

Civil Aviation Authority Pension Scheme

Annual report and accounts for the year ended
31 December 2025

CONTENTS PAGE

CONTENTS	PAGE
Trustee Directors, Executives and Advisers	3
The Trustee's Report	5
Investment Report	14
Actuarial Certificates	
Actuary's Certification of the Schedule of Contributions – CAA Section	22
Actuary's Certification of the Schedule of Contributions – NATS Section	23
Independent Auditor's Statement about Contributions to the Trustee of the Scheme	24
Summary of Contributions	25
Independent Auditor's Report to the Trustee of the Scheme	26
Financial Statements	
Fund Account and Statement of Net Assets of the Scheme	29
Notes to the Financial Statements of the Scheme	31
Notes to the Financial Statements – CAA Section	35
Notes to the Financial Statements – NATS Section	45
Notes to the Financial Statements – Investments	54
Appendix A – Implementation Statement	59
Appendix B – TCFD Statement	75

THE TRUSTEE'S REPORT

TRUSTEE DIRECTORS, EXECUTIVES AND ADVISERS

Independent Chair



Joanna Matthews

Employer Nominated Trustee Directors



Tim Bullock



Reiner Kramer



Mike Nicholson



Anna Bowles
(Resigned 30
September
2025)



Philip Clarke



Gary Franklin



Mike Macdonald
(Appointed 01
October 2025)

Member Nominated Trustee Directors



Serena Lim



Philip James



Lea Ann Higson



Geoff Parker



Kate Staples



Richard
Kenchington

THE TRUSTEE'S REPORT

Trustee Company	CAAPS Trustee Limited
Chief Investment Officer	William Medlicott, Capital Cranfield Trustees Limited
Chief Operating Officer & Scheme Secretary	Philip Kenley
Sponsoring Section Employers	Civil Aviation Authority (CAA) NATS Ltd (NATS)
ADVISERS	
Scheme Actuary	Mike Webb (Aon Solutions UK Limited) (resigned 28 October 2025) Nick Coates (Aon Solutions UK Limited) (appointed 29 October 2025)
Actuarial Consultants	Aon Solutions UK Limited
Independent Auditor	Crowe U.K. LLP
Internal Auditor	Ernst Young LLP
Tax Adviser	KPMG LLP
Medical Advisers	The Medical Functions of Civil Aviation Authority and NATS Ltd and Medigold Health Consulting Limited
Principal Legal Advisers	Reed Smith LLP Osborne Clarke LLP Morton Fraser MacRoberts LLP
Investment Consultant	Aon Investments Limited
Fiduciary Manager for Return Seeking Assets	BlackRock Investment Management (UK) Limited
LDI Manager	Legal and General Investment Management (Holdings) Limited
Custodians	The Northern Trust Company (Securities) Osborne Clarke LLP (Property) Morton Fraser MacRoberts LLP (Property)
Bankers	The Royal Bank of Scotland plc Barclays Bank plc
Property Valuer	Knight Frank LLP
Performance Reporting Service	The Northern Trust Company
Employer Covenant Assessor	Penfida Limited
Principal Communications Consultant	Gallagher Communication Limited
Insurance Policy Providers	Legal and General Assurance Society Limited Pension Insurance Corporation plc Rothesay Life plc

THE TRUSTEE'S REPORT

CHAIR'S INTRODUCTION

I'm pleased to share the Trustee Board's Annual Report and Accounts for 2025. It's been a busy year. Working closely with our advisers, we've completed several major projects, kept pace with industry change, and delivered our regular compliance work. Key highlights include:

- 2023 NATS Section actuarial valuation and 2024 annual actuarial report
- 2024 CAA Section actuarial valuation
- Updated actuarial factors for both Sections
- Progressed the GMP equalisation project
- Connected to Pensions Dashboards

You'll find more details in our annual Stewardship Report at www.caaps.co.uk.

We continue to monitor the financial strength of both the Civil Aviation Authority and NATS, supported by our covenant adviser, Penfida, who has confirmed it remains reasonable for us to prepare the Scheme's accounts on a going-concern basis. You can read more about this year's assessment on page 11.

The full valuation of the NATS Section as at 31 December 2023 was finalised in January 2025. More information is included on pages 9 and 10, and the Scheme Actuary has reported the following results:

- The funding level decreased slightly from 97.0% at the last full valuation to 96.0%,
- The value of the deficit decreased from £171.9m to £142.7m—and a reflection of increases in gilt yields over the three-year period to 31 December 2023.

The subsequent annual actuarial report as at 31 December 2024 showed improvement in the funding position, with the Section 100.5% funded. We reviewed all NATS Section actuarial factors during the year, with changes effective from 1 December 2025. We also undertook an interim review of the market sensitive CAA Section factors, with changes effective from 1 October 2025. A full CAA Section actuarial factor review is planned for 2026.

The full valuation of the CAA Section as at 31 December 2024 was finalised in October 2025. More information is included on pages 8 and 9, and the Scheme Actuary has reported the following results:

- The funding level decreased from 99.3% at the last full valuation to 96.4%,
- The value of the deficit increased from £17.9m to £51.2m.

Strong progress was made on the GMP equalisation project during the year. This is complex work, and we continue to utilise specialist actuarial and legal advice. Most members affected by the first ruling had their GMP equalised in December. We expect to equalise the remaining affected members by the end of 2026.

The government's "reset" of the Pensions Dashboards programme set a new connection deadline for all pension arrangements of 31 October 2026. CAAPS' connection deadline was August 2025, and we connected ahead of our deadline through our service provider, Heywood. We'll keep monitoring Dashboard developments ahead of its launch to the general public.

This year we said goodbye to Trustee Director Anna Bowles. I'd like to thank Anna for her commitment and contribution to the Scheme. We are delighted to welcome Mike Macdonald to the Board. Finally, my sincere thanks to the CAAPS team, our advisers, and my fellow Trustees. Your hard work, professionalism and support have made this year's progress possible.

Joanna Matthews, Independent Chair

THE TRUSTEE'S REPORT

THE TRUSTEE'S DUTIES AND APPOINTMENT

The Trustee is responsible for the affairs of the Scheme, and the Trustee Board meets at least quarterly. With the exception of the Chair and three other Trustee Directors, all the other Trustee Directors are either contributing members or beneficiaries of the Scheme. All Trustee Directors serve for an initial term of three years after which they are eligible for re-nomination for further terms of office by the CAA, NATS or through an appraisal and a selection process.

Under legislation contained in the Pensions Act 2004, it is the Trustee's responsibility to construct the process for the nomination and selection of Member-Nominated Directors (MNDs) and the Trustee has chosen to establish a Nomination and Selection Committee to assist in this process.

The Nomination and Selection Committee comprises of the Chair, the Scheme Secretary, at least one MND and a representative from two member representative bodies; it considers nominations for MNDs and makes the appropriate selection for recommendation to the CAA Board. When a vacancy arises for a particular Section, the Committee's composition includes at least one MND from that Section and, when available, a member of a body that represents that Section's employees. To ensure the highest standards of governance the Committee uses an independent assessor where there are more nominees than vacancies. There were no MND selection processes conducted by the Committee during the year.

SCHEME GOVERNANCE

The Trustee has overall responsibility for managing the Scheme and it does so using clearly defined operating procedures. The Trustee produces an annual business plan, setting out objectives for the year. Not only do the objectives focus on the major strategic issues facing the Scheme but also on key tasks to be completed each year. The business plan is linked to the risk register, which is a high-level summary of the key risks to be addressed by the Trustee. The Trustee also carries out an annual evaluation of its management of the Scheme and the operation of the Board.

Further information on Scheme governance can be found in the annual Stewardship Report available on the CAAPS website www.caaps.co.uk.

ADMINISTRATION

The Trustee is responsible for the secretarial, investment, financial and administrative functions of the Scheme. The day-to-day administration is delegated to the CAAPS Management Team. The secretarial, investment and financial functions are based in London and the administration function in Edinburgh. The Trustee also takes advice and procures services from external sources. The principal providers of these services are listed on page 4. All the costs of these functions, and of external services, are met by the Scheme and divided proportionately between the Sections (as explained in accounting policy 4.4, on page 32).

FINANCIAL POSITION

	CAA Section	NATS Section
	£m	£m
Net assets at 1 January 2025	1,376.6	3,201.2
Contributions received	11.3	53.7
Net benefits and expenses paid	(107.9)	(169.5)
Net return on investments	11.6	154.3
Net assets at 31 December 2025	1,291.6	3,239.7

The Independent Auditor's Report can be found on pages 26 to 28, the Fund Account and Statement of Net Assets of the Scheme on pages 29 and 30, with specific Notes per Section starting on pages 35 and 45. The Financial Statements have been prepared and audited in compliance with Section 41 (1) and (6) of the Pensions Act 1995.

THE TRUSTEE'S REPORT

MEMBERSHIP

Membership of the CAA Section was open on a voluntary basis to all eligible employees of the CAA until 1 December 2012 but was closed to new members from that date, with existing active members continuing to accrue future service. Until 31 March 2009, the NATS Section was also open on a voluntary basis to all eligible employees of NATS but was closed to new members from that date, with existing active members continuing to accrue future service.

Section	CAA Section	NATS Section	Total
Actives	236	1,308	1,544
Deferred	746	855	1,601
Pensioners	4,273	3,318	7,591
Total	5,255	5,481	10,736

The movement in membership is shown below:

	CAA Section			NATS Section		
	Active	Deferred	Pensioners	Active	Deferred	Pensioners
Members as at 31 December 2024	259	826	4,338	1,408	901	3,192
Opted Out	(3)	2	1*	(41)	5	36*
	256	828	4,339	1,367	906	3,228
Reinstatement of benefits	-	-	2	-	-	2
Normal retirements	(3)	(45)	48	(8)	(23)	31
Ill-health retirements	(1)	-	1	(3)	-	3
Early retirements	(3)	(38)	41	(21)	(42)	63
Flexible retirements	(7)	-	7	(9)	-	9
Leavers with deferred benefits	(4)	4	-	(16)	16	-
Leavers taking refunds and transfers out	-	(1)	-	-	(2)	-
Deaths in service / deferment / retirement	(2)	(2)	(238)	(2)	-	(53)
Spouses / dependants / children - new	-	-	76	-	-	38
Spouses / dependants / children - exits	-	-	(3)	-	-	(3)
Members as at 31 December 2025	236	746	4,273	1,308	855	3,318

*Member opted out of Scheme and elected immediate pension.

There are 3,834 CAA Section members (2024: 4,006) who are covered by annuity policies held in the name of the Scheme.

Active members include members who continue to contribute but are also in receipt of a pension in payment (45 for CAA and 43 for NATS). Deferred members include members who are in receipt of a pension in payment (2 for CAA and 1 for NATS).

THE TRUSTEE'S REPORT

CHANGE OF SCHEME ACTUARY

During the year, Mike Webb resigned his position as Scheme Actuary effective 28 October 2025. In his statement on leaving office, he noted no circumstances connected with his resignation which, in his opinion, significantly affected the interests of the members or prospective members of, or beneficiaries under, the Scheme. Nick Coates, was appointed as Scheme Actuary in his place effective 29 October 2025.

REPORT ON ACTUARIAL LIABILITIES

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Trustee and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

CAA Section Valuation

The most recent full valuation of the Section was carried out as at 31 December 2024. This showed that on that date and in comparison, to 31 December 2021 the valuations were:

	2024 valuation £m	2021 valuation £m
Market value of assets (excluding money purchase AVCs)	1,380.6	2,426.0
Technical provisions	(1,431.8)	(2,443.9)
Past service deficit	(51.2)	(17.9)
Funding ratio	96.4%	99.3%

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Statement of Funding Principles):

Method

The actuarial method used in the calculation of the technical provisions is the Projected Unit Method.

Significant Actuarial Assumptions

- Discount rate: The discount rate used to value the liabilities is determined with reference to the UK government nominal spot yield curve at the valuation date, with an adjustment to allow for the expected performance of the Section's investment strategy relative to gilt yields in the periods both before and after retirement.
- Inflation (RPI): The price inflation (as measured by the Retail Prices Index) assumption is determined using the market-implied spot price inflation curve at the valuation date. This is determined as the difference between the UK government nominal and real spot yield curves at the valuation date.
- Inflation (CPI): The price inflation (as measured by the Consumer Prices Index) assumption is set equal to the inflation (RPI) assumption less an adjustment. (For the purposes of the valuation as at 31 December 2024, the adjustment was 0.9% p.a. up to 2030 and 0.1% thereafter).

THE TRUSTEE'S REPORT

- Pensions increases: The rates of increases to pensions in payment and deferred pensions in deferment are derived from the relevant price inflation assumption allowing (where appropriate) for the minimum and maximum annual increases.
- Pay increases: Pensionable salaries are assumed to increase at the rate of inflation (CPI), with a short-term adjustment where appropriate to reflect known increases.
- Mortality Post-retirement: For males, 100% of standard tables SAPS S4 Pensioners Light Male Amounts (S4PMA_L) making allowance for future improvements in line with the CMI 2023 Projections with a smoothing parameter Sk of 7.0, parameter A of 0.5 and a long-term annual rate of improvement in mortality rates of 1.5 % p.a. For females, 98% of standard tables SAPS S4 Pensioners Light Female Amounts (S4PFA_L) making allowance for future improvements in line with the CMI 2023 Projections with a smoothing parameter Sk of 7.0, parameter A of 0.5 and a long-term annual rate of improvement in mortality rates of 1.5% p.a.
- Mortality Pre-retirement: 70% of standard tables AMN00/AFN00.

