

## UNITISED PENSION INDEX LINKED

This document covers the following products: Managed Fund Plan, Personal Pension Account, Personal Pension Plan (including Group), Stakeholder Pension (including Group), and Trustee Investment Plan

### CLIMATE-RELATED FINANCIAL DISCLOSURES AS AT 31/12/2023

For the Index Linked fund we are unable to make these climate metric disclosures for the current period as the level of data that we have for the underlying companies within the fund is not material enough to be relied upon to ensure an accurate disclosure. This is for the following reason:

- This fund invests primarily in government bonds for which we do not currently have carbon data.

The availability and quality of climate-related data is still evolving and will improve over time as more companies disclose relevant metrics. We will monitor the data coverage for this fund and when it is of a sufficient coverage and quality, we will look to make these metric disclosures as we have done for other funds.

Despite this we have included a scenario analysis section below which details the possible impact of climate change upon the portfolio.

In addition, NFU Mutual has produced a group level Climate Change Report that sets out how we identify and manage risks from climate change. Where the information contained within the group level Climate Change Report is the same at fund level we haven't duplicated this information.

You can find our group level Climate Change Report at [nfumutual.co.uk/globalassets/investments/nfu-mutual-climate-change-report.pdf](https://nfumutual.co.uk/globalassets/investments/nfu-mutual-climate-change-report.pdf)

For definitions of any of the climate-related terms in this document you can view our glossary at [nfumutual.co.uk/about-us/climate-related-financial-disclosures/glossary/](https://nfumutual.co.uk/about-us/climate-related-financial-disclosures/glossary/)

### Scenario Analysis

Climate change impacts will be wide ranging and extend beyond normal business planning timescales. The future trajectory of climate change is also uncertain, with dependencies on actions taken in the short term to define medium and long-term outcomes.

We therefore use scenario analysis as a key tool for assessing the resilience of our investments to impacts from climate change over the short, medium and long-term. This enables us to evaluate different potential climate pathways to help us to build resilient investment funds.

The three key pathways we consider are set out below.

Transition Scenario	Overall Fund Risk
<p><b>Early Policy Action</b> - Transition to a net-zero emissions economy progresses with climate policy action increasing gradually over the scenario horizon. Global temperature rise is limited to 2°C or lower and carbon dioxide emissions (and all greenhouse gas emissions) drop to net-zero around 2050.</p>	<p>In this scenario, climate policies are introduced early and there is a clear plan for de-carbonisation, which provides clarity for firms and allows time for them to adapt. The risk to the fund is therefore expected to be minimal as there is an orderly transition to net zero and the physical impacts of climate change are limited.</p>
<p><b>Late Policy Action</b> - Transition to a net-zero economy is delayed until 2030 or beyond. The climate policy action required to transition is therefore intensified over a short period and a disorderly transition takes place. Greenhouse gas emissions reduce to net-zero around 2050.</p>	<p>In this scenario, the requirement to de-carbonise over a shorter timeframe puts pressure on the global economy and individual companies and could therefore impact fund performance in the medium term.</p>
<p><b>No Additional Policy Action</b> - No new climate policies are introduced beyond those already implemented. This leads to increasing global temperatures and chronic changes in the physical environment.</p>	<p>This scenario could impact fund performance in the long term, as a failure to limit the rise in global warming will have wide ranging political and economic impacts that could impact companies in the fund.</p>

## Conclusions

We recognise that the investments within the fund could have an impact on climate change and that climate change could also have an influence on the overall performance of the underlying investments.

All investment funds are managed in a consistent way by the NFU Mutual investment team, using robust processes and controls and consideration of Environmental, Social and Governance factors. Where funds are managed by external fund managers, we have rigorous selection criteria and regular interaction with managers alongside strong controls and governance.

We believe that investing across a range of asset classes, geographies, market sectors and individual securities increases the chances of delivering long-term growth and providing some protection against economic shocks. Diversification provides the potential to deliver more stable long-term returns compared to a more concentrated portfolio.

This approach to diversification helps us to ensure our funds do not have concentrated or high exposures to high emitting sectors which includes those involved in energy application, production, and supply.

This fund is mandated to invest at least 80% in UK index linked Government bonds, as such the fund does not have concentrated exposure to high emitting sectors. Our analysis suggests less than 5% of the fund is invested in high emitting sectors.

Please refer to our NFU Mutual **group level Climate Change Report** for more information on our overall governance, risk management, and strategic approach to climate change risks and opportunities.

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**NFU Mutual**

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