Taskforce on Climate-related Financial Disclosures Report

First UK Bus Pension Scheme

Year ending 5 April 2024

Trustee Statement & Climate Change importance

Trustee statement on climate risks and opportunities

Chair statement on behalf of the Trustee

The Trustee recognises that climate change represents a long-term financial risk to the Scheme and can also be a source of opportunities. Climate change is expected to affect our members, financial markets and society at unprecedented levels. As such, the Trustee recognises that managing the associated risks and opportunities form part of its fiduciary duty to members. We have taken steps to ensure climate considerations are fully integrated across our processes, procedures and decision-making, including an aspiration for an investment strategy which is net zero by 2050.

The Task Force on Climate-related Financial Disclosures ("TCFD") is an international institution that has developed a framework to improve and increase reporting of climate-related financial information. This report sets out our key actions across the four TCFD pillars: Governance, Strategy, Risk Management, and Metrics and Targets. It has been produced to comply with the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 and addresses the specific disclosure requirements in the regulations which are based on the recommendations of the TCFD.

Our climate-related priority for the 12 months ending 5 April 2024 was to build from last year's baseline report in order to understand the trends and progress the Scheme has made over the year. As part of this, we have analysed all the relevant asset classes invested in by the Scheme. The Trustee considers climate risks and opportunities when making investment decisions, albeit over the year this has been somewhat limited due to the nature of the current portfolio. Most notably, the Trustee has had to reflect on the illiquidity and expected "run-off" profile of some of its assets when considering portfolio changes.

The anticipated climate impact on the funding position from an investment standpoint is projected to be relatively modest in the short to medium term. The potential impact of climate change on Scheme demographics, particularly life expectancy, and the resulting financial effects are considered by the Actuary.

Given the characteristics of the industry which FirstGroup Holdings Limited (the "Company") operates in, climate change and its associated effects would bring about substantial transformations for the business. This involves both risks and opportunities, and we are aware of substantial work by the Company to explore both areas in more detail. The impact on the Company Covenant is regularly monitored by the Trustee via the Covenant adviser. The reliance of the Scheme on the Company is expected to reduce significantly over 2024 and 2025 and should continue to reduce further over time. Therefore, the longer-term climate related uncertainty around the Company (involving both upside and downside risk) is not expected to have a material impact on the Scheme's current journey plan.

Since the last report was produced, the Defined Contribution section of the Scheme became an independent Scheme and as a result is not included in this report.

The Trustee is dedicated to tackling the risks and opportunities associated with climate change on behalf of Scheme members, and further enhancing the Scheme's strategy for climate action.

Richard Soper, Chair of the Trustee of the First UK Bus Pension Scheme (the "Scheme")

Importance of climate change

Why is climate change important for our members?

Climate change, with its widespread implications for the global economy and financial markets, is a growing concern. It necessitates that we, and the Scheme's members, think differently about the future. Consequently, the considerations of climate change should be a key component of our investment strategy and governance decisions.

Global decarbonisation, aimed at climate change mitigation, brings about risks and potential opportunities for the Scheme. Large transition expenses are expected as part of global decarbonisation, and physical damages are anticipated with global temperatures continuing to rise. Such climate-related risks pose a significant challenge for the Scheme and call for effective management strategies irrespective of future uncertainties. Simultaneously, climate change and global decarbonisation initiatives open new opportunities for the Scheme.

Climate science

Greenhouse gas ("GHG") emissions arise from the burning of fossil fuels for purposes such as transport or power. Emissions released into the atmosphere cause warming due to a blanketing effect. As global average temperatures rise, the entire fabric of the climate system changes.

The transition to a low-carbon economy

To decarbonise the global economy, policies, technologies and market preferences are expected to shift in favour of low-carbon solutions.

Current policies in place

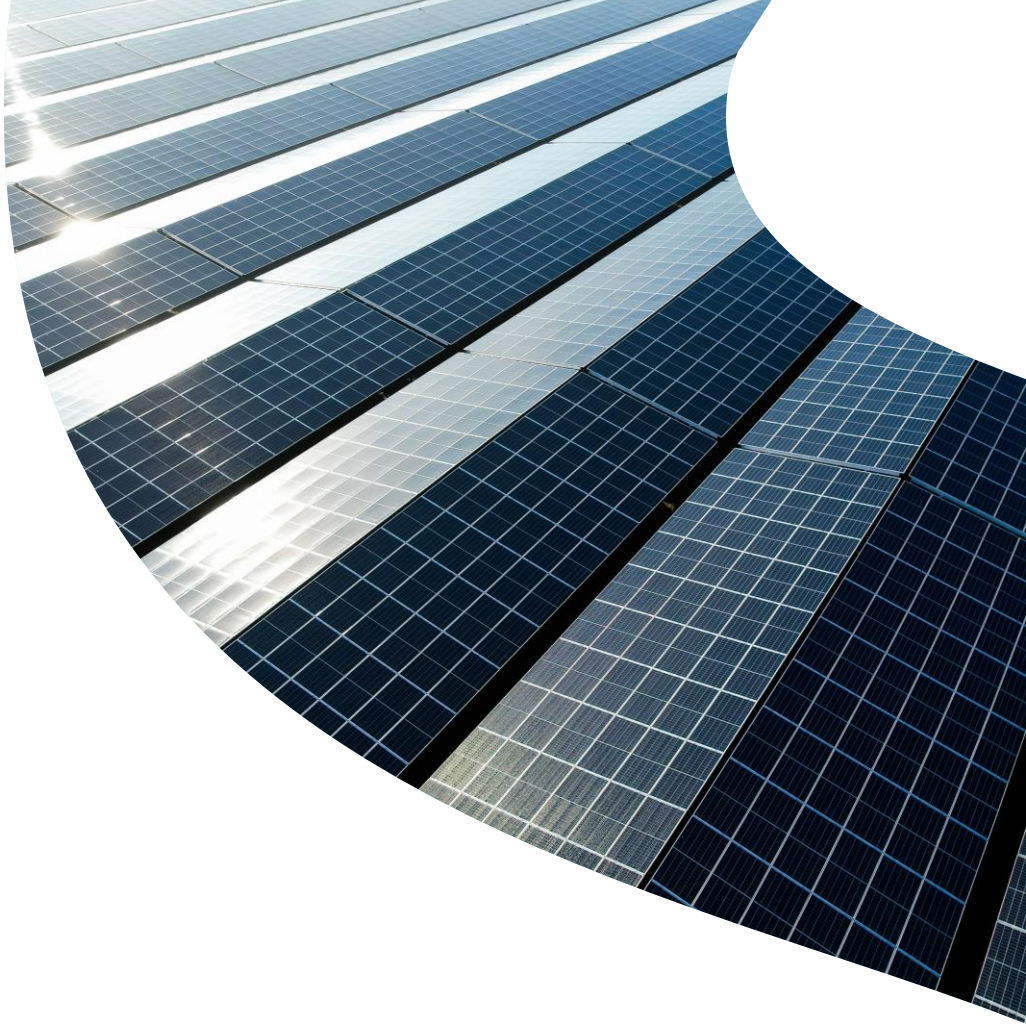
Global governments have agreed to the Paris Agreement to limit global average temperature rises to well below 2°C, with ambitions towards 1.5°C, above pre-industrial levels. It is evident that the trajectory is not currently on track to meet this ambition and so significant further action is required.

