



Baptist Pension Scheme

TCFD Metrics Report

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Introduction

Broadstone have prepared this report for the Investment Committee ('the IC') of the Baptist Pension Scheme ('the Scheme'). The purpose is to consider the metrics and targets for the 31 December 2025 Taskforce for Climate-related Financial Disclosures (TCFD) report, summarise the metrics, targets and data collected from your investment managers alongside considering data gaps. This information is also used to assess climate-related risks and opportunities.



TCFD requirements

Trustees need to select and monitor four (or more) climate metrics and set at least one target.

- **One Absolute Emissions Metric:** Total Greenhouse Gas Emissions (GHG) for the Scheme's assets
- **One Emissions Intensity Metric:** You have chosen to report on the Carbon Footprint (total GHG emissions per £m invested by the Scheme)
- **One Portfolio Alignment Metric:** You have chosen to report on the proportion of assets with approved Science-Based Targets (SBT).
- One additional Climate Change Metric: You have chosen to report on **Data Quality.**



- **Climate Metric Target:** You have chosen to increase the proportion of companies the Scheme invests in with approved Science-Based Targets (SBT) to 80% by 2030
- This is forward looking target and aims to improve the alignment of the Scheme's assets to a 1.5°C warming pathway, which aims to manage climate-related risk.

Broadstone Commentary

- We believe the Trustee's metrics and target remain appropriate. The metrics and targets reported on are the same as those reported on last year.
- Continuing to report on these metrics ensures the Scheme remains compliant based on the TCFD requirements. Keeping the emission metrics consistent also allows data to be effectively monitored and compared over time.
- Despite no changes to the metrics and targets, there have been changes to the default strategy over the year, reducing the comparability to past emissions.
- The IC should consider the data presented, review any data gaps and confirm it is happy for us to include these in the TCFD report.
- The IC and Trustee should use this to assess and climate related risk and opportunities.

Scope of Reporting

Using asset valuations as at 30 September 2025, the Baptist Pension Scheme has c.£100m of assets. Of this c.90% of the assets are held within the Scheme's 'white-labelled' DC funds which make up the default lifestyle strategy:

- **Baptist Ethical Growth Fund**
- **Baptist Ethical Diversified Fund**
- **Baptist At Retirement Fund**

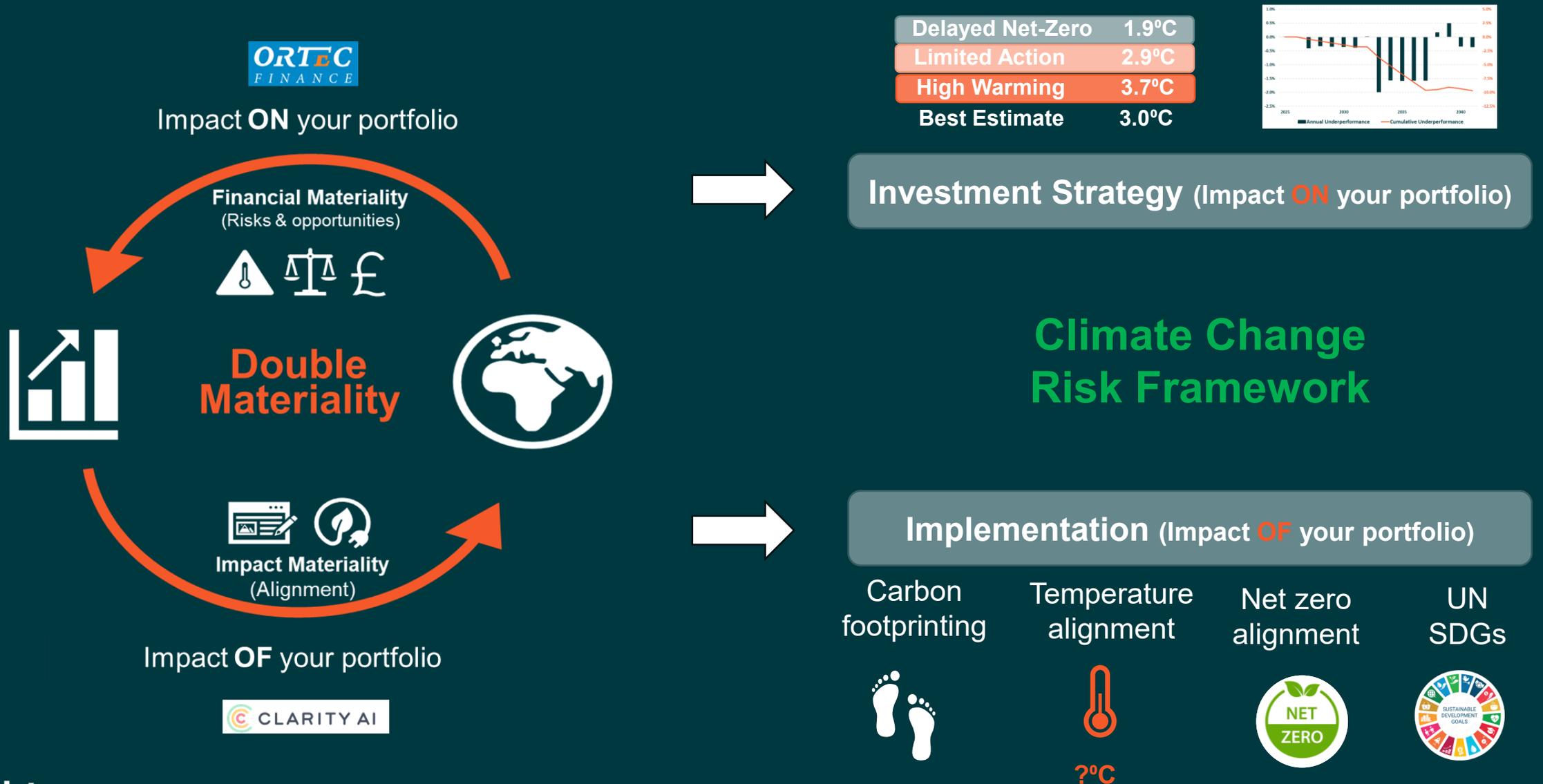
Data was provided by L&G as at 30 September 2025 and M&G as at 30 June 2025 for the 4 blended funds that make up the white-labelled funds above. Metrics data in this report is based on these funds. This is in line with TCFD requirements to report climate change metrics in respect of “popular arrangements” within your Scheme. Given the weight of the assets which are held within the default strategy, and with no self-select option representing more than 10% of Scheme assets (or more than £100m) only the default component qualified as a popular arrangement and must be included in the TCFD report. Therefore, assets for members who have opted for a 'self-select' investment allocation are excluded.