The Schedule of Contributions reflecting the agreed contribution rates was certified on 16 October 2025. A copy of the Actuary's certification of this schedule is shown on page 22. The next full actuarial valuation will be carried out with an effective date of no later than 31 December 2027.

NATS Section Valuation

The most recent full valuation of the Section was carried out as at 31 December 2023. The 31 December 2023 full valuation showed that on that date and in comparison, to 31 December 2020 the valuations were:

	2023 valuation £m	2020 valuation £m
Market value of assets (excluding money purchase AVCs)	3,423.8	5,496.2
Technical provisions	(3,566.5)	(5,668.1)
Past service deficit	(142.7)	(171.9)
Funding ratio	96.0%	97.0%

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Statement of Funding Principles):

Method

The actuarial method used in the calculation of the technical provisions is the Projected Unit Method.

Significant Actuarial Assumptions

- Discount rate: The discount rate used to value the liabilities is determined with reference to the UK government nominal yield curve: +1.6% p.a. for the period to 31 December 2032, then reducing linearly to gilts +0.5% p.a. over the period to 31 December 2038, and remaining at +0.5% thereafter.
- Inflation (RPI): The price inflation assumption is determined using the market-implied spot price inflation curve at the valuation date. This is determined as the difference between the UK government nominal and real spot yield curves at the valuation date.

THE TRUSTEE'S REPORT

- Inflation (CPI): The price inflation assumption is set equal to the RPI inflation assumption less an adjustment. For the purposes of the valuation as at 31 December 2023, the adjustment was 0.9% p.a. pre 2030 and 0.1% p.a. thereafter.
- Pensions increases: The rates of increases to pensions in payment and deferred pensions in deferment are derived from the relevant price inflation assumption allowing for the minimum and (where appropriate) maximum annual increases.
- Pay increases: Pensionable salaries are assumed to increase at the rate of inflation (CPI) plus a salary increase adjustment. (For the purposes of the valuation as at 31 December 2023, the adjustment was 0.84% in year 1, 1.76% in year 2 and 0.0% p.a. thereafter).
- Mortality Post-retirement: For males, 100% of standard tables SAPS S4 All Pensioners Light Male Amounts (S4PMA_L) making allowance for future improvements in line with the CMI 2023 Projections (Sk = 7.0, A = 0.5%) and a long-term annual rate of improvement in mortality rates of 1.5% p.a. For females, 98% of standard tables SAPS S4 All Pensioners Light Female Amounts (S4PFA_L) making allowance for future improvements in line with the CMI 2023 Projections (Sk = 7.0, A = 0.5%) and a long-term annual rate of improvement in mortality rates of 1.5% p.a.
- Mortality Pre-retirement: 70% of standard tables AMN00/AFN00.

The Schedule of Contributions reflecting the agreed contribution rates was certified on 31 January 2025. A copy of the Actuary's certification of the latest schedule is shown on page 23. The next full actuarial valuation will be carried out with an effective date of no later than 31 December 2026.

ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCs)

Members may pay AVCs to increase their retirement income. There are two types of AVC:

- a direct purchase of 'added years' of pensionable service from the Scheme. For the CAA Section, the ability to start the purchase of 'added years' was ceased from 1 July 2013; and
- an investment in an account, which will be used at retirement to buy extra benefits. This is known as the 'Money Purchase' approach. The following money purchase AVCs from Fidelity are available through the Scheme:

Cash Fund, Index Linked Gilt Fund, Global Equity Index Fund, UK Gilt Index Fund, Ethical Fund, UK Equity Index Fund, Long Term Fund, World (ex-UK) Equity Index Fund, Property Fund, Corporate Bond Fund and Passive Lifestyle.

At 31 December 2025, 10% (2024: 8%) of active members were making AVCs.

Members interested in finding out more detailed information about AVCs can find it on the CAAPS website www.caaps.co.uk. Alternatively, they can request a copy of the explanatory booklet, 'AVC Guide', from the Pensions Administration Department in Edinburgh.

TRANSFER VALUES

The Scheme Actuary provides all the details needed to calculate the transfer values paid to and from the Scheme. The transfer values are consistent with the requirements of Chapter IV of Part IV of the Pension Schemes Act 1993. No cash equivalents paid during the year were less than the full value of the members' preserved benefits and no account was made for any discretionary benefits.

For the NATS Section, transfers-in ceased from 31 May 2010. For the CAA Section, transfers-in ceased from 1 July 2013.

THE TRUSTEE'S REPORT

PENSION ADJUSTMENTS

Each year the Trustee adjusts the levels of Pensioner and Deferred members' benefits in line with inflation. The Trustee continues to base this adjustment on the changes in the Retail Prices Index (RPI) in relation to service accrued up to 31 October 2013 and the Consumer Prices Index (CPI) for service accrued from 1 November 2013. These adjustments are applied after making an appropriate allowance for any 'Guaranteed Minimum Pension'.

For 1 April 2025, for Pensioner and Deferred members, other than 'S' Category, the RPI and CPI increases were 3.6% and 3.0% respectively, both based on the change in the indices in the year to January 2025.

For 1 April 2025, for 'S' Category Pensioner and Deferred members, the adjustment is made in accordance with the Pensions (Increase) Act and was 1.7%, i.e. based on the change in the CPI index in the year to September 2024.

The Rules and Regulations of the Scheme set out the detailed method for calculating pension increases. This year's adjustments were made in accordance with these rules. There were no discretionary increases granted in the year.

GUARANTEED MINIMUM PENSION (GMP) EQUALISATION

On 26 October 2018 the High Court ruled that UK occupational pension schemes need to equalise benefits for men and women for the effect of GMPs. Furthermore, on 20 November 2020, the High Court ruled that pension schemes will need to revisit individual transfer payments made to check if any additional value is due as a result of GMP equalisation. The ruling applies to members with service between 17 May 1990 and 6 April 1997 (or a transfer-in relating to that period). Members with service within this period may need to have their benefits increased. This may impact ongoing pension payments as well as other crystallisation events such as transfers, trivial commutation and serious ill-health cases. There is a choice between different methods of how to equalise, each with different benefits and disadvantages. There are a number of steps schemes will need to go through before they can equalise. The Scheme has a project plan in place and Aon has produced an indication of the additional actuarial liabilities for both Sections, which can be seen at Note 4.3. The majority of impacted members had their GMP equalised in December 2025 and it is expected that the remaining impacted members will have their GMP equalised by the end of 2026.

GOING CONCERN

The Trustee has considered such matters as the Employers' ability to support the Scheme, the contributions that are due to be paid to the Scheme, and the Employers' and Scheme's forecast cashflows over the next 12 to 15 months. Having assessed all relevant circumstances, received the required information from both Employers and advice from the Scheme's Employer Covenant Assessor, the Trustee has determined that both Sections of the Scheme will continue as going concerns for at least the next 12 months from the date of issue of this report. Therefore, the Trustee believes it remains appropriate to prepare the financial statements on a going concern basis, with no material uncertainties on going concern.

INFORMATION FOR MEMBERS

The CAAPS website, www.caaps.co.uk, contains general and specific information which can be viewed using secure password access.

If there are any changes to the Scheme, members who have provided their e-mail addresses will receive Pension Notices electronically. The following documents are available to members on the CAAPS website, www.caaps.co.uk:

- Trust Deed and Rules
- Internal Disputes Resolution Procedure
- Pension Guides

THE TRUSTEE'S REPORT

- Pension Notices
- Statement of Investment Principles
- Statement of Funding Principles
- Schedule of Contributions
- Actuarial Reports
- Annual Report and Accounts
- Stewardship Report
- Responsible Investment Policy
- Implementation Statement
- TCFD Statement
- Diversity and Inclusion Policy

The Trustee issues a Pensions Update twice a year summarising the events of the Scheme year, including a summary of the accounts and a review of events in the previous year.

CONTACT FOR QUESTIONS

If members have an enquiry they should, in the first instance, contact:

Pensions Administration Department
Office 206, Westpoint
4 Redheughs Rigg
South Gyle
Edinburgh
EH12 9DQ
Email: pensions@caa.co.uk
Freephone helpline: 0800 0680 234

REGULATION AND DISPUTES

The Pensions Regulator has powers to regulate occupational pension schemes and protect members' interests where it considers that members' benefits are at risk.

THE TRUSTEE'S REPORT

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

The Financial Statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of the scheme year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Scheme will not be wound up.

The Trustee is also responsible for making available certain other information about the Scheme in the form of an Annual Report.

The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising Schedules of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Employers and the active members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for adopting risk-based processes to monitor whether contributions are made to the Scheme by the Employers in accordance with the Schedules of Contributions, the Scheme Rules and recommendations of the Actuary. Where breaches of the Schedules occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

INVESTMENT REPORT

STATEMENT OF INVESTMENT PRINCIPLES

The Pensions Act 1995 requires the Trustee to prepare a Statement of Investment Principles. The Trustee reviews it, each year, in conjunction with its investment adviser. The most recent update was completed in November 2025.

All investments have been made in accordance with the Statement. Having considered advice from its professional advisers, the Trustee's policy is to invest in a range of assets to gain a good return with a prudent and appropriate level of diversification. Investments therefore include investment in global equities and bonds; alternative assets including property and gold; and cash. The allocations between these investment classes are detailed in this report. Each Section's assets are valued on the basis set out in Note 4.6 to the Financial Statements. The Trustee considers marketability of investments as important.

Corporate Governance

The Trustee recognises that good stewardship can enhance shareholder value over the long term. Decisions relative to the governance of the companies in which the Sections invest have been delegated to the Sections' fiduciary manager, BlackRock. The Trustee expects BlackRock to use its influence as a major institutional investor to carry out the Trustee's rights and duties as a shareholder including voting, along with – where relevant and appropriate – engaging with underlying investee companies to promote good corporate governance, accountability, and positive change. The Trustee requires that voting rights are exercised and any dialogues with management are effected in the best financial interests of the beneficiaries of the assets that they manage.

BlackRock is required to report annually to CAAPS on its voting policy and its implementation. This includes indicating the overall level of voting activity, and details of the extent to which they have not voted in line with the stated policy. The Trustee Board, also ask BlackRock to explain annually its corporate governance policy and practices, including reviewing its voting activities and any interventions. Further details can be found in the Scheme's Implementation Statement on pages 59 to 74.

Responsible Investment

In setting the Sections' investment strategies, the Trustee's primary concern is to act in the best financial interests of the Sections and their beneficiaries, seeking the best return that is consistent with a prudent and appropriate level of risk.

Investment managers are expected to take account of any factors, including relevant Environment, Social and Governance (ESG) factors, affecting their valuation of the investments, on the Sections' behalf.

The Trustee recognises that integrating ESG factors into the investment process is beneficial to the achievement of its long-term financial objectives and, with its investment adviser, carries out regular reviews of its investments, which also includes using third-party ESG data. This review supports the Trustee in assessing the ongoing appropriateness of its managers' ESG integration and stewardship processes.

Climate change is a key element of ESG Factors. As set out in their TCFD Statement and Responsible Investment Policy, the Trustee recognises that climate change will materially impact on returns within the timeframe of concern to the Sections. The Trustee will take action to mitigate this risk where practicable and appropriate for the Sections.

In accordance with the Trustee's recognition of climate change risk, the Trustee took the decision in Q3 2020 to transition the Section's passive market capitalization-weighted developed global equity portfolio to a passive portfolio indexed against a low-carbon benchmark, thus reducing the Section's exposure to underlying assets exhibiting high carbon intensity (relative to a market capitalization-weighted benchmark). The Trustee annually reviews its approach to managing climate risk.

INVESTMENT REPORT

Climate change is a Board responsibility although day to day management of the risk is delegated to the Sections' Investment and Funding Committees (IFCs) and the CIE. The Trustee has undertaken scenario analysis over different timeframes to better understand the potential impact of climate change. These scenarios will be reviewed every three years, unless circumstances demand they are reviewed earlier. Allied to this, the Trustee considers the degree to which climate change is integrated into the investment approach of its managers. As set out in the TCFD Statement on page 75 and Responsible Investment Policy, the Trustee has established four metrics (carbon footprint, carbon intensity, data quality and implied temperature rise target) so as to monitor its progress towards achieving alignment with the Paris Agreement on Climate Change.

In setting and implementing the Sections' investment strategies, the Trustee does not explicitly consider the views of Sections' members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters.

Copies of the Responsible Investment Policy, TCFD Statement, Stewardship Report and Member Survey results are available on the CAAPS website, www.caaps.co.uk or from the Scheme Secretary.