Physical risks from climate change

Physical risks arise from the physical impacts of climate change, including both sudden onset natural disasters and slower shifts in weather patterns. They are expected to scale up in the long term due to rising global average temperatures.

This is therefore a key priority area for the Trustee and we have set out our actions to date within the Executive Summary

Executive Summary



TCFD Summary

Governance

Governance around climate-related risks and opportunities

Overview of Trustee responsibilities:

As the Trustee, we maintain ultimate responsibility in managing the Scheme's climate-related risks and opportunities in line with the Scheme's Climate Delegation Framework (agreed in 2022).

Trustee ambitions:

The Trustee, on behalf of the Scheme, has committed to having in place a net zero investment strategy by 2050 (earlier if possible) as well as aims to pursue the UN's seventeen Sustainable Development Goals in its investment selection processes.

Climate Delegation Framework:

The purpose of the Climate Delegation Framework is to supplement and expand upon the policies set out in the Scheme's Statement of Investment Principles ("SIP") and Environmental, Social & Governance ("ESG") Policy Statement, with more detail on roles and responsibilities for managing climate-related risks and opportunities. The statement considers both internal and external parties.

ESG Policy:

The Scheme's ESG Policy details the Trustee's ESG beliefs and ambitions, which reflects a number of the UN Sustainable Development Goals. Additionally, it sets out our policies around manager engagements, ESG monitoring, Sponsor engagement, member communications, allocation to 'impact' funds and wider industry collaborations. We review our Policy and ambitions annually.

Strategy

Actual and potential impacts of climate risks and opportunities

In 2023 the Trustee assessed the actual and potential impacts of climate-related risks and opportunities on the Scheme's investment and funding strategies. As part of this, the Investment Committee ("IC"), on behalf of the Trustee, identified the key time horizons and climate scenarios relevant to the Scheme.

The Trustee has reviewed the latest scenario analysis and determined that further analysis, outside of the regulatory cycle, was not required this year as the investment strategy has not changed materially.

The estimated magnitude of the potential impacts (from our 2023 analysis) are illustrated below using a colour coded rating across each timeframe and climate scenario (we show medium term impacts below).

While the Company is shown as "high risk" due to future uncertainty, the Trustee recognises that climate change also presents opportunities for the Company, particularly in the vehicle electrification space given public transport remains a necessity in the United Kingdom. Importantly, the Trustee also expects the Scheme's reliance on the Company to reduce materially over time.

Further details on the actual and potential impacts of risks and opportunities are found in later pages in the report.

Risk (Medium Term, 8 years)	Assets	Liabilities	Company
Transition risk (net zero scenario)			
Physical risk (current policies)			

Low risk

Average risk

High risk

TCFD Summary

Risk Management

Identifying, assessing and managing climate-related risks

The Trustee has a framework to ensure risks are managed holistically. Whilst overall responsibility lies with the Trustee, the general ongoing management of investment related risks (e.g. working with / monitoring investment managers to ensure they consider ESG risks and opportunities) is delegated to the IC.

Scheme level:

The Trustee periodically reviews the risk register and has considered the key climate-related risks to the Scheme, including, but not limited to:

- Worsening Covenant position associated with the impacts of 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
- Investment managers do not adequately integrate financially material ESG factors (including climate risk) in their risk management framework and/or consider potential investment opportunities
- Funding target is increased at future actuarial valuations due to higher expected costs / greater uncertainty / weaker Principal Employer due to climate-related reasons

Underlying investment mandates:

The Trustee regularly reviews the Scheme's investment managers' ESG capabilities. On an annual basis, the Investment Adviser provides an ESG assessment for the Scheme's mandates, analysing the level of ESG integration for each mandate and engaging with managers on areas that can be improved.

Metrics and Targets

Disclosure of key metrics and targets

The Trustee has selected, gathered and assessed the four climate metrics in the table below. Further detail and definitions is provided later in this report.

Total GHG emissions for Scope 1 & 2 has increased between Dec 2022 and Dec 2023, however this largely reflects improved data coverage across the portfolio (noting that the Scope 1 & 2 carbon footprint has been more stable).

Having said that, due to the Scheme's material allocation to illiquid assets, coverage of climate metrics is still somewhat limited. In 2022, the Trustee set a target to improve emissions (Scope 1 & 2) data coverage to at least 75% of total portfolio by 2024. This target has now been achieved (highlighted in green below).

The Trustee has therefore set a new target - to increase reported / verified emissions (Scope 1 & 2) from 58% to 70% of total portfolio emissions by Dec 2025.

The Trustee will monitor the Scheme's asset allocation, liquidity and data coverage and will consider setting a more meaningful target in future.

Metrics	Scope	31 Dec 2022	31 Dec 2023
Total GHG Emissions (Unlevered) tonnes CO2e	Scope 1 & 2	67,451	79,595
	Scope 3	-	146,000
Carbon Footprint tonnes CO2e / £M invested	Scope 1 & 2	80	82
	Scope 3	-	319
Implied Temperature Rise °C		1.9	2.1
Data quality emissions verified, reported or estimated	Scope 1 & 2	54%	77%
	Scope 3	-	29%

What's next?

Building on the opportunities

We remain committed to identifying and incorporating ESG considerations within our investment strategy. While our portfolio currently consists predominantly of LDI and illiquid assets, we expect the portfolio to evolve in future as illiquid assets "run off".

With this in mind, we expect there to be potential for enhanced inclusion of climate-related aspects, through active dialogue with our current investment managers and through consideration of fresh, appropriate opportunities.