A member's allocation to the white-labelled funds above is determined by a life-styling profile which amends the fund allocation in line with their risk profile, inferred from a member's time to retirement. Following the previous TCFD report, there were changes made to the default strategy to increase its sustainability credentials.

Notes on data:

- Managers were unable to provide all the data for the relevant metrics and the funds requested. Any data gaps have been outlined during the report. For the funds reported, data has been used from the gross of charges share classes. The previous TCFD report included climate reporting on the Scheme's DB Section. This has transferred from buy-in to buy-out, so is not longer reported on.
- The emissions data applicable to the underlying holdings often relates to an earlier period.
- Corporate emissions data typically relates to a 12-month period aligned to the corporate earnings year. As corporate financial years vary, the emissions data will be from various periods.
- Scope 3 is shown separately to Scope 1 & 2, in line with regulations. Scope 3 is usually much larger than Scope 1 & 2 but is generally less reliable.

Climate Change Risk - context



1 Results – DC Section

Carbon Foot printing: Impact Materiality (Climate Change Alignment)

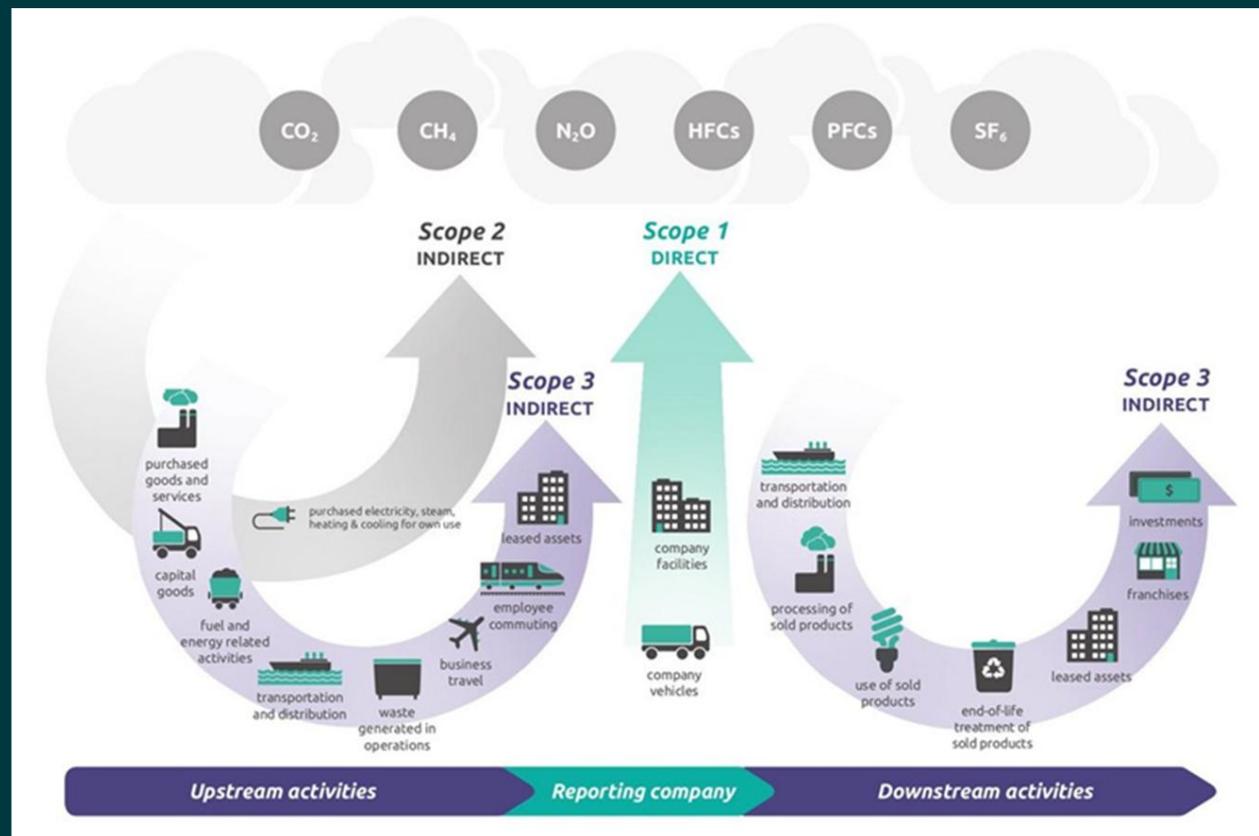
Climate Change Alignment and the impact OF the portfolio (Historic metrics)