Investment Choice

The types of investment held and the balance between them is adjusted as necessary to meet the objectives of the Trustee.

The assets of the Sections are invested in the best interests of the members and beneficiaries and, in the case of a potential conflict of interest, in the sole interests of members and beneficiaries.

Assets held to cover the Sections' liabilities are invested in a manner appropriate to the nature and duration of the expected future liabilities payable by the Sections, but recognising also the return requirement in order to meet the funding objective.

Investment in derivatives is only made in so far as they contribute to the reduction of investment risks or facilitate efficient portfolio management and are managed such as to avoid excessive risk exposure to a single counterparty or other derivative operations.

The Trustee recognises that the key source of financial risk (in relation to meeting their objectives) arises from the level of target return needed to achieve the objective and the level of liability hedging that is affordable. To this extent, the Trustee has agreed the target return and liability hedge ratio with its advisers and, as appropriate, will agree how this target return and liability hedge ratio should evolve over time as actual experience differs from the expected experience.

The Trustee has delegated responsibility for managing the underlying investments in the Growth Portfolio to BlackRock, within the guidelines and constraints set out in the Investment Management Agreement (IMA). This allows the asset allocation and manager allocation to be adjusted quickly where needed, to best meet the investment objectives of the Sections and in a manner that is expected to ensure the security, quality, liquidity and profitability of the portfolio as a whole. The assets are invested predominantly on regulated markets (with investments not on regulated markets being kept to a prudent level) and properly diversified to avoid excessive reliance on any particular asset, issuer or group of undertakings. To avoid accumulations of risk in the portfolio as a whole, diversification is both within and across the major asset classes.

Arrangements with Asset Managers

The Trustee recognises that the arrangements with all their managers, including the arrangements with the corresponding underlying managers invested in by BlackRock, are important to ensure that interests are aligned. In particular, the Trustee seeks to ensure that the managers are incentivised to operate in a manner that generates the best long-term results for the Sections and their beneficiaries.

INVESTMENT REPORT

The Trustee receives at least quarterly reports from the managers and verbal updates on various items including the investment strategies, performance, liquidity profile and longer-term positioning of the portfolio. The Trustee focuses on longer-term performance when considering the ongoing suitability of the investment strategies in relation to the Sections' objectives, and assesses the managers over the long-term.

The Trustee also receives stewardship reports on the monitoring and engagement activities carried out by the applicable managers, which supports the Trustee in determining the extent to which the Sections' engagement policy has been followed throughout the year.

The Trustee shares the policies, as set out in the Statement of Investment Principles (SIP), with the Sections' managers and requests that they review and confirm whether their approach is in alignment with the Trustee's policies.

The Trustee delegates the ongoing monitoring of underlying asset managers to BlackRock. BlackRock monitors the Sections' investments to consider the extent to which the investment strategies and decisions, in particular long-term related decisions of the underlying asset managers, are aligned with the investment objectives of the Sections.

Before the appointment of a new manager of the Liability Driven Investment (LDI) or Growth Portfolio, the Trustee reviews the governing documentation associated with the investment and will consider the extent to which it aligns with the Trustee's policies. Where necessary, the Trustee will seek to amend that documentation or express its expectations (such as through side letters, in writing, or verbally at Trustee meetings) so that there is more alignment.

The Trustee believes that having appropriate governing documentation, setting clear expectations to the managers and regular monitoring of the managers' performance and investment strategies is sufficient to incentivise the managers to make decisions that align with the Trustee's policies and are based on assessments of medium- and long-term financial performance.

Where a manager is considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will typically engage with the manager (or through BlackRock as its fiduciary manager if appropriate) to understand the circumstances and materiality of the decisions made.

There is typically no set duration for arrangements with the managers, although their continued appointment will be reviewed periodically.

The suitability of this policy is reviewed annually.

Cost Monitoring

The Trustee is aware of the importance of monitoring its asset managers' total costs and the impact these costs can have on the overall value of the Sections' assets. The Trustee recognises that, in addition to annual management charges, there are other costs incurred by asset managers that can increase the overall cost incurred by their investments. The Trustee receives annual cost transparency reports from its managers.

These reports present information in line with prevailing regulatory requirements. They clearly set out on an itemised basis:

- The total amount of investment costs incurred by the Sections;
- The fees paid to the managers, including the manager of the LDI Portfolio;
- The fees paid to the investment managers appointed by the fiduciary manager;
- The amount of portfolio turnover costs (transaction costs) incurred by the investment managers appointed by the fiduciary manager.

INVESTMENT REPORT

The Trustee defines portfolio turnover costs as the costs incurred in buying and selling underlying securities held within the funds of the investment managers appointed by the fiduciary manager:

- Any charges incurred through the use of pooled funds (custody, administration and audit fees)
- The impact of costs on the investment return achieved by the Sections.

The Trustee acknowledges that portfolio turnover costs are a necessary cost to generate investment returns and that the level of these costs varies across asset classes and manager. The fiduciary manager monitors the level of portfolio turnover (defined broadly as the amount of purchases plus sales) of all the investment managers appointed on behalf of the Trustee.

Evaluation of performance and remuneration

The Trustee assesses the (net of all costs) performance of its managers on a rolling three-year basis against the Sections' specific liability benchmark and investment objective. The remuneration paid to the managers and fees incurred by third parties appointed by the fiduciary manager are provided annually to the Trustee. This cost information is set out alongside the performance of the managers to provide context. The Trustee monitors these costs and performance trends over time.

The Trustee has appointed an independent consultant, Ernst & Young (EY), to undertake a review of the performance of the fiduciary manager in 2022, repeating the exercise annually to date.

Investment Management Fees

External investment manager fees are generally determined as a percentage of assets managed. The Trustee believes that this is the most appropriate method of remunerating investment managers.

For some underlying managers, a performance-related fee may be in place, which the Trustee believes to be appropriate given the nature of their specific investment objectives as long as these are subject to the relevant performance thresholds and protection mechanisms to ensure that the Trustee remunerates the manager on the basis of true outperformance.

INVESTMENT STRATEGY

The investment strategies are set out in the Scheme's Statements of Investment Principles (SIPs).

The Trustee's primary objective is to ensure that it can meet its benefit payment obligations to the beneficiaries as they fall due. In addition, the Trustee has the objective of maximising the long-term investment return subject to running an acceptable amount of risk. The Trustee recognises that the Employers have a legitimate interest in these objectives and consults each Employer accordingly. The Trustee believes that proper diversification of investments is of the utmost importance. Likewise, the Trustee endeavours to invest the Scheme's funds in assets which are suitable for achieving the above objectives.

The Trustee regards the choice of asset allocation policy as the decision which has most influence on the likelihood that it will achieve its investment objectives. The Trustee makes decisions on asset allocation as outlined in the Statement of Asset Arrangements on the advice of its investment consultants, in consultation with the Employers, and in conjunction with recommendations from each Section's Investment and Funding Committee (IFC). Specific allocation within the Growth Portfolio is advised by the fiduciary manager, BlackRock.

The IFCs recommend the strategic asset allocation policy after considering projections of the Sections' assets and liabilities which are calculated by the Scheme Actuary and an asset-liability study undertaken by the Scheme's investment consultant. The latter examines different combinations of assets to determine which combination should most efficiently achieve the Trustee Board's objectives whilst taking the Employers' considerations into account.

INVESTMENT REPORT

In order to avoid undue concentration of risk, a diversified portfolio of assets is held. The diversification is both within and across the major asset classes. The extent of this diversification reflects both the Scheme's circumstances and the Trustee's investment return expectations.

The current strategy for the CAA Section is to hold:

- Approximately 42% of the non-insured investments in liability matching assets including UK government debt, interest rate swaps, inflation return swaps and gilt repos;
- Approximately 58% of the non-insured investments in return seeking assets including global equities, liquid debt and alternatives, gold, and hedge funds;
- The majority of the assets in Bulk Purchase Annuity contracts with Rothesay Life, PIC and LGAS

The current strategy for the NATS Section is to hold:

- 35% of the investments in liability matching assets including UK government debt, interest rate swaps, inflation rate swaps, total return swaps, credit default swaps and gilt repos;
- 65% of the investments in return seeking assets including global equities, liquid debt and alternatives, gold, investment property, hedge funds and private equity.

Integrated Risk Management

To maximise the probability of achieving the primary objective, the Trustee adopts an Integrated Risk Management (IRM) approach. This approach seeks not just to minimise each risk individually but to minimise the overall level of risk in the Sections with a view to maximising the likelihood of achieving the Primary Objective. This holistic approach is necessary because the risks are not independent of each other and reducing one risk may increase or in some other way change another risk. In-depth IRM considerations, including sensitivity and scenario testing of the interaction of risks within the Sections, informs every formal Valuation. Subsequent to each Valuation, the Sections are managed in a way that is consistent with the holistic view of overall risk formulated as part of the Valuation. Risks are then continually monitored to ascertain whether that view remains valid or whether remedial action is required. A new formal Valuation may be called if there is a significant change in the level of risk.

LDI Portfolio- Liquidity

The Scheme continues to invest funds in UK government debt (gilts) through the adoption of LDI strategies for both Sections. Following volatility seen in the gilts market in 2022, guidance on LDI has been issued to the pensions industry as a whole by the Central Bank of Ireland, Bank of England and the Pensions Regulator (TPR). This guidance has been considered by the Trustee and specific actions have been implemented. The targeted eligible collateral levels in each portfolio are now at least in accordance with the minimum requirements published by the relevant governing central bank and TPR. LDI policies adopted in 2023 for both Sections which formally document these targeted eligible collateral levels, have continued to be maintained to date. The policies also define roles and responsibilities for the ongoing management and monitoring of the LDI strategies. Minimum liquidity parameters for the Growth portfolios are included in BlackRock's IMAs. The LDI strategies and associated liquidity risks attached to them continue to be monitored by the Trustee, IFCs and CIE on an ongoing basis with the assistance of its appointed Investment Consultant.

During the year The Trustee transitioned the CAA Section LDI Allocation from the existing pooled structure to a fully segregated mandate.

INVESTMENT REPORT

Investment Performance

CAA Section

The Section continues to maintain its absolute return target of cash+3.5% p.a. which the Growth portfolio is measured against. The targeted allocation of funds of the total uninsured investment portfolio to the Growth portfolio was 58% during the year ended 31 December 2025. The target level of hedging of the LDI has continued to be monitored during the year and is considered to be appropriate to best achieve the Section's long-term investment and funding objectives.

Overall, the CAA Section Growth portfolio outperformed its absolute return benchmark of cash+3.5% during the year.

NATS Section

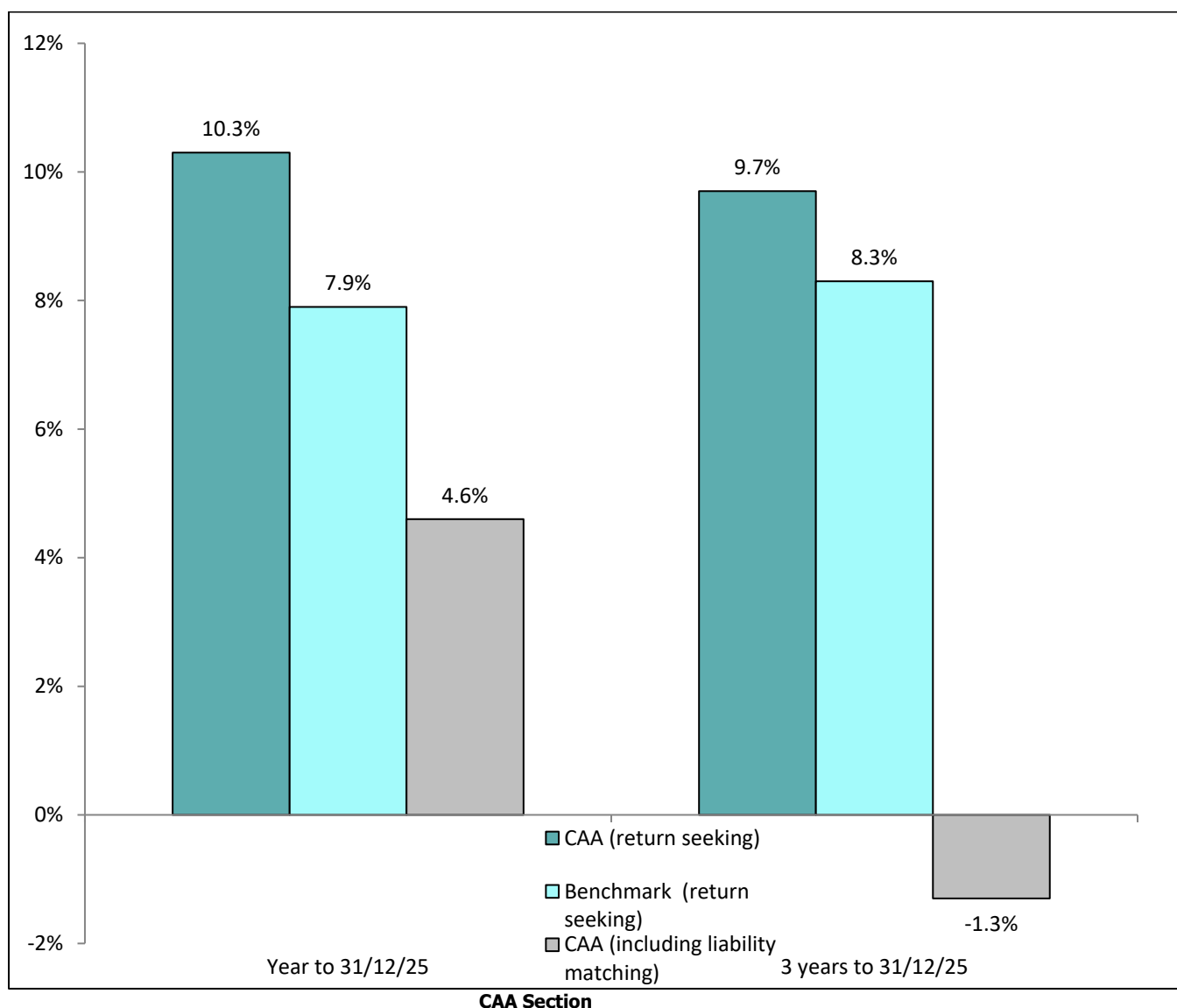
During 2025 the NATS Section investment target for the growth assets was reduced from cash +4.5% to cash +4% following the conclusion of the triennial actuarial valuation and with advice from Aon, with a new asset allocation put in place for the NATS Section which decreased the allocation to equities. The targeted allocation of funds to the Growth portfolio was maintained at 65% during the year ended 31 December 2025. The target level of hedging of the LDI has continued to be monitored during the year and is considered to be appropriate to best achieve the Section's long-term investment and funding objectives. A monthly disinvestment of £9m from the investment portfolio was introduced during the year to support the payments of ongoing benefits to Section members.