Focus on improving data

We understand that reliable and accurate climate metrics data is crucial in guiding our decisions, and have set a new data coverage target to advance our emissions data quality further.

Through our Investment Adviser, the Trustee is in active discussions with our investment managers to promote better quality and availability of data on carbon emissions intensity. We also expect data quality in our portfolio to naturally improve as illiquid assets run off over time.

Engaging our managers

We regularly meet with our investment managers and ask them questions about ESG and climate change related risks and opportunities to inform our thinking.

We will continue to do this, and consider (with support from our Investment Advisor) how our investment managers integrate ESG into their investment approach and ultimately into our asset portfolio. We typically conduct a formal assessment of this annually.

Understanding the Company's position

We are keen to be collaborative with the Company and want to develop our understanding of the risks the Company is/will face as a result of the shift to a low-carbon economy.

Having said that, we expect our reliance on the Company to reduce in 2024, 2025 and beyond. This should help to limit the impact that Company related climate related risks should have on our longer term journey plan. We will continue to monitor the Scheme's funding position and the Sponsor Covenant with this in mind.

TCFD Pillars

Governance

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

Climate-related beliefs and policies

The Trustee recognises that climate change represents a long-term financial risk to the Scheme and can also be a source of opportunities. Climate change is expected to affect our members, financial markets and society at unprecedented levels. As such, the Trustee recognises that managing the associated risks and opportunities form part of its fiduciary duty to members and therefore aims to pursue the UN's seventeen 'Sustainable Development Goals in its investment selection processes. These include goals directly associated with climate risks (affordable and clean energy, and climate action) amongst other goals which are impacted by and will benefit from improved climate practices).

Oversight responsibilities of the Trustee Board

Whilst overall responsibility for ESG considerations lies with the Trustee, the general ongoing management of its climate-related responsibilities is delegated to the IC. The IC meets regularly (at least every 2 months) and when optimal receives updates and support from its Scheme Actuary, Investment Adviser, Legal Counsel and Covenant Adviser on ESG and climate change topics.

The IC and Trustee will consider the quality of advice the advisers are able to provide from a climate perspective when reviewing their appointments. In the annual assessment of the Investment Adviser via the Competition and Markets Authority ("CMA") investment adviser objectives which are reviewed triennially (or more frequently in the event of changes to the strategy), the IC includes objectives relating to the advice received on ESG (including climate change) and TCFD reporting.

Climate-related policies within the Trustee's ESG Policy

Monitoring – The Trustee will comply with the spirit as well as the letter of the TCFD requirements and encourage those managers with whom we invest to ensure that they, and the ultimate recipients of the Scheme's investment make available appropriate TCFD data, irrespective of jurisdiction.

Zero carbon by 2050 – The Trustee has an aspiration for an investment strategy which is net zero by 2050.

Climate-related training

The Scheme's Investment Adviser provided further climate-related training to the IC in March 2024. This training focused on recapping the 4 TCFD pillars that the Scheme reports on. This included a breakdown of what each pillar involves, where the Scheme currently stands and what reporting is required to be TCFD compliant. Additionally, the IC received training on updates in climate science and transitional and physical risks.

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 Scheme-level climate-related risks and opportunities are governed well. This framework is reviewed, alongside the ESG Policy, on at least an annual basis.

Roles and Responsibilities

Trustee	– Ensuring the Trustee has sufficient knowledge and understanding relating to climate-related risks and opportunities. – Incorporating climate-related considerations into strategic decisions, based on the advice of the IC and external advisers.
Investment Committee ("IC")	– Ensuring the IC has sufficient level of understanding with regards to climate-related risks and opportunities through regular training, to support the Trustee and to meet statutory and fiduciary obligations. – Reviewing climate-related risks and opportunities for the Scheme, and how risks and opportunities play out over multiple time horizons, across the short, medium and long-term, including defining these time horizons. – Receiving relevant climate-related updates from its Investment Adviser, covering the investment managers' climate capabilities and how they have performed against their climate targets, as well as any relevant market or regulatory updates.
Investment Adviser	– Prepare a report assessing how well the Scheme's investment managers are incorporating ESG considerations (including climate change) and subsequently generate a progress report that updates on the actions outlined in the ESG integration assessment report. – Aid in the selection, collection, and presentation of metrics and targets related to ESG performance. – Support in preparing the Trustee's annual report aligned with the recommendations of the TCFD. – Provide support in conducting climate scenario analysis to evaluate the potential effects on the Scheme's assets and liabilities across different climate change scenarios over the short, medium and long term. – Provide training and updates to the Trustee on relevant climate-related matters.

Governance

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

Roles and Responsibilities

Scheme Actuary	– Assess climate-related risks and opportunities in relation to the Scheme's funding position over the short, medium, and long term and the implications for the Scheme's funding and long-term objective.
Legal Advisers	– Provide training to the Trustee on climate-related legal matters, including working with the Trustee and the investment adviser as requested to advise in relation to the Trustee's statutory and fiduciary obligations. – Where requested, assist in the documentation of the arrangements with the Scheme's third parties with respect to climate-related matters. – Assist with the preparation and provide a legal review of the Trustee's annual TCFD report.
Covenant Adviser	– Undertaking periodic reviews, at least triennially, of the extent to which climate-related risks and opportunities might affect the Company over the short, medium, and long term.
Investment Managers	– Identify, assess, and manage climate-related risks and opportunities in relation to the Scheme's investments. – Actively exercise voting rights and engage with portfolio companies concerning climate-related risks and opportunities, prioritizing the best interests of the Scheme's members. – Provide the agreed-upon climate-related metrics to the Scheme's Investment Adviser regarding the Scheme's investments and focus on enhancing the quality and availability of these metrics.

Strategy

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

In order to quantify the potential impacts of climate change on the Scheme's investment and funding strategies, the Trustee conducts climate scenario analysis. The last scenario analysis was undertaken during the scheme year to 5 April 2023. The Trustee is regulatory required to conduct scenario analysis every three years, unless there has been a significant change in investment strategy, funding and/or climate modelling capabilities. As a result of minimal changes to the Scheme's investment and funding strategies over the scheme year, the Trustee feel the results of the last scenario analysis undertaken remains relevant and expects to next conduct updated scenario analysis in the scheme year ending April 2026. The next few pages of this report details the process and results of the last scenario analysis undertaken.