← **Historic**

Carbon Footprint

Measures the **quantity of CO₂** equivalent gasses emitted by the underlying investments in the portfolio.

Scope 1 - Direct emissions owned or controlled by the Company
Scope 2 - Indirect emissions such as purchased Electricity
Scope 3 – All other emissions in the upstream and downstream supply chain & activities



Categories of greenhouse gas (GHG) represented as CO₂ equivalent emissions

- **Scope 1** – Direct emissions from owned or controlled sources
- **Scope 2** – Indirect emissions from purchased energy
- **Scope 3** – Indirect emissions from the entire value chain

Methodology

Discussions around chosen methodology for the 2025 metrics reporting

Total Greenhouse Gas Emissions & Carbon Footprint

In the 2024 TCFD Report, the Scope 1 & 2 emissions data had separate reporting based on the emissions attributable to different asset classes within the overall fund (listed equities & corporate bonds or sovereigns). For the 2025 metrics, L&G provided emissions data that was aggregated for the entire pooled fund and could not provide anything more granular based on the underlying asset classes. M&G did provide data with this increased granularity and the reported emissions data for the M&G Sustainable Total Return Credit Investment Fund holdings have been split by asset class to reflect this.

The emissions intensity metrics use Carbon Footprint (tCO₂e/£m invested) for equities and corporate bonds and Weighted Average Carbon Intensity for government bonds (tCO₂e/£m revenue). These metrics are not comparable due to differences within the calculation methodology. To avoid issues of changing fund size affecting the reported greenhouse gas emissions (total and invested capital fluctuate over time), total greenhouse gas emissions were calculated as the carbon footprint (tCO₂e/£m invested) multiplied by the Scheme's investment in the pooled fund in £m. The emissions reported are scaled by the Scheme's own investment within the pooled funds.

In the 2024 report, Broadstone understands that the emissions figures only reflected the portion of assets for which data was 'known', meaning that the emissions metrics reported by the managers were multiplied by the fund's coverage. While this avoids the assumption that the missing data has the same emissions profile as the covered data, this approach under-represents the emissions of funds with poor coverage. **In the 2025 report Broadstone have estimated emissions for the entire funds: we believe it is better to represent an estimate of the unavailable data rather than omit this entirely.**

Approved Science-Based Targets (SBT) Alignment

This data is reported directly from the manager. Broadstone has included the Diversified Fund's equity and corporate bond SBTi alignment for the Scheme's 2030 target.

Data Quality

Data quality was split into reported, estimated and unavailable and measured based on Scope 1 & 2 and Scope 3 emissions data. Provided directly by the managers.