Overall, the NATS Section Growth portfolio outperformed its absolute return benchmark during the year.

INVESTMENT REPORT

CAA Section

The CAA Section performance is analysed between growth assets and total fund return to distinguish between the performance of the growth assets and the return on the liability matching assets. The CAA Section's Growth portfolio produced a positive return of 10.3%, which reflects an outperformance of 2.4% relative to the Section's benchmark return of 7.9%. The Section's total return for the year including its liability matching (LDI) portfolio totalled 4.6%. The Section's total return for the three-year period including its liability matching (LDI) portfolio totalled -1.3%. This is reflective primarily of the decrease in value of the assets of the liability matching portfolio across the period for the Section and has been mirrored by a decrease in value of the future liabilities to pay pensions and other benefits to members.

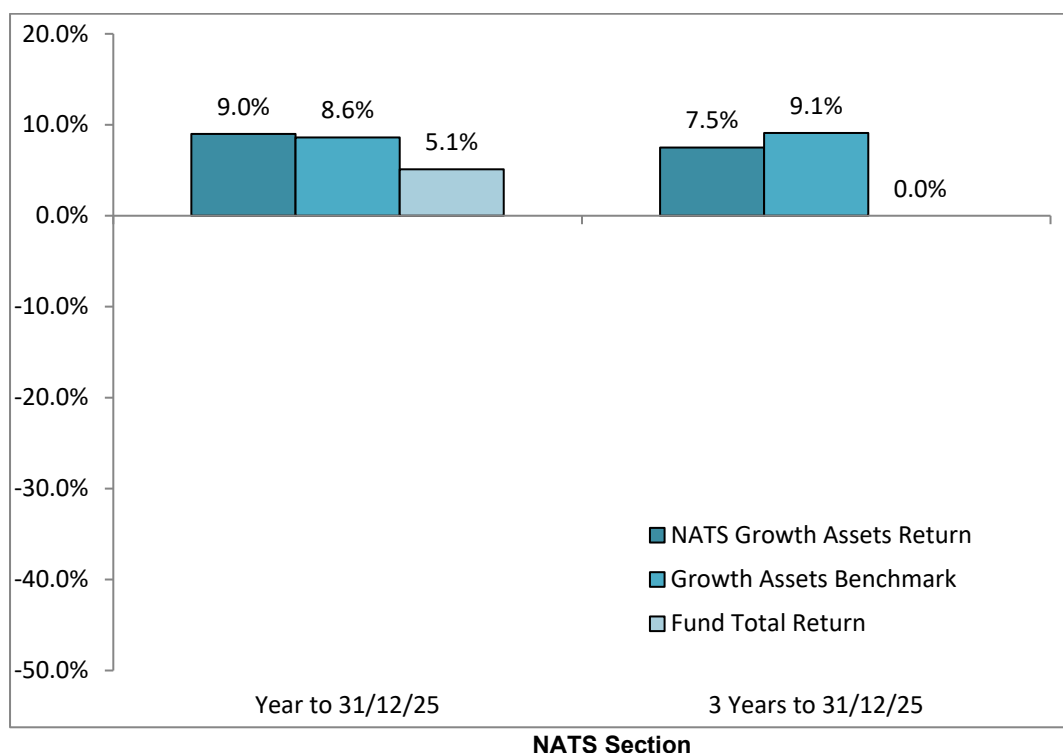


The investment assets above exclude members' Additional Voluntary Contributions and the bulk annuity contracts.

INVESTMENT REPORT

NATS Section

The NATS Section performance is analysed between growth assets and total fund return to distinguish between the performance of the growth assets and the return on the liability matching assets. The NATS Section’s Growth portfolio produced a positive return of 9.0%, which reflects an outperformance of 0.4% relative to the Section’s benchmark return of 8.6%. The Section’s total return for the year, including its liability matching (LDI) portfolio totalled 5.1%. The Section’s total return for the three-year period including its liability matching (LDI) portfolio was neutral (0.0%). This is reflective primarily of the decrease in value of the assets of the liability matching portfolio across the period for the Section and has been mirrored by a decrease in value of the future liabilities to pay pensions and other benefits to members. The continued underperformance of the Growth portfolio relative to benchmark remains closely monitored by the Trustee.



The investment assets above exclude members' Additional Voluntary Contributions.

The Trustee and Investment Reports were approved by the Trustee on 30 March 2026.

Joanna Matthews, Independent Chair

**ACTUARY'S CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS -
CAA SECTION**

Name of Scheme: CAA Section of the Civil Aviation Authority Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2024 to be met by the end of the period specified in the recovery plan dated 16 October 2025.

I also certify that any rates of contributions forming part of this schedule which the Scheme requires me to determine are not lower than I would have provided for had I had responsibility for preparing or revising the schedule, the statement of funding principles and any recovery plan.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 16 October 2025.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature

Date

16 October 2025

Name

Mike Webb

Qualification

Fellow of the Institute and Faculty of Actuaries

Address

3rd Floor Epsom Gateway
2 Ashley Road
Epsom
Surrey
KT18 5AL

Name of Employer

Aon Solutions UK Limited

**ACTUARY'S CERTIFICATION OF THE SCHEDULE OF CONTRIBUTIONS -
NATS SECTION**

Name of Scheme: NATS Section of the Civil Aviation Authority Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2023 to be met for the period specified in the recovery plan dated 31 January 2025.

I also certify that any rates of contributions forming part of this schedule which the Scheme requires me to determine are not lower than I would have provided for had I had responsibility for preparing or revising the schedule, the statement of funding principles and any recovery plan.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 31 January 2025.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature

Date

31 January 2025

Name

Mike Webb

Qualification

Fellow of the Institute and Faculty
of Actuaries

Address

3rd Floor
Epsom Gateway
2 Ashley Avenue
Epsom
KT18 5AL

Name of Employer

Aon Solutions UK Limited

**INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE
SCHEME**

We have examined the Summary of Contributions payable to the Civil Aviation Authority Pension Scheme ("the Scheme"), for the Scheme year ended 31 December 2025 which is set out on page 25.

In our opinion contributions for the Scheme year ended 31 December 2025 as reported in the Summary of Contributions and payable under the Schedules of Contributions have in all material respects been paid at least:

- in accordance with the Schedules of Contributions certified by the Scheme Actuary on 15 September 2021 and 31 January 2025 for the NATS Section; and
- in accordance with the Schedules of Contributions certified by the Scheme Actuary on 27 September 2022 and 16 October 2025 for the CAA Section.

Basis of opinion

Our objective is to obtain sufficient evidence to give reasonable assurance that contributions reported in the attached Summary of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedules of Contributions.

Responsibilities of the Trustee

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's Trustee is responsible for ensuring that there are prepared, maintained and from time to time revised Schedules of Contributions that set out the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the Employers and the active members of the Scheme. The Trustee is also responsible for keeping records in respect of contributions received in respect of active members of the Scheme and for monitoring whether contributions are made to the Scheme by the Employer in accordance with the Schedules of Contributions.

Auditor's responsibilities for the statement about contributions

It is our responsibility to provide a statement about contributions paid under the Schedules of Contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Scheme's Trustee, as a body, in accordance with The Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995. Our work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our work, for this statement, or for the opinions we have formed.

Crowe U.K. LLP
Statutory Auditor
London

Date: 30 March 2026

SUMMARY OF CONTRIBUTIONS

During the year ended 31 December 2025 the contributions payable to the Scheme by the Employers under the Schedules of Contributions were as follows:

	CAA Section £'000	NATS Section £'000	2025 Total £'000	2024 Total £'000
Employers' normal contributions	4,259	43,838	48,097	100,636
Employers' deficit repair contributions	-	-	-	27,845
Employers' additional contributions	6,000	-	6,000	3,500
Employers' salary sacrifice contributions	867	8,249	9,116	9,110
Employers' augmentation contributions	-	-	-	30
Members' normal contributions	39	38	77	77
Total contributions payable under the Schedules of Contributions	11,165	52,125	63,290	141,198
In addition, further contributions were payable:				
Employers' - member directed contributions salary sacrifice	112	-	112	169
Members' additional voluntary contributions	9	1,580	1,589	1,047
Other – family benefit reinstatement	-	-	-	67
Total contributions included in the Financial Statements (Notes 5 & 21)	11,286	53,705	64,991	142,481

The normal contributions payable to the Scheme during the year have been paid in accordance with the Schedules of Contributions. Both Sections operate salary sacrifice schemes which result in the members and Employers benefiting from reduced National Insurance costs. Augmentation contributions by the Employers cover reimbursement to the Scheme for the cost of enhancements to members' pension benefits associated with early retirement.

Approved by the Trustee and signed on its behalf by:

Joanna Matthews, Independent Chair

Timothy Bullock, Director

30 March 2026

30 March 2026

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE SCHEME

Opinion

We have audited the financial statements of the Civil Aviation Authority Pension Scheme ("the Scheme") for the year ended 31 December 2025 which comprise the Fund Account, the Statement of Net Assets (available for benefits) and the related notes set out therein.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2025, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Scheme's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

However, as we cannot predict all future events or conditions, and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Scheme will continue in operation.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The Trustee is responsible for the other information contained within the Annual Report. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE SCHEME

misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Trustee for the financial statements

As explained more fully in the Statement of Trustee's Responsibilities set out on page 13, the Trustee is responsible for the preparation of the financial statements, for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Scheme or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

We set out below the key areas which, in our opinion, the financial statements are susceptible to material misstatement by way of irregularities including fraud and the extent to which our procedures are capable of detecting these.

- Management override of controls. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for bias.
- Misappropriation of investment assets owned by the Scheme. This is addressed by obtaining direct confirmation from the custodian and investment fund managers of investments held at the Statement of Net Assets date.
- Verification of the right to annuity income from bulk annuity policies. This is addressed by way of a reconciliation being performed of annuity income receivable from the bulk annuity provider and benefits paid to members during the year.
- Diversion of assets through large investment transactions. Reviewing the AAF 01/20 / ISAE 3402 Assurance Reports on Internal Controls for fund managers and custodians and testing investment transactions to the investment manager and custodian reports.
- We have identified relevant laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, as the Pensions Acts 1995 and 2004 (and regulations made thereunder), FRS 102, and the Pensions Statement of Recommended Practice (SORP). We considered the extent to which a material misstatement of the financial statements might arise because of non-compliance.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE SCHEME

- Reviewing meeting minutes and any correspondence with the Pensions Regulator.
- Discussing whether there are any significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Non-receipt of contributions due to the Scheme from the Employers. This is addressed by testing contributions due are paid to the Scheme in accordance with the Schedules of Contributions agreed between the Employers and the Trustee.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Scheme's Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Statutory Auditor
London

Date: 30 March 2026

FUND ACCOUNT AND STATEMENT OF NET ASSETS OF THE SCHEME

The finances and assets of the Civil Aviation Authority Pension Scheme are kept completely separate from those of the Employers.

The Fund Account and Statement of Net Assets for the Scheme for the year ended 31 December 2025 are set out below showing the split between the CAA and NATS Sections.

The Fund Account and Statement of Net Assets for each Section are shown in full within the specific Notes to the Financial Statements starting on page 35 for the CAA Section, and on page 45 for the NATS Section.