Agree climate scenarios

Climate scenarios are hypothetical futures, which can apply different levels of climate action and produce a unique combination of physical and transition risk. The Trustee, in conjunction with its Investment Advisers, chose the below scenarios to provide a balanced set of hypothetical constructs with which to analyse the potential risks and opportunities across the Scheme's portfolios. 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.

The Trustee, via the Investment Adviser, assessed the potential impacts on the Scheme's assets and liabilities under three different climate scenarios defined by the Network for Greening the Financial System ("NGFS"), and interpreted and modelled by Moody's Analytics.

Net Zero 2050

- Temperatures kept to a 1.5°C rise this century (Paris-aligned).
- CO_2 emissions reach net zero in 2050 globally but only some regions achieve global GHG net zero.
- Relatively high transition costs incurred in near term, but physical damages are minimised.

Divergent Net Zero

- Temperatures kept to a 1.5°C rise this century (Paris-aligned).
- 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

- World largely fails to meet 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, shifts in weather patterns and an increased incidence of natural disaster.

Strategy

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

Agreed timeframes

Climate considerations differ depending on the timeframe in question; we have identified timeframes that are relevant to the Scheme and considered material climate-related risks and opportunities under each of these. We have identified the following timeframes via a blended view of the climate outlook, membership demographics, the funding position, the long-term objective ("LTO"), and the 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.

Timeframe	Investment Horizon (Scheme specific)	Climate Horizon (broader – not Scheme specific)
Short term *3 years*	Actuarial review and review of illiquid mandates	Company target setting, improvement in data quality, government responses to COP27
Medium term *8 years*	LTO target & consideration of insurance options	Companies globally hitting (or missing) their interim 2030 targets, and alignment with the timeframe of the global UN Sustainable Development Goals (SDGs*)
Long term *15 years*	Duration of Scheme's liabilities	Physical damages starting to be incurred
Very long term *28 years*	Majority of remaining liabilities paid	Physical damages incurred, Net Zero by 2050 target

*SDGs: 17 goals adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 people enjoy peace and prosperity.

Strategy

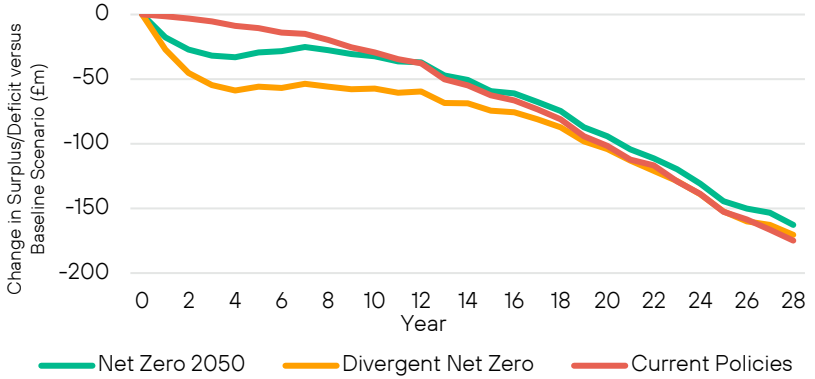
Describe the resilience of the Scheme's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario

Climate scenario analysis – impact on funding position relative to baseline scenario

The latest analysis demonstrates that under all climate scenarios, the Scheme's funding position is expected to deteriorate compared to the baseline, for which where there are no expected physical or transitional costs from climate change. 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, where transition risks are minimised. Over the longer term, from c.2040 onwards, the costs relating to physical damages are significant within the Current Policies scenario, with temperatures reaching a c. 2.4°C rise above pre-industrial levels by the end of 2050.

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. The Trustee 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. Further detail can be found in the Appendix.



Asset impacts – p.a. return drag relative to Baseline scenario

Scenario	Short-term 3 years	Medium-term 8 years	Long Term 15 years	Very Long-term 28 years
Net Zero 2050	-0.7%	0.0%	-0.4%	-0.7%
Divergent Net Zero	-1.2%	-0.2%	-0.4%	-0.7%
Current Policies	-0.2%	-0.3%	-0.7%	-0.9%

< -1.0% | -1.0% – 0.5% | -0.5% - 0% | > 0%

The Baseline scenario assumes no transition or physical impacts of climate change i.e. a climate neutral scenario. Source: Investment Adviser, Moody's. This is based on stochastic modelling, with the median outcome shown. Liabilities are modelled on a gilts + 0.5% basis. Whilst we have modelled the potential physical and abatement costs over the next 28 years, in theory, markets may price these in sooner. The model's projections are sensitive to the underlying methodology and assumptions. No guarantee can be offered that actual outcomes will fall within the range of simulated results. Due to the long projection period, the model's outcomes are particularly reliant upon the underlying assumptions. Therefore, more attention should be paid to the relative comparisons between different projections than to the absolute magnitude of the results.

Note: Isio's climate model has been developed in partnership with Moody Analytics and based on NGFS scenarios. Commentary is Isio's interpretation of results..

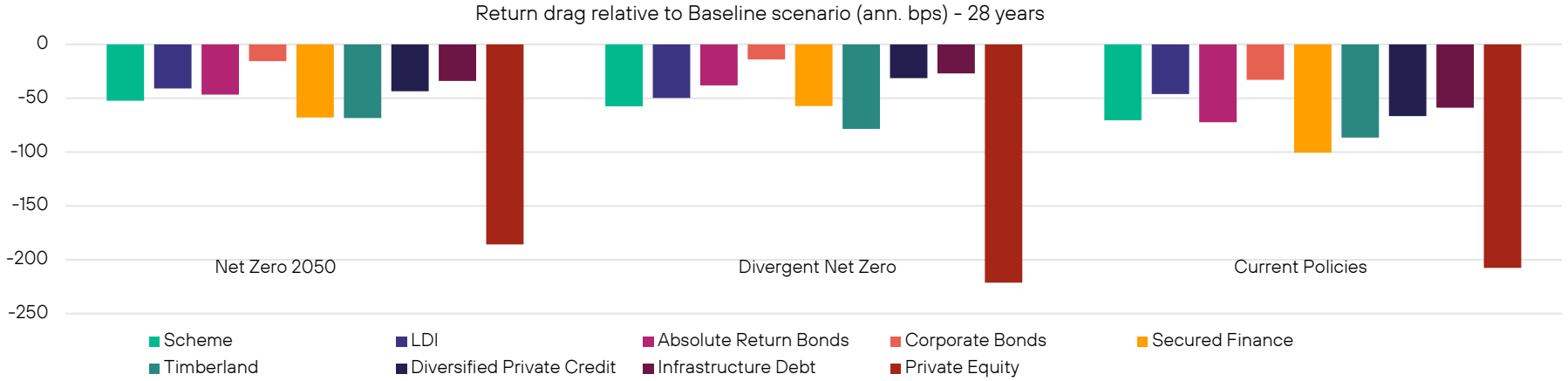
Strategy

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

Climate scenario analysis results – asset class impacts

As part of the climate scenario analysis, the Trustee considered the potential impacts of these scenarios on different asset classes. The Scheme's private equity mandate has potentially the greatest exposure to transitional and physical risk, given the economic sensitivity of the asset class. However, this based on an "asset class" view and the Trustee continues to engage with the investment manager of this portfolio to ensure they are considering climate risk and opportunities. The Trustee also note that while the allocation is relatively large today, it is expected to fully mature over the next decade (with timing uncertain, depending on pace of running-off the assets).