Assets

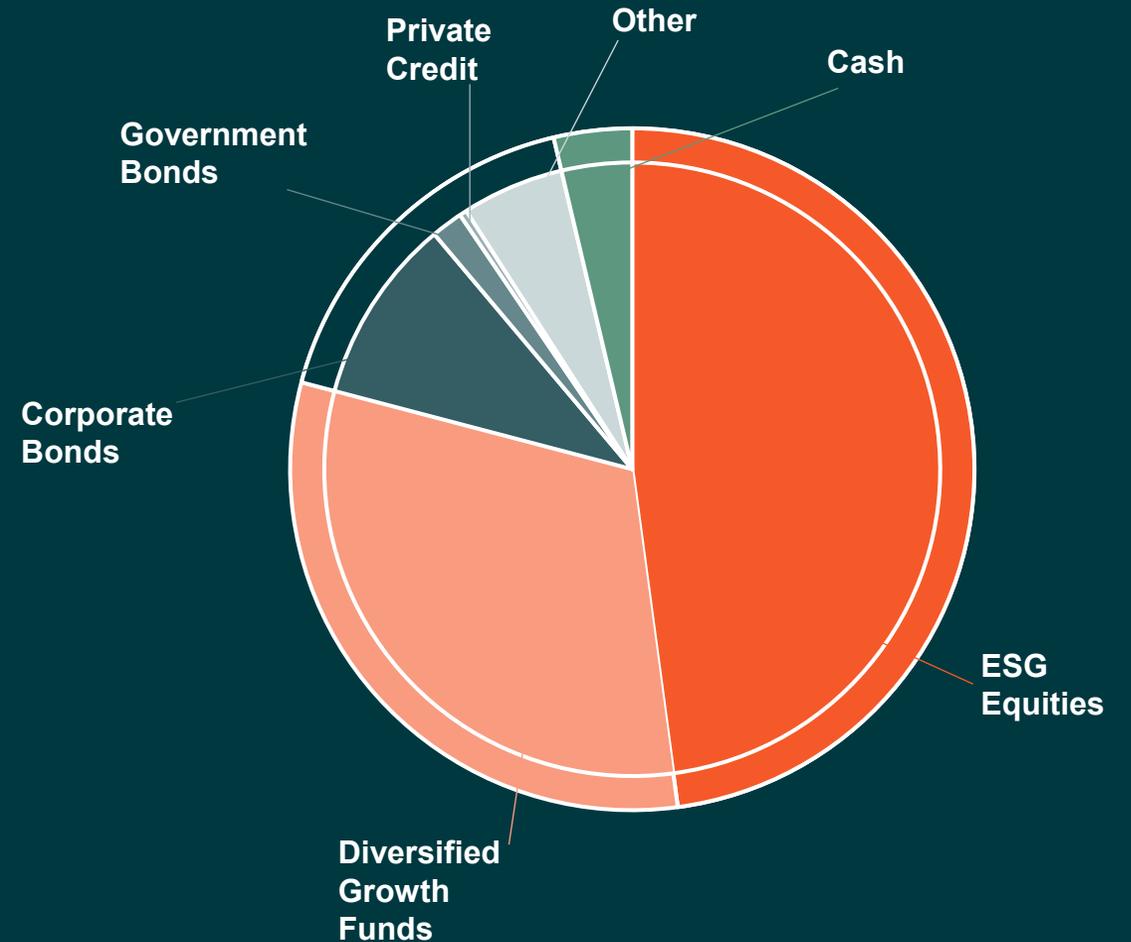
DC Section – Default Asset Allocation

Asset Allocation as at 30 Sept 2025:

	Asset Value
Baptist Ethical Growth Fund	£48.1m
Baptist Ethical Diversified Fund	£30.1m
Baptist Ethical At Retirement Fund	£11.0m
Total	£89.2m

This allocation has exposure to the underlying funds:

	Asset Value
L&G ESG Paris Aligned World Equity Index Fund	£42.7m
L&G Diversified Fund	£27.9m
M&G Sustainable Total Return Credit Investment Fund	£15.3m
L&G Cash Fund	£3.3m
Total	£89.2m



Absolute Emissions

Total Greenhouse Gas Emissions

Coverage: 0-80% 80-90% 90-100%



New York to London
return flights
produce: 0.6 tCO₂e

The total greenhouse gas emissions sum each company's most recent reported or estimated emissions that are attributable to the investment in the company. Emissions are attributed evenly across equity and debt investors. It is reported in tonnes of CO₂ equivalent (tCO₂e).

Following the previous TCFD report, the Trustee amended the default strategy. This switched the equity allocation to the L&G ESG Paris Aligned World Equity Index Fund and the corporate & government bond allocation to M&G Sustainable Total Return Credit Investment Fund. As noted previously, Broadstone have opted to not scale the reported emissions by the coverage. **This presents an estimate of the fund's emissions, as if the entire fund's data was available.**

Fund	Asset Class	Data Coverage ¹ 2025 (2024), %	Scope 1 & 2 Emissions, 2025 (2024), tCO ₂ e	Scope 3 Emissions, 2025 (2024), tCO ₂ e
L&G ESG Paris Aligned World Equity Index Fund ³	ESG Equities	99.3% (98.7%)	506 (1,805)	7,910 (22,526)
L&G Diversified Fund	Diversified Growth Funds	81.4% (81.3%)	2,817 (1,140)	24,653 (13,677)
M&G Sustainable Total Return Credit Investment Fund ³	Corporate Bonds	96.8% (47.9%)	332 (40)	6,101 (1,229)
	Government Bonds	85.8% (100.0%)	172 (724)	16 (9,532)
	Private Credit	95.2%	16	147
	Other ²	0.0%	-	-
L&G Cash Fund	Cash	74.2% (78.4%)	198 (191)	3,623 (783)

Source: L&G, 30 September 2025 and M&G, 30 June 2025. Reported emissions have been scaled to represent only the emissions of the Scheme's assets, not the entire fund.

- For L&G, the data coverage reported is the coverage for Scope 1 & 2 Carbon Footprint including sovereigns. For M&G, the data coverage reported is the Scope 1 & 2 Data Available.
- M&G Sustainable Total Return Credit Investment Fund has allocations to corporate bonds, government bonds, private and other assets. Data was not provided for the UK government bonds. For overseas government bonds, the Scope 1 & 2 emissions refer to production-based emissions data and Scope 3 emissions refer to consumption-based emissions. No emissions data was reported for other assets.
- The equity and credit funds have changed since the previous report. The relevant metrics from the 2024 report have been included for comparison purposes, with the caveat that the funds and allocations are different. Where the Scheme has remained invested in the same funds over the year, the 2024 metrics have also been reported. Please refer to the Methodology slide for more detail.



Emissions Intensity

Carbon Footprint & Weighted Average Carbon Intensity

The emissions intensity for equities, diversified growth funds, credit and cash is calculated using carbon footprint. This divides the total emissions by the value of the invested portfolio in £m. Again, Broadstone have not adjusted the carbon footprint for data availability. Emissions intensity is scaled on a £m basis, hence comparable.