FUND ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	CAA Section £m	NATS Section £m	2025 Total £m	2024 Total £m
Contributions and Benefits					
Employer Contributions	5, 21	11.2	52.1	63.3	141.3
Employee Contributions	5, 21	0.1	1.6	1.7	1.2
Total Contributions		11.3	53.7	65.0	142.5
Benefits paid or payable	6, 22	104.2	160.6	264.8	249.6
Leavers	7, 23	0.7	6.5	7.2	4.7
Administrative expenses	8, 24	3.0	2.4	5.4	4.8
Total Benefits		107.9	169.5	277.4	259.1
Net withdrawals from dealings with members		(96.6)	(115.8)	(212.4)	(116.6)
Returns on investments					
Investment income	15, 31	85.4	(15.6)	69.8	29.5
Changes in market value of investments	16, 32	(72.7)	173.7	101.0	(301.2)
Investment management expenses	9, 25	(1.1)	(3.8)	(4.9)	(5.4)
Net returns on investments		11.6	154.3	165.9	(277.1)
Net (decrease)/increase in funds during the year		(85.0)	38.5	(46.5)	(393.7)
Net assets of the Scheme at 1 January		1,376.6	3,201.2	4,577.8	4,971.5
Net assets of the Scheme at 31 December		1,291.6	3,239.7	4,531.3	4,577.8

FUND ACCOUNT AND STATEMENT OF NET ASSETS OF THE SCHEME

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 31 DECEMBER 2025

	Note	CAA Section £m	NATS Section £m	2025 Total £m	2024 Total £m
Investment Assets					
Bonds	32	353.8	3,150.1	3,503.9	2,647.2
Equities	32	-	0.1	0.1	0.1
Property	32	-	25.8	25.8	55.7
Pooled investment vehicles	16, 32	198.3	1,747.7	1,946.0	2,202.9
Derivatives	17, 33	6.3	77.5	83.8	69.0
Insurance policies	18	917.3	-	917.3	1,009.4
AVC investments	10, 26	1.5	6.7	8.2	7.2
Cash	16, 32	17.7	108.5	126.2	137.6
Other investment balances	16, 32	2.1	60.1	62.2	47.8
		1,497.0	5,176.5	6,673.5	6,176.9
Investment liabilities					
Derivatives	17, 33	(8.4)	(27.1)	(35.5)	(55.7)
Other investment balances	32	(216.5)	(1,953.9)	(2,170.4)	(1,615.6)
Total net investments		1,272.1	3,195.5	4,467.6	4,505.6
Current assets	11, 27	20.9	49.2	70.1	73.7
Current liabilities	12, 28	(1.4)	(5.0)	(6.4)	(1.5)
		19.5	44.2	63.7	72.2
Net assets of the Scheme at 31 December		1,291.6	3,239.7	4,531.3	4,577.8

The Financial Statements summarise the transactions and net assets of the Scheme. They do not take account of liabilities to pay pensions and other benefits in the future. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Trustee's Report section "Report on Actuarial Liabilities" on pages 8 to 10, and "Actuary's Certification of the Schedule of Contributions" on pages 22 and 23, and these financial statements should be read in conjunction with them.

Approved by the Trustee:

Joanna Matthews, Independent Chair

Timothy Bullock, Director

30 March 2026

30 March 2026

NOTES TO THE FINANCIAL STATEMENTS OF THE SCHEME

1. BASIS OF PREPARATION

These Financial Statements have been prepared as at 31 December 2025 in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by The Financial Reporting Council and the guidance set out in the Statement of Recommended Practice (SORP) (2018).

The Trustee is not aware of any material uncertainty in relation to the Scheme's ability to continue as a going concern, and as such these financial statements have been prepared on a going concern basis.

2. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Scheme is established as a trust under English Law. The address for enquiries to the Scheme is included in the Trustee's Report under the heading Contact for Questions.

3. TAX STATUS

Before 5 April 2006 the Scheme was described as an exempt approved Scheme under the Income and Corporation Taxes Act 1988. It is now a Registered Scheme under the Finance Act 2004. Contributions to the Scheme and most income and gains from the Scheme's investments are exempt from tax.

4. ACCOUNTING POLICIES

4.1. Consolidation

The Financial Statements include the net assets of Caviapen Trustees Limited, a trust corporation set up and wholly owned by the Trustee to hold as custodian certain Scheme properties. No financial transactions pass through the Caviapen Trustees Limited financial statements.

4.2. Contributions receivable

Normal contributions from the Employers and from members have been made at the rates set out in the Schedules of Contributions in force for the Scheme year. Normal contributions relating to salaries earned in the Scheme year have been recognised in these accounts. During the year, salary sacrifice arrangements operated for each Section and these contributions are accounted for on the same basis as normal Employer contributions related to salaries and shown as Employer contributions.

Employers' augmentation contributions are accounted for in accordance with the agreement under which they are paid or, in the absence of such an agreement, when received.

Members' additional and additional voluntary contributions (AVCs) and family benefit reinstatement contributions are recognised in the accounts as soon as they are notified to the Scheme.

NOTES TO THE FINANCIAL STATEMENTS OF THE SCHEME

4.3. Benefits paid or payable and leavers

Where members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.

Other benefits are accounted for on an accruals basis on the date of retirement, death or leaving the Scheme as appropriate.

Where tax liabilities are settled on behalf of members, for example where the lifetime allowance or annual allowance is exceeded, the tax due is accounted for on the same basis as the benefit.

Transfer values represent the capital sums payable to other pension arrangements for members who have left the Scheme, and they are accounted for on a cash basis.

GMP Equalisation

As explained on page 11 of the Trustee's report, on 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension scheme. The judgment concluded that the scheme should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. Furthermore, on 20 November 2020, the High Court ruled that pension schemes will need to revisit individual transfer payments made to check if any additional value is due as a result of GMP equalisation. The issues determined by the judgments arise in relation to many other defined benefit pension schemes. The Trustee of the Scheme is aware that the issue will affect the Scheme and has been considering this at past meetings and decisions will continue to be made at future meetings as to the next steps. Under the rulings, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. The Trustee has obtained an estimate of the benefits and related interest which relate to equalisation of Scheme benefits for the period 17 May 1990 to 6 April 1997 of £3m (£2m for the CAA Section and £1m for the NATS Section) for the first Court judgment. The Actuary has estimated that approximately 10% would relate to the past underpayment of benefits. This estimate is based on the Trustee's view of the agreed equalisation methodology to be adopted and a top-down assessment of the likely impact on members. The majority of impacted members had their GMP equalised in December 2025 and it is expected that the remaining impacted members will have their GMP equalised by the end of 2026.

4.4. Other expenditure

Administrative and investment management expenditure is accounted for on an accruals basis. Directly attributable CAA or NATS Section expenditure is allocated to the appropriate Section. Shared expenditure is apportioned between the CAA and NATS Sections in proportion to the level of work undertaken or equally apportioned as appropriate.

4.5. Investment income

Income from fixed interest and index-linked securities, deposit interest, mortgage-backed securities and securities lending is accounted for on an accruals basis.

Rental income is accounted for as earned under the terms of the lease.

Dividends are taken into account on the date when the stocks are quoted ex-dividend. Income from pooled investment vehicles that are accumulation funds are re-invested within the funds.

Income from pooled investment vehicles is accounted for when declared by the fund manager

NOTES TO THE FINANCIAL STATEMENTS OF THE SCHEME

Income arising from annuity policies is included in investment income and is accounted for when received.

Receipts or payments under swap contracts, representing the difference between the swapped cash flows, are included in investment income. Other derivative income is accounted for when declared by the investment manager

4.6. Valuation of investments

All investments are valued at their market value at the reporting date, determined as follows:

- 4.6.1.** Quoted securities and pooled investment vehicles in specified funds are stated at market value based on the bid market prices or fair value, as determined by the investment managers, ruling at the Scheme year end.
- 4.6.2.** Interests in private equity funds and hedge funds are included at estimated market value as provided to the Trustee by the investment managers. The market valuation is based on the current fair value and is in accordance with appropriate accounting principles.
- 4.6.3.** Shop, office and industrial properties are valued at open market value at the Scheme year end by Knight Frank, Chartered Surveyors, using the Royal Institution of Chartered Surveyors Valuation Standards. No depreciation is provided on freehold buildings or long leasehold properties. All charges incurred during the purchase of property are expensed in the period incurred.
- 4.6.4.** Annuity policies are valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent solvency assumptions as at the reporting date.

4.7. Derivatives

- 4.7.1.** Derivative contracts are valued at fair value. Derivative contract assets are fair valued at bid prices and liabilities are fair valued at offer prices.

Derivative contracts' changes in fair value are included in change in market value where the economic purpose of the contracts relates to assets. Where the economic purpose relates to income the change in fair value is included in investment income.

- 4.7.2.** Futures contracts' fair value is determined using exchange prices at the reporting date. The fair value is the unrealised profit or loss at the current bid or offer market quoted price of the contract. Amounts due from the broker represent the amounts outstanding in respect of the initial margin (representing collateral on the contracts) and any variation margin which is due to or from the broker. The amounts included in change in market value are the realised gains and losses on closed futures contracts and the unrealised gains and losses on open futures contracts.
- 4.7.3.** Exchange traded options' fair value is determined using the exchange price for closing out the option at the reporting date. If a quoted market price is not available on a recognised exchange the over the counter contract options' fair value is determined by the investment manager/bank using generally accepted pricing models such as Black-Scholes, where inputs are based on market data at the year end date.
- 4.7.4.** The fair value of the interest rate swaps, inflation swaps, credit default swaps and total return swaps is calculated using pricing models based on the discounted future expected cashflows or the market price of comparable instruments at the year end date, if they are publicly traded, as provided by the custodian or investment managers. Interest is accrued monthly on a basis consistent with the terms of the contract. The amounts included in change in market value are the realised gains and losses on closed contracts and the unrealised gains and losses on open contracts. Net receipts or payments on swap contracts are either reported in investment income

NOTES TO THE FINANCIAL STATEMENTS OF THE SCHEME

(where the economic purpose relates to income) or change in market value (where the economic purpose relates to assets).

4.7.5. The fair value of the forward currency contracts is based on market forward exchange rates at the year end date and determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.

4.7.6. Repurchase agreements are accrued on the basis that the Scheme continues to recognise and value the securities that are delivered out and includes them in the financial statements. The cash received is recognised as an asset and the obligation to pay it back is recognised as a payable amount. Cash delivered under reverse repurchase agreements is recognised as an investment receivable in the financial statements. The securities received in exchange are disclosed in the financial statements, but are not included in the Scheme assets. Where bonds are short sold, the fair value is taken as the market value at the accounting date plus any interest accrued to date.

4.8. Foreign Currencies

Transactions in foreign currencies during the period are converted at the rate of exchange ruling at the dates of the transactions. Overseas investments and bank and short-term deposits in foreign currencies are translated at the rates of exchange ruling at the Scheme year end.

4.9. Fair Value Determination

The investments have been analysed according to the basis on which the fair value has been determined. The best evidence of fair value is a quoted price of an active security on a recognised exchange and thus falling into Level 1. The greatest amount of judgment is involved where a fair value is based on the valuation techniques and such investments fall into Level 3. The basis of the fair value hierarchy is described in more detail below:

Level 1 inputs are: The quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 1 includes exchange traded instruments in an active market, for example: quoted equities, exchange traded derivatives and exchange traded funds.

Level 2 inputs are: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity.

Level 2 includes over the counter instruments, such as bonds and derivatives, where indicative quotes are available to market participants or where evaluated price feeds from pricing vendors are available. These quotes are not Level 1 because their indicative nature makes them less robust as estimates of the exit price than binding quotes on a recognised exchange. It also includes the prices of recent transactions to the extent the prices are observable by parties other than those involved in the transaction.

Level 3 inputs are: Unobservable inputs for the asset or liability. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

For the purpose of the accounts and in accordance with the SORP the assets have been analysed into Levels 1, 2 and 3 and the analysis is shown in Notes 20 and 34.