We can see the delayed impact of a disorderly transition, as the two net zero scenarios will have delivered the same outcome of net zero by 2050, the Divergent Net Zero will have incurred higher transaction costs. Although impact at overall Scheme level is marginally different between these two scenarios. We also see significant impacts of the physical costs of rising global temperatures across all asset classes (with temperature rise reaching 2.4°C under Current Policies).



Source: Investment Adviser

Note that annualised return drags are shown but costs and impacts in reality won't be uniform. Whilst we have modelled the potential physical and abatement costs over the next 28 years, in theory, markets may price these in sooner. The model's projections are sensitive to the underlying methodology and assumptions. No guarantee can be offered that actual outcomes will fall within the range of simulated results. Isio's climate model has been developed in partnership with Moody Analytics and based on NGFS scenarios. Commentary is Isio's interpretation of results..

Strategy

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

Timeframe	Risks to Asset Strategies	Risks to Liabilities	Risks to Company
Short term *3 years*	Transitional risks such as the costs associated with global decarbonisation anticipated, carbon pricing and regulation.	Changes to yields (as for assets), inflation and longevity expectations due to expected transition costs or rising physical risks.	Investors (Green financing) - Higher costs of debt and return on equity demands could negatively impact EV, leading to more stringent capital market requirements. Technology (Electrification) - Material levels of investment could be required by the Group to decarbonise the Bus fleet and infrastructure. Policy (Carbon pricing) - Increasing carbon prices have the potential to drive higher than expected energy costs for the Group. Physical risks predominantly relate to weather events, such as flooding and are not expected to have a significant impact in the short to medium term.
Medium term *8 years*			
Long term *15 years*	Physical risks such as damage to assets caused by extreme weather events anticipated.		
Very long term *28 years*			

Strategy

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

Implemented Opportunities

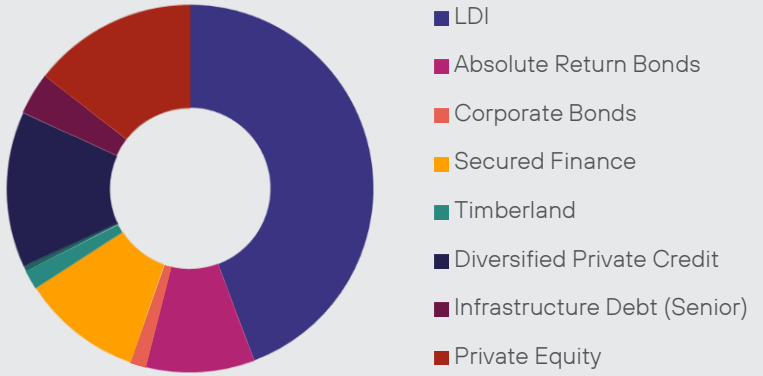
- Timberland: The Scheme has allocated to the Timberland fund, which makes up c.2% of the portfolio as at 5 April 2024. (Note: at the time of writing, the Trustee has made the decision to disinvest due to restructuring of this Fund).
- Corporate bonds: ESG guidelines have been implemented in the past and can be considered again in future.

Other Opportunities

- Liquid credit: as illiquid mandates are sold or roll off, sustainable liquid credit could be considered. The Trustee is mindful of ESG innovation in this space.
- The Trustee could explore the possibility of having a minimum allocation to green gilts within the LDI mandate.

Impact on liabilities

- The Scheme Actuary has considered the impact of climate change on individuals' life expectancy, which they believe will vary by scenario and time horizon. The three scenarios considered are described as No Transition, Orderly Transition, and Smooth Transition scenarios and are compared to the base case.



The Scenario analysis has been based off the above portfolio, which is the allocation as at 31 December 2022 adjusted for some changes in strategy.

- Aon estimate that the 'Orderly' and 'Smooth Transition' scenarios have a positive impact on life expectancy compared to the base case, resulting in an increase in liabilities (estimated to be +2% and +3% respectively). While the 'No Transition' scenario has a negative impact on life expectancy (i.e. a decline in the assumed long-term improvement in mortality), resulting in a decline in liabilities (around -4%). Overall expected funding impact is shown later in this report.
- The Scheme (partially) manages liability risks, excluding mortality, by hedging 95% of the liabilities' exposure to interest rate and inflation movements.

Strategy

Low potential downside risk
Average potential downside risk
High potential downside risk

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

Materiality of climate-related risks and opportunities

The Trustee, in conjunction with its Investment Adviser, has used a Red, Amber, Green rating scale to illustrate the likely magnitude of the potential impacts of climate-related risks and opportunities across the different time horizons agreed.

- **Assets –** The Scheme's diversified portfolio is expected to react differently to various climate scenarios. In practice, the portfolio will change over time (e.g. as illiquid assets roll off and capital can be reinvested).
- **Liabilities –** The liabilities are well hedged and protected from movements in yields and inflation. Potential changes in mortality assumptions are a key risk**.**
- **Company** – given the nature of the Company, climate change represents both risks and opportunities. The "red" rating below reflects that there is uncertainty around downside scenarios, but the Trustee is also aware of potential upsides (e.g. from vehicle electrification or potential cultural shifts towards public transport). In any case, the Trustee expects the Scheme's reliance on the Company to reduce significantly in 2024 and 2025 and reduce further over time.