Fund	Asset Class	Scope 1 & 2 Emissions, 2025 (2024), tCO ₂ e/£m invested	Scope 3 Emissions, 2025 (2024), tCO ₂ e/£m invested
L&G ESG Paris Aligned World Equity Index Fund	ESG Equities	12 (47)	185 (588)
L&G Diversified Fund	Diversified Growth Funds	101 (101)	885 (852)
M&G Sustainable Total Return Credit Investment Fund	Corporate Bonds	38 (25)	699 (561)
	Private Credit	45	421
	Other ¹	-	-
L&G Cash Fund	Cash	60 (58)	1100 (1061)

Emission intensity for government bonds are calculated using gilt emissions intensity, analogous to Weighted Average Carbon Intensity. This is because there are no direct operational emissions or revenues to measure for governments; instead, GDP is used as a proxy for economic activity.

Fund	Asset Class	Scope 1 & 2 Emissions, 2025 (tCO ₂ e/£m revenue)	Scope 3 Emissions, 2025 (tCO ₂ e/£m revenue)
M&G Sustainable Total Return Credit Investment Fund	Government Bonds	116 (158)	11 (2,083)

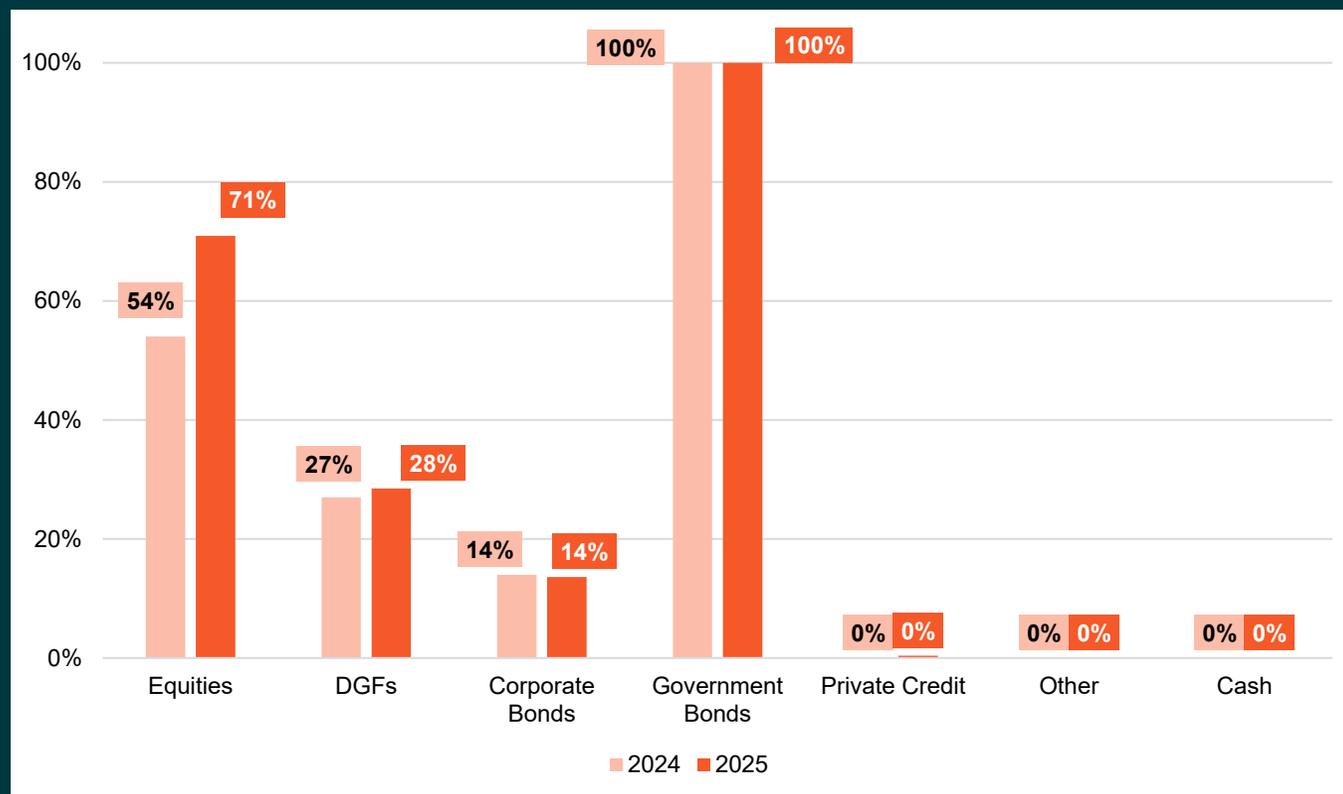
Source: L&G, 30 September 2025 and M&G, 30 June 2025. L&G were unable to provide more granular detail than the metrics reported at pooled fund level. Reported emissions have been scaled to represent only the emissions of the Scheme's assets, not the entire fund.

1. M&G Sustainable Total Return Credit Investment Fund has allocations to corporate bonds, government bonds, private and other assets. No emissions data was reported for other assets.

We have included figures from last year even where the comparison is not like for like. Where the Trustee has remained invested in the same funds over the year, the 2024 metrics have also been reported.

Portfolio Alignment

Science-Based Targets



Source: L&G, 30 September 2025 and M&G, 30 June 2025.