NOTES TO THE FINANCIAL STATEMENTS – CAA SECTION

FUND ACCOUNT FOR THE YEAR ENDED 31 December 2025

	Note	2025 £'000	2024 £'000
Contributions and Benefits			
Employer Contributions	5	11,238	9,138
Employee Contributions	5	48	78
Total Contributions and Other Income		11,286	9,216
Benefits paid or payable			
Leavers	6	104,220	100,479
Administrative expenses	7	680	1,133
	8	2,997	2,142
Total Benefits		107,897	103,754
Net withdrawals from dealings with members		(96,611)	(94,538)
Returns on investments			
Investment income	15	85,380	90,914
Changes in market value of investments	16	19,431	(34,578)
Change in market value of insurance policies	16	(92,100)	(126,300)
Investment management expenses	9	(1,038)	(878)
Net returns on investments		11,673	(70,842)
Net decrease in funds during the year		(84,938)	(165,380)
Net assets of the Section at 1 January		1,376,575	1,541,955
Net assets of the Section at 31 December		1,291,637	1,376,575

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 31 December 2025

	Note	2025 £'000	2024 £'000
Investment assets			
Insurance policies	16		
Bonds	18	917,300	1,009,400
Pooled investment vehicles		353,796	-
Derivatives		198,316	332,647
Other	17	6,305	892
Members' AVCs	10	19,745	12,828
		1,529	1,455
Total		1,496,991	1,357,222
Investment liabilities			
Derivatives	16		
Other	17	(8,420)	(1,575)
		(216,476)	(3)
		(224,896)	(1,578)
Total net investment assets		1,272,095	1,355,644
Net current assets			
Current assets	11	20,924	21,321
Current liabilities	12	(1,382)	(390)
		19,542	20,931
Net assets of the Section at 31 December		1,291,637	1,376,575

NOTES TO THE FINANCIAL STATEMENTS – CAA SECTION

5. CONTRIBUTIONS RECEIVABLE

	2025	2024
	£'000	£'000
Contributions by the Employer		
Normal	4,259	4,526
Additional	6,000	3,500
Salary Sacrifice	867	943
Salary Sacrifice – member directed	112	169
	11,238	9,138
Contributions by the Members		
Normal	39	40
Additional voluntary contributions	9	34
Other – Family benefit reinstatement	-	4
	48	78
	11,286	9,216

The Employer's contributions are based on the advice received from the Scheme Actuary. The Scheme Actuary calculates what rate will be sufficient to provide for the benefits defined in the Scheme Rules. Salary sacrifice contributions relate to "Pension Sense", where members sacrifice an element of their salary, equal to their normal rate of contributions as pension contribution, which results in these contributions becoming an Employer contribution. Members may also sacrifice additional salary, over and above that required by the Schedule of Contributions. These contributions are known as "Salary Sacrifice – member directed" and replace members' additional voluntary contributions for those members in the salary sacrifice scheme.

The Employer has agreed to pay additional contributions of £6m per year, under the Schedule of Contributions and in accordance with a Recovery Plan until 31 December 2034 to improve the Section's funding position. Additional contributions are payable in equal monthly instalments over the period to 31 December 2034. Additional contributions amounting to £2.5m in respect of the period from 1 January 2024 to 31 May 2024 were paid early on 29 March 2023 and were recognised in the 31 December 2023 financial statements.

Some members have also made AVCs to the Scheme to secure additional benefits, whilst others have contributed to reinstate family benefits payable on their death.

6. BENEFITS PAID or PAYABLE

	2025	2024
	£'000	£'000
Pensions	95,398	96,074
Pensions commuted to a lump sum	7,699	3,983
Lump sum death benefits	1,026	239
Taxation where annual allowance exceeded	97	183
	104,220	100,479

Taxation arising on benefits paid or payable is in respect of members whose benefits exceeded the annual allowance and who elected to take lower benefits from the Scheme in exchange for the Scheme settling their tax liability.

NOTES TO THE FINANCIAL STATEMENTS – CAA SECTION

7. LEAVERS

	2025	2024
	£'000	£'000
Individual transfers out to other schemes	680	1,133
	680	1,133

8. ADMINISTRATIVE EXPENSES

	2025	2024
	£'000	£'000
Administration and processing	1,341	1,138
Professional fees	1,616	958
Pension Protection Fund	40	46
	2,997	2,142

9. INVESTMENT MANAGEMENT EXPENSES

	2025	2024
	£'000	£'000
Administration, management and custody	352	306
Performance measurement services	57	64
Advisory fees	629	508
	1,038	878

10. ADDITIONAL VOLUNTARY CONTRIBUTIONS INVESTMENTS

	2025	2024
	£'000	£'000
Utmost Life and Pensions	52	46
Prudential Assurance Company Limited	94	91
Fidelity International	1,383	1,318
	1,529	1,455

Where members pay AVCs, other than buying added years, the Trustee invests the money separately from the main Fund, in the form of individual designated accounts and insurance policies. These are used to secure additional benefits on a money purchase basis. Members participating in this arrangement each receive an annual statement from the providers, made up to 31 December, confirming the amounts held in their account and the movements in the year.

See Note 16 for movements in the AVC assets during the year.

NOTES TO THE FINANCIAL STATEMENTS – CAA SECTION

11. CURRENT ASSETS

	2025	2024
	£'000	£'000
Employer contributions – normal	336	368
Employer contributions – additional	500	500
Employer contributions – salary sacrifice	69	82
Member – normal	4	4
Prepaid pensions and lump sums	6,523	5,965
Intersection balance – amounts owed by NATS Section to CAA Section	54	20
Scheme Pays recovery	46	43
Sundry debtors/prepayment	932	860
Working cash balance	12,460	13,479
	20,924	21,321

Contributions receivable at the end of the year were subsequently paid in accordance with the Schedule of Contributions.

The intersection balance as at 31 December 2025 was settled by the end of March 2026.

12. CURRENT LIABILITIES

	2025	2024
	£'000	£'000
Investment managers' and other professional fees owing	(621)	(310)
Benefits payable	(654)	-
Tax payable	(101)	(73)
Sundry creditors	(6)	(7)
	(1,382)	(390)

13. RELATED PARTY TRANSACTIONS

The Civil Aviation Authority and NATS Ltd, sponsoring Employers of the CAA and NATS Sections respectively, provide administration and processing services. The costs borne by the CAA Section of the Scheme for the year ended 31 December 2025 amounted to £0.6m (2024: £0.5m) and are included in Note 8.

The Trustee Directors are reimbursed their travel expenses and Trustee Directors who are not employed by the CAA or NATS are remunerated for their services. Any fees and expenses paid to the Trustee Directors are included in Administrative Expenses in Note 8.

14. COMMITMENTS AND CONTINGENT LIABILITIES

At the year end there were commitments for calls on securities totalling £nil (2024: £nil). Other than as noted, and the future obligation to pay pensions and benefits, there were no other commitments or contingent liabilities at the year end (2024: £nil).

NOTES TO THE FINANCIAL STATEMENTS – CAA SECTION

15. INVESTMENT INCOME

	2025 £'000	2024 £'000
Income from insurance policies	88,631	90,053
Net income from bond securities	(2,664)	-
Dividends from equities	6	(4)
Income from pooled investment vehicles	-	10
Income from derivatives	(1,462)	-
Interest on cash deposits and cash equivalents	869	855
	85,380	90,914

The net income from bond securities includes both the interest income received on bonds and interest paid on repurchase agreements.

16. MOVEMENT IN INVESTMENTS

	Market Value at start of year £'000	Purchases at cost £'000	Sales Proceeds £'000	Change in Market Value £'000	Market Value at end of year £'000
Insurance policies	1,009,400	-	-	(92,100)	917,300
Bonds	-	388,153	(31,831)	(2,526)	353,796
Pooled vehicles	332,647	63,632	(217,465)	19,502	198,316
Derivatives	(683)	22,553	(27,149)	3,164	(2,115)
AVC investments (see Note 10)	1,455	85	(158)	147	1,529
	1,342,819	474,423	(276,603)	(71,813)	1,468,826
Other investment Balances:					
Cash	12,780			(856)	17,710
Amounts payable under Repurchase Agreements	-				(211,406)
Other	45				(3,035)
				(861)	(206,731)
Total CAA Section only investments	1,355,644			(72,669)	1,272,095

Cash balances at the year end comprised of a negative cash margin of £647k (2024: negative cash margin £454k), reverse repurchase agreements of £39,614k (2024: £nil) in addition to cash and cash equivalents of £57,971k (2024: £13,234k).

Other investment balances as at 31 December 2025 comprised of accrued income owed to the Scheme of £2,035k (2024: £45k owed to the Scheme) along with accrued income owing of (£5,070k) (2024: £nil).

The Section's LDI fund transitioned from a bespoke pooled arrangement to a portfolio of fully segregated investments during the year. As at 31 December 2025 £177m (2024: £nil) of bonds reported in the Section's assets are held by counterparties in respect of amounts payable under repurchase contracts of £174m (2024: £nil) for the CAA Section. These bonds are recognised in the Scheme's financial statements. Included in amounts payable under repurchase contracts is £41m (2024: £nil) that relate to bond liabilities due back to counterparties that are in relation to the short

NOTES TO THE FINANCIAL STATEMENTS – CAA SECTION

selling of bonds that have a corresponding reverse repurchase agreement. In addition, net collateral of £1.1m is held by the Scheme (2024: £nil) for the CAA Section in the form of cash and bonds in respect of the liability under the repurchase agreements.

17. DERIVATIVE ASSETS / (LIABILITIES)

	2025			2024		
	Assets £'000	Liab. £'000	Total £'000	Assets £'000	Liab. £'000	Total £'000
Futures	692	(40)	652	452	(347)	105
Swaps	3,758	(7,473)	(3,715)	-	-	-
Forward foreign currency contracts	1,342	(620)	722	222	(1,149)	(927)
Options	513	(287)	226	218	(79)	139
	6,305	(8,420)	(2,115)	892	(1,575)	(683)

Futures, options and forward foreign currency contracts at 31 December 2025 were held in the CAA Section for the purposes of efficient portfolio management and for hedging currency exposure.

Futures (Exchange Traded)

	Expiry	Economic Exposure £'000	2025	
			Assets £'000	Liab. £'000
Overseas Equity Futures	0 – 3 months	10,323	117	(26)
Overseas Fixed Income Futures	0 – 3 months	(26,099)	575	(14)
2025		(15,776)	692	(40)
2024		(11,684)	452	(347)

The economic exposure is the gross exposure to the relevant market. In practice, contracts are settled at fair value and cash passed between the Scheme and the broker depending on whether the contract has increased or decreased in value.

SWAP CONTRACTS

Legal & General use swaps to attain hedging for interest and/or inflation rates in accordance with the Liability Driven Investment strategy trigger rates. All swap holdings at the year-end were centrally cleared.

Type of contract	Notional Value £'000	2025	
		Assets £'000	Liab. £'000
Interest rate swaps	235,711	2,849	(7,206)
Inflation swaps	21,348	909	(267)
2025	257,059	3,758	(7,473)
2024	-	-	-

NOTES TO THE FINANCIAL STATEMENTS – CAA SECTION

Expiration	Notional Value £'000	2025	
		Assets £'000	Liab. £'000
Up to 1 year	205,700	909	(387)
1 to 5 years	23,231	169	(670)
5 to 10 years	3,683	48	(48)
10 to 15 years	10,232	1,756	(1,677)
Over 15 years	14,213	876	(4,691)
2025	257,059	3,758	(7,473)
2024	-	-	-

Collateral of £nil was held (2024: £nil) held by the Scheme in respect of centrally cleared swaps managed by Legal & General.

Forward foreign currency contracts (Over the Counter)	Cur. Bought	Cur. Sold	Notional £'000	2025	
				Asset £'000	Liab. £'000
0 – 3 Months expiry	GBP	Various*	91,569	1,305	-
0 – 3 Months expiry	Various*	GBP	20,181	37	(620)
2025			111,750	1,342	(620)
2024			55,820	222	(1,149)

There are multiple contracts in various currencies and the above disclosure notes the duration of the contracts.

*The currency contracts relate primarily to: Euros; US Dollars and Japanese Yen.

Options Underlying Investment	Expiry	Economic Exposure £'000	2025	
			Assets £'000	Liab. £'000
Equity Put Options	3 months	2,176	143	(54)
Swaption	Up to 1 year	6,100	33	(41)
Swaption	1 to 2 years	5,300	84	(115)
Swaption	2 to 3 years	4,645	253	(77)
2025		18,221	513	(287)
2024		2,343	218	(79)

Options are used by the growth portfolio fiduciary manager as part of efficient portfolio management.

NOTES TO THE FINANCIAL STATEMENTS – CAA SECTION

18. INSURANCE POLICIES

During 2015, the Trustee, with the support of the CAA, agreed to insure the majority of the CAA Section’s pensions in payment at that time with Rothesay Life. This insurance policy is included as an asset of the Scheme based on a valuation of the related obligations. The Scheme Actuary valued this policy, on a solvency basis, at £1,587.4m as at 31 December 2015.

In January 2017, the Trustee, again with the support of the CAA, agreed to insure a further tranche of the CAA Section’s pensions in payment at that time with Pension Insurance Corporation (PIC). The Scheme Actuary valued this policy, on a solvency basis, at £83.0m as at 31 December 2017.

In July 2018, the Trustee, again with the support of the CAA, agreed to insure a further tranche of the CAA Section's pensions in payment at that time with PIC. The transaction involved £61.6m of assets being transferred to PIC in return for which PIC will make future payments to the Scheme in respect of the insured pensions. The Scheme Actuary valued this policy, on a solvency basis, at £61.0m as at 31 December 2018.

In February 2021, the Trustee, again with the support of the CAA, agreed to insure a further tranche of the CAA Section's pensions in payment at that time with Legal & General Assurance Society (LGAS). The transaction involved £110.4m of assets being transferred to LGAS in return for which LGAS will make future payments to the Scheme in respect of the insured pensions. The Scheme Actuary valued this policy, on a solvency basis, at £118.2m as at 31 December 2021.