Risk	Time frame	Assets								Liabilities	Company
		LDI	Abs Return Bonds	Corporate Bonds	Secured Finance	Timber	Diversified Priv Credit	Infrastructure Debt	Private Equity		
Transitional (net zero scenario*)	Short term										
	Medium term										
	Long term										
	Very long term										
Physical (current policies scenario)	Short term										
	Medium term										
	Long term										
	Very long term										

Expected allocation change reflects the expected change in asset mix as the Scheme's funding position improves and membership matures.
* The directional impacts under the 2050 Net Zero and Divergent Net Zero scenarios are likely to be similar, albeit the magnitude and timing is expected to differ.

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, designed to identify material risks and develop controls / processes to manage these.

Risk identification and prioritisation

Risk register: The Trustee reviews the climate-related aspects annually.

Roles & responsibilities: The Trustee has agreed with the Scheme's Investment Adviser their various roles and responsibilities, documented in the Climate Delegation Framework. This includes their advice covering the identification, assessment and managements of climate-related risks.

Training: The Trustee receive training to understand potential impacts of climate-related risks. The Investment Adviser helps the Trustee and IC to identify which asset classes have the greatest potential risks and therefore which risks to prioritise.

Investment strategy impacts

Climate scenario analysis: The Trustee seeks to quantify the potential impact of climate change on the Scheme's investment and funding strategy.

ESG integration: Where possible, the Trustee ensures ESG considerations are integrated within each mandate. As examples, the Scheme currently has an allocation in the Stafford Timberland Fund; however, the Trustee has made the decision to disinvest from it due to the Fund undergoing restructuring. Additionally, the Trustee has discussed with WTW how they consider ESG within private equity (e.g. looking to capture opportunities relating to relevant trends).

Climate risk monitoring

Assessing investment managers: The IC assesses the ESG capabilities of the investment managers (further detail provided on page 22).

Assessing climate metrics: In line with TCFD recommendations, the Trustee monitors a set of climate-related metrics on an annual basis. The quality and availability of these metrics is expected to improve over time.

The Scheme monitors metrics including total GHG emissions, carbon footprint, and Implied Temperature Rise (see metrics and targets section for more detail).

Stewardship

Assessing investment managers: The Trustee assesses the stewardship activities and capabilities of the investment managers annually, documenting this in the Implementation Statement, to ensure these align with our ESG beliefs and policy and is in the best interests of the Scheme's members.

Through active stewardship and engagement with investment managers, the Trustee looks to better manage risk as well as identify opportunities in future (e.g. opportunities in liquid credit which could be considered as illiquid assets roll off).

Risk Management

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

Risk register

In 2022, the Trustee agreed the following additions to the Scheme's risk register to ensure climate considerations are suitably reflected.

	Potential risk:	Potential control measures:
Company covenant	– Worsening Covenant position associated with the impacts of climate change (transitional and physical) – Damage to reputation and/or legal challenge due to poor or inconsistent climate practices	– Covenant formally considered by external professional covenant consultant ongoing – Regular review with the Company
Investment strategy	– Asset mispricing due to the impacts of climate change and the transition to low carbon economy and/or physical impacts of climate change, e.g. lower real returns and/or market shocks due to pricing-in climate change	– Professional advice from Investment Adviser – Continued monitoring of investments against the Trustee's ESG policy and climate target(s), and regular (at least triennial) climate scenario modelling – Ongoing Trustee training
Asset and investment manager allocations	– Investment managers do not adequately integrate financially material ESG factors in their risk management framework – Investment managers do not adopt effective stewardship or 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	– Investment Adviser monitors managers and reports to the Trustee; this may include but is not limited to, monitoring managers and asset classes on the risks and opportunities that arise from climate change and how these are managed on an ongoing basis
Funding level	– Funding target is increased at future actuarial valuations due to higher expected costs / greater uncertainty / weaker Company due to climate-related reasons – Cost of longevity insurance increases due to climate change	– Actuary, Company, Investment Adviser and covenant consultant all involved in ongoing funding level assessment and IRM – Training and advice on potential funding impact using climate scenario analysis

Risk Management

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

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 Adviser provides the Trustee with an annual assessment report that assesses each of the underlying managers with regards to their ESG capabilities, where each mandate is allocated an ESG score of between 0 to 5 as well as an explicit climate score. Example criteria of this assessment under each area are shown below.. The climate scores of the Scheme's investment managers can be seen on the right.

Assessment category	
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 ESG processes?
Stewardship	Can the manager provide a case study example demonstrating effective engagement on climate-related issues?
Reporting	Does the manager publish a variety of TCFD metrics and is this available in quarterly reports?
Collaboration	Is the manager a member of the Net-Zero Asset Managers Initiative? If not, is there a valid reason why?

Manager	Climate
Manager A – Fund 1	
Manager A – Fund 2	
Manager A – Fund 3	
Manager B – Fund 1	
Manager C – Fund 1	
Manager D – Fund 1	
Manager E – Fund 1	
Manager F – Fund 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

Climate metrics selection

GHG emissions are a key driver of climate change. These 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 selected and monitored four climate metrics, for the Scheme during the year:

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

Monitoring

The Trustee will assess these metrics (or KPIs), at least annually, in order to monitor climate-related risks and as a tool to engage with the Investment Managers.

More detail on how the metrics are defined can be found in the Appendix.

Level of impact

The metrics were chosen based on their potential to add value to the Trustee's decision making. The Trustee has reported, where available, on Scope 1 & 2 emissions and, separately, Scope 3 emissions. However, the Trustee notes that Scope 3 emissions reporting continues to evolve and there are clear data quality challenges.

Whilst it's important to consider emissions to date, it's also important to assess how these could evolve into the future. We have chosen ITR, expressed in degrees Celsius (°C), in order to estimate the global implied temperature rise if the whole economy was invested according to our strategy. This ensures we have a longer-term focus for our climate-related decision making.

Availability of data

The Investment Adviser gathered this data from the Investment Managers on behalf of the Trustee. The quality of this information is important to allow robust decision-making and target-setting. This is why we have chosen to monitor data quality as our fourth metric and we have asked our Investment Adviser, on behalf of the Trustee, to engage with the Investment Managers to seek improvements in data quality – in particular focussing on managers where data quality is currently poor.

