£ millions)}}$ *(or equivalent for Scope 3 emissions)*
3. **Portfolio alignment metric:** Implied temperature rise ("ITR")
    - *The temperature pathway the mandate aligns to, expressed as a projected increase in global average temperatures by the end of the century. A Paris-aligned strategy should have an ITR of 1.5°C.*
    - *This metric is reliant on the modelling methodologies adopted by the Plan's investment managers.*
4. **Additional climate change metric:** Data quality
    - *Exposure to emissions data that is verified, reported, estimated and unavailable:*
    - *Verified: Data that has been independently verified.*
    - *Reported: Data directly reported by the company.*
    - *Estimated: Data that has been estimated by the investment manager or an ESG data provider.*
    - *Unavailable: Data that is not available under any of the other categories.*

Metrics and Targets

Metrics appendix

Climate metrics supporting information

The following caveats support the table on pages 22 and 23.

- Source: Investment managers, Investment Consultant calculations.
- Asset Allocation as at 30 June 2024. assuming Private Markets Mandate 6 has been fully called.
- Strategic Asset Allocation is the “2024 Strategy” which is the target allocation in the Journey Plan. Total Portfolio metrics are weighted by the Strategic Asset Allocation as at each date.
- The strategic allocation to the Government Bonds Mandate 1 and 2, and Synthetic Equity have been combined given that the collateral pool for the latter is contained in the former.
- tCO_2e: Tonnes of carbon dioxide equivalent, where CO_2e expresses the impact of each different greenhouse gas in terms of the amount of CO_2 that would create the same amount of warming.
- EVIC: Enterprise value including cash.
- Coverage: Denotes the % of each fund where data is available. Figures rounded to nearest whole number or percentage.

Metrics and Targets

Metrics appendix

Climate metrics supporting information

Mandate	Caveats
Government Bonds – Mandate 1 Government Bonds – Mandate 2 Asset-Backed Securities Corporate Bonds	• Data as at 30 June 2024. • Government Bonds – Mandates 1 and 2 absolute emissions: market value of total long exposure of gilts divided by market value of total gilts in issuance multiplied by total UK emissions. • Manager reports Corporate Bonds carbon footprint in tonnes of CO_2e per $1 million of EVIC. • The carbon footprint for Corporate Bonds was provided using USD as the reference currency. An estimate of the sterling equivalent has been calculated by the Investment Consultant.
Higher Yielding Credit – Mandate 1	• Data as at 30 June 2024. • Manager reports carbon footprint in tonnes of CO_2e per £1 million of EVIC.
Higher Yielding Credit – Mandate 2	• Data as at 30 June 2024. • The absolute emissions for the mandate were provided using tons as the unit of mass. An estimate of the equivalent in tonnes has been calculated by the Investment Consultant. • Manager report carbon footprint reported in tons of CO_2e per $1m invested. • The carbon footprint for the mandate was provided using tons as the unit of mass and USD as the reference currency. An estimate of the equivalent in tonnes and referencing sterling has been calculated by the Investment Consultant. • Coverage figures for the mandate have been adjusted to take account of the proportion of total NAV represented by the long cash credit portfolio, and within that the proportion eligible for MSCI ESG data reporting.
Long Lease Property	• Data as at 31 December 2023. • Absolute emissions based on data from utilities suppliers, tenants and smart meters. A location-based approach used to calculate GHG emissions. • Manager approximates EVIC with GAV where GAV is the sum of the market value of all assets within the fund.
Private Markets – Mandate 1 Private Markets – Mandate 2 Private Markets – Mandate 3	• Data as at 31 December 2023. • The absolute emissions for the mandates were provided using tons as the unit of mass. An estimate of the equivalent in tonnes has been calculated by the Investment Consultant. • Mandate coverage figures are estimated by the Investment Consultant based on emissions data and coverage data provided by the manager. • Carbon footprint estimated by the Investment Consultant based on fund AUM and coverage data.

Metrics and Targets

Metrics appendix

Climate metrics supporting information

Mandate	Caveats
Private Markets – Mandate 4	• No data currently available.
Private Markets – Mandate 5	• No data currently available.
Private Markets – Mandate 6	• Data as at 30 June 2023. • Manager reports absolute emissions in tons of CO_2e and carbon footprint in tons of CO_2e per £1 million invested. • The absolute emissions and carbon footprint for the mandate was provided using tons as the unit of mass. An estimate of the equivalent in tonnes has been calculated by the Investment Consultant. • The carbon footprints for the mandate was provided using USD as the reference currency. An estimate of the sterling equivalent has been calculated by the Investment Consultant.

Absolute Return mandate has been excluded from the coverage calculations due to immateriality, with the remaining assets scaled to 100% using asset values as at 30 June 2024.
Note that a tonne is a metric unit of mass, equal to 1000 kg, whilst a ton is a US unit of mass, approximately equal to 907 kg.

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