M&G Sustainable Total Return Credit Investment Fund has allocations to corporate bonds, government bonds, private and other assets. No science-based alignment was reported for government bonds or other assets. Broadstone have reported government bonds as fully aligned, due to all countries signing the legally-binding Paris Agreement, other than Iran, Libya and Yemen. The United States has withdrawn from the Paris Agreement, following an executive order signed by President Trump in January 2025.

The Science-Based Targets initiative (SBTi) is a global organisation that helps companies and financial institutions set emissions reduction targets that are aligned with the goals of the Paris Agreement. More specifically, aims include limiting global warming to 1.5°C above pre-industrial levels and achieving net-zero emissions by 2050.

Assets with approved Science-Based Targets (SBT) have had these formally reviewed and validated by SBTi. The chart displays the proportion of the portfolio with approved targets, measuring the extent to which the Scheme's investments are aligned to the Paris Agreement goals. It is reported in percentage terms.

Following the Scheme shifting its credit allocation to the M&G Sustainable Total Return Credit Investment Fund, the approved SBT alignment is still low compared to target. **The Trustee could engage with M&G to assess the credibility of the transition plans for the fund's constituents.**

45%
2024

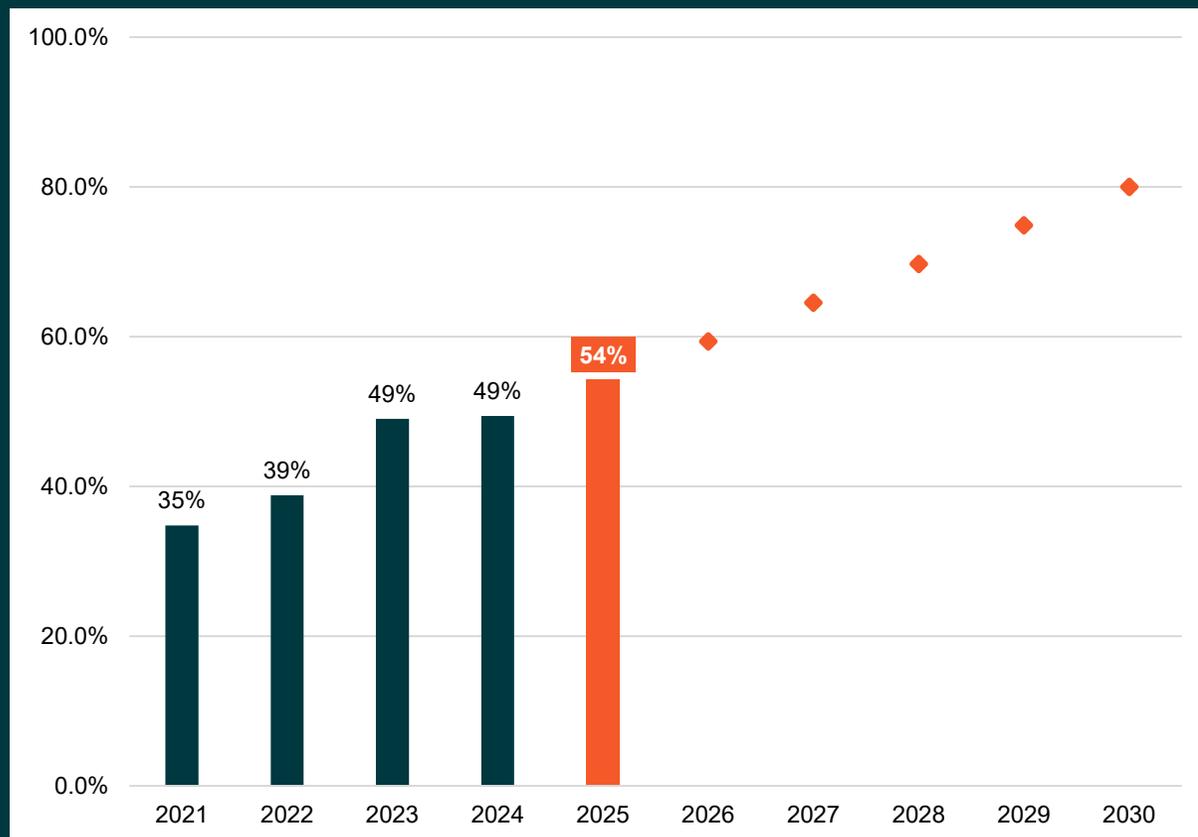
46%
2025

Approved SBT: Total Portfolio

Climate Target

Target: 80% of listed equity and corporate bond investments to have set approved Science-Based Targets by 2030

Coverage: listed equities and corporate bonds within the default.



Source: LCP; L&G, 30 September 2025 and M&G, 30 June 2025. Broadstone have estimated past climate target data; these estimates may not align with previous reports. M&G Sustainable Total Return Credit Investment Fund has allocations to corporate bonds, government bonds, private and other assets. No data quality was reported for other assets.