Metrics and Targets

Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks

Metric			
		31 Dec 2022	31 Dec 2023
Total GHG Emissions (Unlevered) tonnes CO2e	Scope 1 & 2	67,451	79,595
	Scope 3	-	146,000
Carbon Footprint tonnes CO2e / £M invested	Scope 1 & 2	80	82
	Scope 3	-	319
Implied Temperature Rise °C		1.9	2.1
Data quality emissions verified, reported or estimated	Scope 1 & 2	54%	77%
	Scope 3	-	29%

Data quality breakdown		
% of emissions (Scope 1 & 2) that are:	31 Dec 2022	31 Dec 2023
Verified	0%	0%
Reported	1%	58%
Estimated	54%	19%
Unavailable	46%	23%

Whilst total Scope 1 & 2 absolute emissions have increased (primarily due to improved data coverage), the carbon footprint has been broadly stable. This is the first year of reporting Scope 3 emissions, and as anticipated, we see lower coverage and increased footprint. We anticipate Scope 3 emissions will be volatile in coming years.

The overall emissions coverage of 77% has significantly improved from last year, in particular the proportion of emissions that can be classified as 'reported' (primarily given the reclassification of UK government emissions data from 'estimated' to 'reported').

The availability of reporting on climate metrics from private assets tends to be lower as there is a reliance on voluntary reporting directly from companies which is in its infancy. While the Trustee understands this developing area, it is continuing to engage with key managers (particularly for private equity and diversified private debt) via their Investment Advisor to try to improve this.

Metric calculation

More details on the approach for the metrics calculations can be found in the appendix. Where metrics are not reported, the estimation approach used by investment managers or data providers in calculating these metrics may differ, and so the quality of the data might vary.

Metrics and Targets

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

Current Target

In 2022, the Trustee, with support from its investment Adviser, set an initial target to increase emissions (Scope 1 & 2) data coverage to 75% of total portfolio by 31 December 2024, with an interim target to reach 66% by 31 December 2023. This has since been achieved (see the below table).

Total Carbon footprint coverage (Scope 1 & 2)	31 December 2022 (Baseline)	31 December 2023 (Current)
Total Portfolio	**54%**	**77%**

New Target

Although the initial data coverage target has been met, this includes estimated data. The Trustee has therefore set a new target to increase reported/verified emissions (Scope 1 & 2) to 70% of total portfolio emissions over two years (i.e. by 31 December 2025). As of 31 December 2023, the percentage of emissions data that was reported/verified was 58%. This new target would mean increasing reported/verified data coverage by 12%.

The Trustee will seek to achieve this target as the illiquid assets run off (and proceeds can be reinvested into more liquid strategies) as well as via engagement with select managers to drive improvements in reporting.

Reported/ Verified Carbon footprint coverage (Scope 1 & 2)	31 December 2022 (Baseline)	31 December 2023 (Current)	31 December 2025 Target
Total Portfolio	**1%**	**58%**	**70%**

Appendix

Strategy

Scenario analysis appendix

Climate scenario analysis

The Scheme's Investment Adviser partnered with Moody's to deliver a climate change model. Please see below an overview:

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 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. This is combined with the MAGICC 6 climate model, modelling climate and weather. The model runs 600 climate scenario projections and takes the median outcome for each climate scenario: baseline, orderly, disorderly and hot house. There is interplay between these models.
3. The investment model determines how different asset classes will react under the different climate change scenarios analysed, and across time. It is also composed of two building blocks: Moody's Economic Scenario Generator, modelling economic pathways. This is combined with a proprietary investment model, which models the impact on investments.
4. 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 impacts of rising transitional and physical costs associated with climate change are assessed.

Note: .Isio's climate model has been developed in partnership with Moody Analytics and based on NGFS scenarios. Commentary is Isio's interpretation of results..

Strategy

Scenario analysis appendix

Modelling Principles

- 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 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 Isio Investment Advisory's asset-class assumptions.
- 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.
- Different investment strategies are modelled in order to illustrate the effects of different allocations. In each case, SOFIA assumes that the strategy remains constant over the full projection period. Assets are annually rebalanced back to the original allocations.

Note: Isio's climate model has been developed in partnership with Moody Analytics and based on NGFS scenarios. Commentary is Isio's interpretation of results..

Strategy

Scenario analysis appendix

Compliance Statement

- This report has been prepared for the purpose of assisting the addressee in quantifying climate risk and feeding into a TCFD report. If you intend to use it for any other purpose or make any other decisions after considering this report, please inform Isio and we will consider what further information or work is needed to assist you in making those decisions.

Material Assumptions

- Isio Investment Advisory's central asset-class assumptions are assessed and revised at each calendar quarter-end. The assumptions used within this modelling exercise are set out in the Appendix.
- Certain assumptions are sourced directly from the Moody's Analytics ESG and available market data or set via adjustments to these sources. Where required or deemed to be more appropriate, assumptions are entirely determined by Isio Investment Advisory. The assumption setting process is subjective and based on qualitative assessments rather than a wholly quantitative process. Where judgement is required, input is received from Isio's internal asset-class research teams.

Limitations and Risk Warnings

- The only risk factors considered in our modelling are those that affect the values of pension schemes' 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.
- The modelling analysis is based on portfolios containing a range of asset classes and different approaches to fund management. Clients should not make decisions to invest in these asset classes or approaches to fund management based solely on the modelling analysis.
- Portfolios that make use of derivatives are exposed to additional forms of risk and can experience losses greater than the amount of invested capital.
- 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.

Note: Isio's climate model has been developed in partnership with Moody Analytics and based on NGFS scenarios. Commentary is Isio's interpretation of results..

Metrics and Targets

Disclosure of Scope 1 and Scope 2 greenhouse gas (GHG) emissions (as at 31 Dec 2023)

Manager	Strategic allocation %	Total GHG emissions Scope 1 & 2 (tCO2e)		Carbon footprint Scope 1 & 2 (tCO2e/ £1m of EVIC)		Data Quality (scope 1 & 2)			
		Metric	Coverage	Metric	Coverage	Verified	Reported	Estimated	Unavailable
LDI and Corporate Bonds, unlevered	44%	36,753	98%	81	98%	0%	98%	0%	2%
Secured Finance	12%	6,645	77%	50	77%	0%	33%	44%	23%
Timberland	2%	2,000 (-9,536)	100%	99 (-474)	100%	0%	0%	100%	0%
Diversified Private Debt	12%	12,742	15%	116	15%	0%	15%	0%	85%
Absolute Return Bonds	12%	9,009	68%	76	68%	0%	66%	2%	32%
Private Equity	14%	12,446	97%	89	97%	0%	9%	88%	3%
Infrastructure Debt	4%	-	0%	-	0%				
Insurance-Linked Securities	1%	-	0%	-	0%				
Total Portfolio, levered	**100%**	**109,466**	**77%**	**82**	**77%**	**0%**	**58%**	**19%**	**23%**
Total Portfolio, unlevered	**100%**	**79,595**	**77%**						

Please note that LDI levered results were also reported and monitored by Trustee and feed into the Total Portfolio. Further caveats and detail can be found in the Appendix.