For the 31 December 2025 financial statements all four of these insurance policies have been included as assets of the Scheme, based on valuations of the related obligations. The Scheme Actuary has valued these policies, on a solvency basis, as at 31 December 2025 as follows:

- £772.0m (2024: £851.4m) in respect of the Rothesay Life contract;
- £47.2m (2024: £51.0m) in respect of the first PIC contract;
- £35.4m (2024: £38.5m) in respect of the second PIC contract; and
- £62.7m (2024: £68.5m) in respect of the Legal & General contract.

The overall decrease in the values of the contracts (compared to the values as at 31 December 2024) is due to:

- a significant increase in real yields assumed to price annuity contracts.
- the effect of payments made to the Scheme under the contracts during 2025.

A summary of the key assumptions used to calculate the value of the policy at 31 December 2025 follows:

Financial assumptions

Term (years)	Discount rate (% p.a.)	Pension increases (RPI with a minimum of 0% p.a.) (% p.a.)	Pension increases (CPI with a minimum of 0% p.a. and a maximum of 3% p.a.) (% p.a.)
1	4.45	3.45	3.00
5	4.70	3.40	2.27
10	5.25	3.37	2.33
15	5.64	3.45	2.39
20	5.85	3.50	2.43
25	5.93	3.53	2.46
30	5.91	3.57	2.47

NOTES TO THE FINANCIAL STATEMENTS – CAA SECTION

Demographic assumptions

Post-retirement mortality

- Males: 100% of standard tables SAPS S4 Pensioners Light Male Amounts (S4PMA_L) making allowance for future improvements in line with the CMI_2024 (H = 1.0, A= 0.5%) Projections and a long-term annual rate of improvement in mortality rates of 1.50% p.a.
- Females: 98% of standard tables SAPS S4 Pensioners Light Female Amounts (S4PFA_L) making allowance for future improvements in line with the CMI_2024 (H = 1.0, A= 0.5%) Projections and a long-term annual rate of improvement in mortality rates of 1.50% p.a.
- Age difference of dependants
Male members are assumed to be, on average, four years older than their spouses or civil partners. Female members are assumed to be, on average, two years younger than their spouses or civil partners.
- Family Details
100% of those members with Family Benefits are assumed to have a dependant at retirement, with an adjustment to the valuation date to allow for the probability that the dependant may have predeceased the member.

19. LEGAL & GENERAL LIABILITY DRIVEN INVESTMENT - POOLED INVESTMENT VEHICLE

	2025	2024
	£'000	£'000
Gilts	-	39,552
Index-linked gilts	-	113,109
Net position of gilts and index-linked gilts sold under repurchase agreements (i)	-	(13,763)
Interest rate and inflation swaps (ii)	-	(2,953)
Options	-	56
Cash and liquidity funds	-	4,264
	-	140,265

The Section's LDI fund transitioned from the bespoke pooled arrangement to a portfolio of fully segregated investments during the year.

The L&G LDI fund was a bespoke pooled arrangement where the Scheme was the only participant in the fund. The objective of LDI is to provide a hedge against the impact of future changes in interest and inflation rates on the actuarial liabilities using gilts, index-linked gilts, total return swaps and repurchase agreements where necessary. The table above gives a breakdown of the securities within the pooled LDI investment vehicle at the prior year end.

(i) Repurchase Agreements

A repurchase agreement ('repo') is an agreement under which one party receives cash in exchange for securities, later repurchasing the securities within a specified time at a specified price, plus interest. A reverse repurchase agreement ('reverse repo') is an agreement under which one party disburses cash to receive securities, later reselling the securities at a specified time at a specified price, plus interest.

As at 31 December 2025 £nil (2024: £156.1m) of bonds reported in the Scheme assets are held by counterparties in respect of amounts payable under repurchase contracts of £nil (2024: £169.8m.) These bonds are recognised in the Scheme's financial statements. In addition, in 2025 collateral of £nil was pledged by the Scheme (2024: £15.8m pledged by the Scheme) in the form of cash and bonds in respect of the repurchase agreements.

NOTES TO THE FINANCIAL STATEMENTS – CAA SECTION

20. CAA SECTION ASSET ALLOCATION AT 31 December 2025

Manager	Asset value by fair value level-2025				Asset value by fair value level-2024			
	1 £m	2 £m	3 £m	Total £m	1 £m	2 £m	3 £m	Total £m
LIABILITY MATCHING ASSETS								
Insurance policies	-	-	917.3	917.3	-	-	1,009.4	1,009.4
UK Index Linked and Fixed Interest Gilts (including repurchase agreements)								
Legal & General IM Ltd ^{1,3,5}	-	144.1	-	144.1	-	140.3	-	140.3
TOTAL LIABILITY MATCHING ASSETS	-	144.1	917.3	1,061.4	-	140.3	1,009.4	1,149.7
RETURN SEEKING ASSETS								
BONDS								
BlackRock Overseas Bond Index PIV ^{1,3,4}	-	30.3	-	30.3	-	35.3	-	35.3
BlackRock - Multi Asset Credit PIV ^{1,3,4}	-	26.4	-	26.4	-	17.7	-	17.7
PGIM - Global Corporate Bond PIV ^{1,3,4}	-	10.3	-	10.3	-	13.6	-	13.6
Lazards Convertible Bond PIV ^{1,3,4}	-	8.1	-	8.1	-	8.2	-	8.2
BlackRock USD TIPS ETF ^{1,3,4}	-	-	-	-	2.5	-	-	2.5
Fixed Income Futures ^{1,3,4}	0.6	-	-	0.6	0.3	-	-	0.3
Total Bonds	0.6	75.1	-	75.7	2.8	74.8	-	77.6
EQUITIES								
Schroders ISF Emerging Markets (PIV) ^{2,4}	-	-	-	-	-	5.7	-	5.7
GQG (PIV) ^{2,4}	-	-	-	-	-	1.9	-	1.9
Ishares Emerging Markets (PIV) index ^{2,4}	-	7.9	-	7.9	-	-	-	-
Total Emerging	-	7.9	-	7.9	-	7.6	-	7.6
American Century Global Small Cap (PIV) ^{2,4}	-	-	-	-	-	2.5	-	2.5
BlackRock World ESG Equity (PIV) ^{2,4}	-	41.6	-	41.6	-	44.3	-	44.3
Wellington Small Cap (PIV) ^{2,4}	-	-	-	-	-	4.4	-	4.4
BlackRock Equity Factors (PIV) ^{2,4}	-	15.2	-	15.2	-	12.4	-	12.4
BlackRock USA Value Factors ETF ^{2,4}	-	-	-	-	2.1	-	-	2.1
BlackRock Small Cap ESG (PIV) ^{2,4}	-	9.2	-	9.2	-	-	-	-
Blackrock iShares Financials ETF ^{2,4}	2.4	-	-	2.4	-	-	-	-
Equity Futures ^{1,2,4}	0.1	-	-	0.1	(0.2)	-	-	(0.2)
Equity Options ^{1,2,4}	0.1	-	-	0.1	0.1	-	-	0.1
Total Global	2.6	66.0	-	68.6	2.0	63.6	-	65.6
Total Equities	2.6	73.9	-	76.5	2.0	71.2	-	73.2
ALTERNATIVE ASSETS								
BlackRock - Appreciation Strategy ICAV (PIV) ^{1,2,3,4}	-	44.1	-	44.1	-	40.1	-	40.1
BlackRock Property Equity Tracker (PIV) ^{1,2,3,4}	-	-	-	-	-	1.6	-	1.6
BlackRock iShares Gold ETC ^{2,4}	2.9	-	-	2.9	-	-	-	-
Total Alternative Assets	2.9	44.1	-	47.0	-	41.7	-	41.7
TOTAL RETURN SEEKING ASSETS								
ASSETS	6.1	193.1	-	199.2	4.8	187.7	-	192.5
TOTAL INVESTMENT ASSETS	6.1	337.2	917.3	1,260.6	4.8	328.0	1,009.4	1,342.2
Money Purchase AVCs ^{1,2,3}	-	1.5	-	1.5	-	1.5	-	1.5
Other	-	10.0	-	10.0	-	12.0	-	12.0
Total	6.1	348.7	917.3	1,272.1	4.8	341.5	1,009.4	1,355.7

PIV means Pooled Investment Vehicle

Derivatives include futures options and forward currency exchange contracts

Risks identified with regard to PIVs are indirect

Other includes investment creditors, debtors and cash

The categorization of assets as 1, 2 and 3 is defined in Note 4.9

1 The investments that are subject to credit risk as defined in Note 39

2 The investments that are subject to other price risk as defined in Note 39

3 The investments that are subject to interest rate risk as defined in Note 39

4 The investments that are subject to currency risk as defined in Note 39

5 LDI portfolio consisting of bonds, repurchase agreements, cash, swaps and swaptions. As of 31 December 2025, the portfolio consisted of segregated investments (2024: PIV).

NOTES TO THE FINANCIAL STATEMENTS – NATS SECTION

FUND ACCOUNT FOR THE YEAR ENDED 31 December 2025

	Note	2025 £'000	2024 £'000
Contributions and Benefits			
Employer Contributions	21	52,087	132,152
Employee Contributions	21	1,618	1,113
Total Contributions		53,705	133,265
Benefits paid or payable	22	160,584	149,059
Leavers	23	6,493	3,594
Administrative expenses	24	2,428	2,714
Total Benefits		169,505	155,367
Net withdrawals from dealings with members		(115,800)	(22,102)
Returns on investments			
Investment income	31	(15,560)	(61,376)
Changes in market value of investments	32	173,681	(140,316)
Investment management expenses	25	(3,817)	(4,514)
Net returns on investments		154,304	(206,206)
Net increase/(decrease) in funds during the year		38,504	(228,308)
Net assets of the Section at 1 January		3,201,211	3,429,519
Net assets of the Section at 31 December		3,239,715	3,201,211

STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS) AS AT 31 December 2025

	Note	2025 £'000	2024 £'000
Investment assets			
Bonds	32	3,150,068	2,647,205
Equities		57	98
Pooled investment vehicles		1,747,735	1,870,234
Property		25,825	55,725
Derivatives	33	77,556	68,098
Other		168,565	172,474
Members' AVCs	26	6,739	5,740
Total		5,176,545	4,819,574
Investment liabilities			
Derivatives	32		
	33	(27,089)	(54,107)
Other		(1,953,935)	(1,615,592)
		(1,981,024)	(1,669,699)
Total net investment assets		3,195,521	3,149,875
Net current assets			
Current assets	27	49,234	52,434
Current liabilities	28	(5,040)	(1,098)
		44,194	51,336
Net assets of the Section at 31 December		3,239,715	3,201,211

NOTES TO THE FINANCIAL STATEMENTS – NATS SECTION

21. CONTRIBUTIONS RECEIVABLE

	2025	2024
	£'000	£'000
Contributions by the Employer		
Normal	43,838	96,110
Deficit repair	-	27,845
Salary Sacrifice	8,249	8,167
Augmentation	-	30
	52,087	132,152
Contributions by the Members		
Normal	38	37
Additional voluntary contributions	1,580	1,013
Other – family benefit reinstatement	-	63
	1,618	1,113
	53,705	133,265

The Employer's contributions are based on the advice received from the Scheme Actuary. The Scheme Actuary calculates what rate will be sufficient to provide for the benefits defined in the Scheme Rules. Salary sacrifice contributions relate to "SMART Pensions". Under this scheme, members sacrifice an element of their salary, equal to their normal rate of contributions as pension contribution, which results in these contributions becoming an Employer contribution.

Having met the funding test as at 31 December 2024 in accordance with the Schedule of Contributions certified 31 January 2025, additional contributions to satisfy the Recovery Plan of £44,809,635 otherwise payable in respect of the three years ending 31 December 2027, will become payable by 31 January 2028.

Augmentation contributions by the Employer cover reimbursement to the Scheme for the cost of enhancements to members' pension benefits associated with early retirement.

Some members have also made AVCs to the Scheme to secure additional benefits, whilst others have contributed to reinstate family benefits payable on their death.

22. BENEFITS PAYABLE

	2025	2024
	£'000	£'000
Pensions	127,235	121,316
Pensions commuted to a lump sum	32,501	27,345
Lump sum death benefits	692	622
Taxation where lifetime or annual allowance exceeded	156	(224)
	160,584	149,059

Taxation arising on benefits paid or payable is in respect of members whose benefits exceeded the annual allowance and who elected to take lower benefits from the Scheme in exchange for the Scheme settling their tax liability.

NOTES TO THE FINANCIAL STATEMENTS – NATS SECTION

23. LEAVERS

	2025	2024
	£'000	£'000
Individual transfers out to other schemes	6,493	3,594

24. ADMINISTRATIVE EXPENSES

	2025	2024
	£'000	£'000
Administration and processing	1,278	1,211
Professional fees	1,096	1,414
Pension Protection Fund	54	89
	2,428	2,714

25. INVESTMENT MANAGEMENT EXPENSES

	2025	2024
	£'000	£'000
Administration, management and custody	3,152	4,016
Performance measurement services	101	116
Advisory fees	564	382
	3,817	4,514

26. ADDITIONAL VOLUNTARY CONTRIBUTIONS INVESTMENTS

	2025	2024
	£'000	£'000
Utmost Life and Pensions	5	5
Prudential Assurance Company Limited	207	219
Fidelity International	6,527	5,516
	6,739	5,740

Where members pay AVCs, other than buying added years, the Trustee invests the money separately from the main Fund in the form of individual designated accounts and insurance policies. These are used to secure additional benefits on a money purchase basis. Members participating in this arrangement each receive an annual statement from the providers, made up to 31 December, confirming the amounts held in their account and the movements in the year.