The Scheme's target has been set by the Trustee in reference to the base year of 2021. The target was chosen as the metric is forward-looking and focused on the transition needs required to align to a net-zero future. Progress towards the above target aims to:

- Reduce exposure to climate transition risks in the shorter-term by encouraging investee companies to decarbonise
- Support collective action to meet the Paris Agreement goals, reducing longer-term systemic risks from the physical effects of climate change

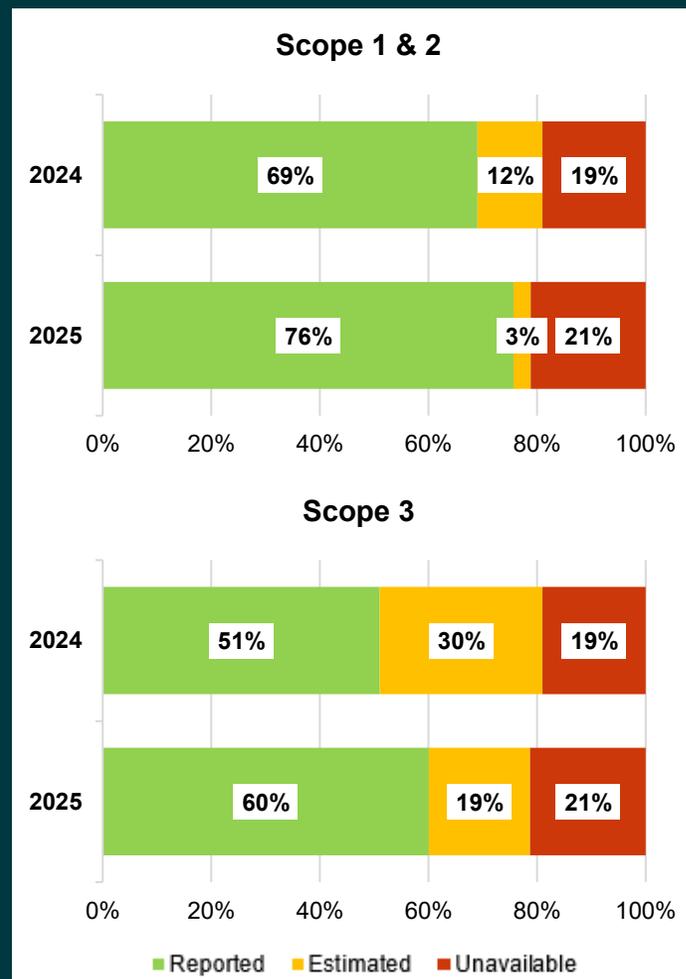
Listed equities and corporate bonds make up c.73% of the assets within the default strategy. This includes the listed equities and corporate bonds within the Diversified Growth Fund allocation.

As reported earlier in this report, 46% of the total default asset portfolio had approved SBT in 2025. **When narrowing this to only refer to the portfolio's listed equities and corporate bonds, the approved SBT alignment increases to 54%.** The increase in portfolio's SBT alignment largely stems from the change in the investment strategy to switch to a Paris-Aligned equity fund.

Progress towards achieving the target is broadly on track. The 54% figure is an improvement on last year's score of c.50%.

Additional Climate Metric

Data Quality



Data quality assesses the emissions data quality. This can be categorised into:

- **Verified** - Data has been independently checked and validated by a third party
- **Estimated** - Based on calculations, assumptions, or industry averages rather than direct measurement
- **Unavailable** - No data exists or cannot be reasonably estimated

Data Quality has been reported for both Scope 1 & 2 and Scope 3 data.

Source: L&G, 30 September 2025 and M&G, 30 June 2025.
M&G Sustainable Total Return Credit Investment Fund has allocations to corporate bonds, government bonds, private and other assets. No data quality was reported for other assets.

2 Data Quality

Data Gaps

The Trustee should monitor the new default strategy over time. If data gaps and reporting quality does not improve, engage with managers.

TCFD guidance describes effective Climate-Related metrics as:

- Decision Useful
- Clear and Understandable
- Reliable, Verifiable and Objective
- Consistent over Time
- Forward Looking

The Department for Work & Pensions provide guidance; Trustees are required:

- To obtain data relevant to calculating the Scheme's chosen metrics
- To use these metrics to identify and assess the climate-related risks and opportunities relevant to the Scheme
- To measure the performance of the Scheme against the target set in relation to one of their selected metrics

There is an acknowledgement of the challenges associated with the requirements, and so Trustees should act 'as far as they are able'. Certain asset classes, such as government bonds and derivatives, as well as Scope 3 data, are more complicated.

Recommended Trustee Actions

- Complex data can be considered disproportionate & unobtainable
- Trustee should engage with managers where there are persistent data gaps
- To address incomplete data, data gaps could be filled using sectoral averages.
- Trustee must disclose why the data reported does not fully cover the portfolio

Data Gaps relating to the Scheme

- **L&G:** Use averages of known climate emissions to estimate unavailable data. The L&G ESG Paris Aligned World Equity Index Fund has good coverage. The L&G Diversified Fund and L&G Cash Fund has lower coverage, due to the more complex asset classes invested in, including private assets, alternatives and derivatives. The manager does not provide more granular asset class data within funds. **The Trustee should engage with L&G to understand the challenges and how this is being addressed.**
- **M&G:** Has not reported on the emissions from its 'Other' assets. This is predominantly cash and net derivatives. Given this, it is difficult for the Trustee to apply sectoral or asset class averages to estimate the emission data.