Metrics and Targets

Disclosure of Scope 3 greenhouse gas (GHG) emissions and other metrics (as at 31 December 2023)

Manager	Strategic allocation %	Total GHG emissions Scope 3 (tCO2e)		Carbon footprint Scope 3 (tCO2e/ £1m of EVIC)		Implied temperature rise (°C)	
		Metric	Coverage	Metric	Coverage	Metric	Coverage
LDI	41%	-	-	-	-	1.9	98%
Corporate Bonds	3%	-	-	-	-	2.8	36%
Secured Finance	12%	10,970	67%	83	67%	1.9	62%
Timberland	2%	-	0%	-	0%	-	0%
Diversified Private Debt	12%	11,696	9%	106	9%	-	0%
Absolute Return Bonds	12%	51,193	57%	562	57%	2.8	54%
Private Equity	14%	72,141	97%	516	97%	-	0%
Infrastructure Debt	4%	-	0%	-	0%	-	0%
Insurance-Linked Securities	1%	-	0%	-	0%	-	0%
Total Portfolio	**100%**	**146,000**	**29%**	**319**	**29%**	**2.1**	**57%**

Further caveats and detail can be found in the Appendix.

Metrics and Targets

Metrics appendix: climate metrics definitions

GHG emissions from a particular company can be split across three levels:

- Scope 1 are direct emissions from company owned or controlled sources – this includes heating/cooling of offices/factories and fleet vehicles.
- Scope 2 are indirect emissions from purchased energy – emissions are created during the production of the energy which is eventually used by the company.
- Scope 3 are all indirect emissions that occur in the value chain – this includes emissions from the production of purchased goods and services and the use of sold products. There are currently industry-wide issues with reporting scope 3 emissions.

The IC selected and monitored four climate metrics during 2023:

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.
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.
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 Scheme'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

Fund	Caveats
Absolute Return Bonds **Bespoke LDI**	• The manager uses ISS as their data provider for corporates, while the LDI reported data has come from UNFCCC and estimated data from CAIT (Climate Analysis Indicators Tool). • Absolute Return Bonds Fund coverage figures (emissions and ITR) for 2022 have been restated. • Absolute Return Bonds Fund Scope 3 absolute emissions are scaled to Scheme-level based on proportion of First Bus UK Pension Scheme's investment as at 30 September 2023. • GHG emissions for Sovereigns are calculated by using the CO2e/Proportion of GDP from public debt. Carbon Emissions Footprint uses: CO2e/Total Capital Stock. • LDI carbon footprint and the absolute emissions figures provided for the QIAIF are shown unlevered (for comparability reasons), while the levered LDI-only absolute emissions is shown. • The carbon footprint of Buy & Maintain sleeve was provided by the manager per $1m invested and converted by Isio to GBP based on exchange rate on 31 December 2023.
Secured Finance	• Absolute GHG emissions data scaled up by Isio to represent 100% of assets.
Timberland	• Data is calculated annually and so the 2023 metrics provided are for the 2022 calendar year. • The manager has developed a proprietary tool for calculating the total carbon stock and the annual carbon sequestration for its timberland portfolio (depicted in brackets on slide 16). This is based on estimates of the carbon sequestered annually by the forests growing in the portfolio and then add estimates for the volume of carbon removed in the form of logs (which are harvested) and estimates for the emissions of operations associated with growing, harvesting and transporting logs (mainly that from vehicles and heavy machinery). This carbon accounting methodology has been reviewed and assessed by South Pole; a third-party company globally recognised in the carbon accounting sector.
Diversified Private Debt	• Metrics data are as at 30 September 2023. • Absolute GHG emissions data scaled up by Isio to represent 100% of assets.

Metrics and Targets

Metrics appendix: Climate metrics supporting information

Fund	Caveats
Private Equity (Fund of Funds)	• Data gathered from portfolio companies is as at 31 December 2022 (latest available). Carbon footprint weights is then based on portfolio valuations as at 31 December 2023. • Proxy data is used where possible to estimate company-specific metrics when direct data is lacking. This involves utilising sector-level information, according to GICS sub-sectors, to approximate the data for specific companies. The sustainability data used for this proxy is from MSCI as at 31 December 2022.
Infrastructure Debt	• The manager is engaging with a consultant to perform estimate calculations of climate metrics for the portfolios and formal reporting is anticipated to be made available in Q2 2024. We're conscious Macquarie noted expected reporting last year was due June 2023 so this is an area to engage on.
Insurance Linked Securities	• The manager is currently unable to provide TCFD metrics and are reviewing their approach.

Glossary

Metric	Description	
Absolute Emissions Metric: **Total GHG emissions (scope 1 & 2)**	Total amount of greenhouse gas emissions (as mandated by the Kyoto Protocol) emitted by the underlying portfolio companies, attributed to the investor based on the total investment in each company	$\sum_{n}^{i}\left(\frac{\text{Current value of investment}_i}{\text{Investee company enterprise value}_i}\right)$ X investee company's scope 1 and 2 emissions $_i$
Emissions Intensity Metric: **Carbon footprint (scope 1 & 2)**	An intensity measure of emissions that assesses the level of greenhouse gas emissions (as mandated by the Kyoto Protocol) arising from £1 million investment (based on Enterprise Value Including Cash) in a company	$\frac{\sum_{n}^{i}\left(\frac{\text{Current value of investment}_i}{\text{Investee company enterprise value}_i} \text{ X investee company's scope 1 and 2 emissions}_i\right)}{\text{Current value of all investments (£ millions)}}$
Implied temperature alignment	A forward-looking view of carbon exposure that can be translated into a projected increase in global average temperature (°C) above pre-industrial levels that would occur if all companies had the same carbon intensity	
Data quality	Verified	% of the emissions data that is verified (audited or independently verified)
	Reported	% of the emissions data that is sourced from actual company reported data
	Estimated	% of the emissions data that is estimated, either by the manager or a third-party data provider

All metrics were provided by the Investment Managers, who are closest to the underlying assets, and consolidated by the Scheme's Investment Adviser.
Source: DWP - Governance and reporting of climate change risk: guidance for trustees of occupational schemes

The Trustee of the First UK Bus Pension Scheme