3 Climate Metrics Insights

Climate Metrics Insights

Climate Metrics help identify climate-related risks and opportunities present within the portfolio and should be used within the decision-making process

Total Emissions and Emissions Intensity

Scope 1 - Emissions from sources owned or controlled by the company

Scope 2 - Emissions from purchased energy

Scope 3 - Emissions from the value chain, both upstream and downstream

Higher carbon-emitting investments suggest energy-intensive operations, which are more likely to be adversely affected by changes resulting from climate change. Total emissions allow assessment of the largest absolute risk drivers, whereas emissions intensity allows for comparison across asset classes on a relative basis.

Science-Based Targets (SBT)

SBT alignment ensures effectively managing climate risk and are on track to reduce their emissions in line with the Paris Alignment Goals. These firms should be less exposed to climate-related disruption. Approval reduces the risk of green-washing.

Data Coverage & Quality

To make informed decisions, reliable data is essential to understand the true exposures. The presence of large data gaps or significant estimation reduces the confidence around the climate metrics.

Climate Metrics Insights

L&G ESG Paris Aligned World Equity Index Fund: This fund was introduced following the previous TCFD report. High data quality, high approved SBT alignment and low emissions intensity. This is a strongly performing fund from an emissions perspective. **No action recommended.**

L&G Diversified Fund: The fund is the Scheme's largest carbon emitter on both an absolute and relative basis. This is combined with relatively low SBT alignment compared to the Scheme's target & low data quality, despite the fund having a 2050 Net Zero target. **Broadstone recommends either reducing the 30% allocation in the default or engage with L&G on the SBTi alignment.**

M&G Sustainable Total Return Credit Investment Fund: This fund was also introduced during the year, consolidating the Scheme's corporate and government bond allocations into one credit fund. The fund has higher carbon emissions intensity than the previous corporate bond allocation, partly due to the different sector concentrations between the funds. No data is reported on 'Other' assets (c.30% allocation), which include cash and net derivatives. **The Trustee could engage with M&G to discuss their position on the issues raised.**

L&G Cash Fund: The underlying holdings are money-market instruments, often with large counterparties (government or institutions), shown through high Scope 3 data. **The fund is a small allocation of portfolio, so can be a lower priority.**

4 Next Steps



Summary & Next Steps

As the Scheme's default investment arrangements moved to the current funds during 2025, the reported metrics in this report could be considered a baseline for the new default strategy. The Trustee should monitor the reporting of these funds over time and assess whether the managers are increasing the quality of their reporting. The Trustee could engage with the manager to understand how to best address the data gaps and progress towards targets.

While the L&G Diversified Fund incorporates a Net Zero target by 2050, Broadstone's recommendation is for the Trustee to **consider reducing the current 30% allocation in the default Ethical Growth Fund to reduce overall emissions.**

Next Steps

- Broadstone can assist with engaging with the managers, should the Trustee wish.
- The main emissions data gaps relate to more complex asset allocations, such as derivatives & alternatives. Given the larger allocation to the Diversified Fund within the default strategy, we recommend you focus manager engagement on the L&G Diversified Fund.
- The Trustee could engage with M&G to understand how the Sustainable Total Return Credit Investment Fund SBTi alignment is expected to increase over time.
- Broadstone can assist with the recommendation of a more sustainable Diversified Growth Fund, should the Trustee wish to proceed.
- Broadstone to summarise the climate metrics of the Scheme as part of the TCFD reporting.

We look forward to discussing this with the IC.

Andy Knight-Stephens, Investment Director

Deon Dreyer, Investment Director

5 Appendix



2024 Emissions Data

Climate metrics reported during the 2024 assessment

Fund	Assets at 30 Sep 2024	Scope 1 & 2 Emissions (tCO ₂ e)	Scope 1 & 2 Carbon Footprint (tCO ₂ e/£m invested)	Scope 3 Emissions (tCO ₂ e)	Scope 3 Carbon Footprint (tCO ₂ e/£m invested)	Data Coverage ²
Ethical Global Equity Fund	£38.8m (46%)	1,804.5	47.1	22,526.4	587.9	98.7%
Diversified Fund (listed equities and corporate bonds)	£20.6m (25%)	1,248.8	92.4	13,676.7	852.3	81.3%
Diversified Fund (sovereigns)	£3.9m (5%)	563.5	146.3			
AAA-AA-A Corporate Bond All Stocks Fund (corporate bonds)	£5.1m (6%)	40.2	20.0	1,228.6	560.7	47.9%
AAA-AA-A Corporate Bond All Stocks Fund (sovereigns)	£0.4m (1%)	41.1	91.9			
All Stocks Fixed-Interest Gilt Fund ¹	£5.5m (7%)	868.0	158.3	11,430.3	2,083.1	100.0%
All Stocks Index-Linked Gilt Fund ¹	£2.7m (3%)	429.8	158.3	5,664.4	2,081.6	100.0%
Cash Fund	£4.2m (5%)	191.4	58.0	783.2	1061.1	78.4%

Source: LCP, 30 September 2024.

Emissions data reported relate only to the assets for which data is available & total emissions are for the Scheme's assets, not the whole pooled fund.

1. Gilt funds metrics are calculated on a different basis to other mandates shown, using gilts emissions intensity (analogous to Weighted Average Carbon Intensity or WACI), so cannot be compared with them.

2. Data Coverage represents both corporates and sovereigns for Scope 1 & 2 emissions.

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