See Note 32 for the movement in AVCs during the year.

NOTES TO THE FINANCIAL STATEMENTS – NATS SECTION

27. CURRENT ASSETS

	2025	2024
	£'000	£'000
Employer contributions – normal	3,518	7,862
Employer contributions – deficit repair	-	2,321
Employer contributions – salary sacrifice	663	668
Member – normal	3	3
Member – additional voluntary contributions	34	35
Prepaid pensions and lump sums	9,059	8,064
Scheme Pays recovery	14,109	14,208
Sundry debtors	258	655
Working cash balance	21,590	18,618
	49,234	52,434

Contributions receivable at the end of the year were subsequently paid in accordance with the Schedule of Contributions.

28. CURRENT LIABILITIES

	2025	2024
	£'000	£'000
Investment managers' and other professional fees owing	(1,234)	(961)
Benefits payable	(3,643)	-
Intersection balance – amounts owed by NATS Section to CAA Section	(54)	(20)
Tax payable	(109)	(113)
Sundry creditors	-	(4)
	(5,040)	(1,098)

The intersection balance at 31 December 2025 was settled by the end of March 2026.

29. RELATED PARTY TRANSACTIONS

The Civil Aviation Authority and NATS Ltd, sponsoring employers of the CAA and NATS Sections respectively, provide administration and processing services. The costs borne by the NATS Section of the Scheme for the year ended 31 December 2025 amounted to £0.7m (2024: £0.6m) and are included in Note 24.

The Trustee Directors are reimbursed their travel expenses and Trustee Directors who are not employed by the CAA or NATS are remunerated for their services. Any fees and expenses paid to the Trustee Directors are included in Administrative Expenses in Note 24.

30. COMMITMENTS AND CONTINGENT LIABILITIES

At the year end there were commitments for calls on securities totalling £74.1m (2024: £99.0m). Other than as noted, and the future obligation to pay pensions and benefits, there were no other commitments or contingent liabilities at the year end (2024: £nil).

NOTES TO THE FINANCIAL STATEMENTS – NATS SECTION

31. INVESTMENT INCOME

	2025 £'000	2024 £'000
Net income from bond securities	(17,844)	(29,180)
Dividends from equities	(44)	371
Income from pooled investment vehicles	3,868	448
Net rents from properties	3,919	4,208
Interest on cash deposits and cash equivalents	3,012	4,632
Income from derivatives	(8,493)	(41,872)
Income from securities lending	22	17
	(15,560)	(61,376)

The net income from bond securities includes both the interest income received on bonds and interest paid on repurchase agreements.

32. MOVEMENT IN INVESTMENTS

	Market Value at start of year £'000	Purchases at cost £'000	Sales Proceeds £'000	Change in Market Value £'000	Market Value at end of year £'000
Bonds	2,647,205	1,676,220	(1,178,660)	5,303	3,150,068
Equities	98	68	(94)	(15)	57
Pooled vehicles	1,870,234	436,977	(684,636)	125,160	1,747,735
Property	55,725	-	(30,087)	187	25,825
Derivatives	13,991	180,332	(195,650)	51,794	50,467
AVC investments (see Note 26)	5,740	1,153	(980)	826	6,739
	4,592,993	2,294,750	(2,090,107)	183,255	4,980,891
Other investment balances:					
Cash	124,846			(9,574)	108,478
Amounts payable under repurchase agreements	(1,520,696)				(1,817,624)
Other	(47,268)				(76,224)
Total NATS Section only investments	3,149,875			173,681	3,195,521

Cash balances at the year end comprised of a negative cash margin of -£4,389k (2024: negative cash margin of -4,153k), reverse repurchase agreements of £464,989k (2024: £373,873k) in addition to cash and cash equivalents of £577,856k (2024: £502,872k)

Other investment balances as at 31 December 2025 comprised of net amounts due to brokers of (£58,804k) (2024: (£19,256k due to brokers)), accrued income owed to the Scheme of £26,842k (2024: £21,684k owed to the Scheme) along with other net investment amounts owing of (£44,262) (2024: (£49,696k owing)).

NOTES TO THE FINANCIAL STATEMENTS – NATS SECTION

As at 31 December 2025 £1,431m (2024: £1,093m) of bonds reported in the Section assets are held by counterparties in respect of amounts payable under repurchase contracts of £1,405m (2024: £1,209m) for the NATS Section. These bonds are recognised in the Scheme's financial statements. Included in amounts payable under repurchase contracts is £441m (2024: £344m) that relate to bond liabilities due back to counterparties that are in relation to the short selling of bonds that have a corresponding reverse repurchase agreement. In addition, net collateral of £13.4m is held by the Scheme (2024: £137.2m pledged by the Scheme) for the NATS Section in the form of cash and bonds in respect of the liability under the repurchase agreements.

33. DERIVATIVE ASSETS / (LIABILITIES)

	2025			2024		
	Assets	Liab.	Total	Assets	Liab.	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Futures	6,354	(570)	5,784	4,784	(2,942)	1,842
Options	1,363	(513)	850	2,208	(814)	1,394
Swaps	50,224	(15,988)	34,236	55,440	(29,076)	26,364
Forward foreign currency contracts	19,615	(10,018)	9,597	5,666	(21,275)	(15,609)
	77,556	(27,089)	50,467	68,098	(54,107)	13,991

Options, futures and forward foreign currency contracts at 31 December 2025 were held in the NATS Section for the purposes of efficient portfolio management and for hedging currency positions. Swaps were in the main held as part of the LDI mandate in order to hedge exposure to changes in interest rates and inflation.

Futures (Exchange Traded)

	Expiry	Economic exposure £'000	2025	
			Assets £'000	Liab. £'000
Overseas equity futures	0 – 3 months	75,943	883	(245)
Overseas fixed income futures	0 – 3 months	(110,143)	5,470	(322)
Overseas cash futures	0 – 3 months	(17,907)	1	(3)
2025		(52,107)	6,354	(570)
2024		(111,137)	4,784	(2,942)

The economic exposure is the gross exposure to the relevant market. In practice contracts are settled at fair value and cash passed between the Scheme and the broker depending on whether the contract has increased or decreased in value.

Options

Underlying Investment	Expiry	Economic Exposure £'000	2025	
			Assets £'000	Liab. £'000
Equity Put Option	3 months	21,282	1,363	(513)
2025		21,282	1,363	(513)
2024		25,693	2,208	(814)

Options are used by the growth portfolio fiduciary manager as part of efficient portfolio management.

NOTES TO THE FINANCIAL STATEMENTS – NATS SECTION

SWAP CONTRACTS

Legal & General use swaps to attain hedging for interest and/or inflation rates in accordance with the Liability Driven Investment strategy trigger rates and as part of the Credit Default Swaps overlay mandate. With the exception of the Credit Default Swaps which are 'OTC' all swap holdings at the year-end were centrally cleared.

Type of contract	Notional Value £'000	2025	
		Assets £'000	Liab. £'000
Interest rate swaps	1,634,191	29,624	(15,758)
Credit default swaps	(151,687)	1,263	-
Inflation swaps	155,122	19,301	(230)
Equity index swaps	2,416	36	-
2025	1,640,042	50,224	(15,988)
2024	1,653,279	55,440	(29,076)

Expiration	Notional Value £'000	2025	
		Assets £'000	Liab. £'000
Up to 1 year	1,395,107	8,799	(931)
1 to 5 years	144,527	8,017	(4,308)
5 to 10 years	(16,096)	11,271	(9,827)
10 to 15 years	21,884	2,365	(692)
Over 15 years	94,620	19,772	(230)
2025	1,640,042	50,224	(15,988)
2024	1,653,279	55,440	(29,076)

Collateral of £nil was held (2024: £nil) held by the Scheme in respect of centrally cleared swaps managed by Legal & General.

Forward foreign currency contracts

(Over the Counter)	Cur. Bought	Cur. Sold	2025		
			Notional £'000	Assets £'000	Liab. £'000
0 – 3 months	GBP	Various*	1,373,719	19,011	(91)
0 – 3 months	Various*	GBP	238,039	599	(9,907)
0 – 3 months	Euro	USD	4,776	3	-
0 – 3 months	USD	Euro	38,855	2	(20)
2025			1,655,389	19,615	(10,018)
2024			1,105,258	5,666	(21,275)

The forward foreign currency contracts are held to hedge against foreign currency exposure. As there are multiple contracts in various currencies, the above disclosure only notes the duration of the contracts. It is impractical to list in detail all of the currencies bought and sold.

*The various currency contracts primarily relate to: Euros; Japanese Yen and US Dollars.

NOTES TO THE FINANCIAL STATEMENTS – NATS SECTION

34. NATS SECTION ASSET ALLOCATION AT 31 December 2025

Manager	Asset value by fair value level-2025				Asset value by fair value level-2024			
	1 £m	2 £m	3 £m	Total £m	1 £m	2 £m	3 £m	Total £m
LIABILITY MATCHING ASSETS								
FIXED INTEREST (including repurchase agreements)								
Legal & General IM Ltd (UK ILGs) ^{1,3,7}	-	1,086.6	-	1,086.6	-	946.3	-	946.3
Total Fixed Interest	-	1,086.6	-	1,086.6	-	946.3	-	946.3
TOTAL LIABILITY								
MATCHING ASSETS	-	1,086.6	-	1,086.6	-	946.3	-	946.3
RETURN SEEKING ASSETS								
BONDS								
BlackRock - Overseas Bond Index PIV ^{1,3,4}	-	158.5	-	158.5	-	247.1	-	247.1
BlackRock Multi-Asset Credit ^{1,3,4,6}	-	273.2	-	273.2	-	187.1	-	187.1
PGIM - Global Corporate Bond PIV ^{1,3,4}	-	82.2	-	82.2	-	118.9	-	118.9
Lazards Convertible Bond PIV ^{1,3,4}	-	67.5	-	67.5	-	79.4	-	79.4
BlackRock - USD TIPS ETF ^{1,3,4}	-	-	-	-	21.2	-	-	21.2
Fixed Income Futures	5.1	-	-	5.1	3.2	-	-	3.2
Total Bonds	5.1	581.4	-	586.5	24.4	632.5	-	656.9
EQUITIES								
Schroders ISF Emerging Markets PIV ^{2,4}	-	-	-	-	-	60.0	-	60.0
GQG Partners PIV ^{2,4}	-	-	-	-	-	19.6	-	19.6
Ishares Emerging Markets index ^{2,4} (PIV)	-	78.8	-	78.8	-	-	-	-
Total Emerging	-	78.8	-	78.8	-	79.6	-	79.6
American Century Global Small Cap PIV ^{2,4}	-	-	-	-	-	27.6	-	27.6
BlackRock - World ESG Equity PIV ^{2,4}	-	452.4	-	452.4	-	505.6	-	505.6
Wellington Small CAP	-	-	-	-	-	47.5	-	47.5
BlackRock Equity Factors ^{2,4,5}	-	151.2	-	151.2	-	127.6	-	127.6
BlackRock Segregated Equity Themes ^{2,4}	0.1	-	-	0.1	1.3	-	-	1.3
BlackRock USA Value Factors ETF ^{2,4}	-	-	-	-	17.7	-	-	17.7
BlackRock Small Cap ESG (PIV) ^{2,4}	-	87.9	-	87.9	-	-	-	-
Blackrock iShares Financials ETF ^{2,4}	23.4	-	-	23.4	-	-	-	-
Legal & General IM Ltd - Fundamental PIV ^{2,4}	-	0.1	-	0.1	-	0.3	-	0.3
Legal & General IM Ltd - Defensive PIV ^{2,4}	-	0.1	-	0.1	-	0.3	-	0.3
Equity Options	0.9	-	-	0.9	1.4	-	-	1.4
Equity Futures	0.6	-	-	0.6	(1.5)	-	-	(1.5)
Total Global	25.0	691.7	-	716.7	18.9	708.9	-	727.8
Total Equities	25.0	770.5	-	795.5	18.9	788.5	-	807.4

NOTES TO THE FINANCIAL STATEMENTS – NATS SECTION

Manager	Asset value by fair value level-2025				Asset value by fair value level-2024			
	1 £m	2 £m	3 £m	Total £m	1 £m	2 £m	3 £m	Total £m
ALTERNATIVE ASSETS								
CBRE Investors ^{2,4}	-	-	26.4	26.4	-	-	56.5	56.5
BlackRock Property Equity Tracker PIV ^{2,4}	-	-	-	-	-	14.3	-	14.3
BlackRock iShares Gold ETC ^{2,4}	28.9	-	-	28.9	-	-	-	-
Total Property, Infrastructure & Commodities	28.9	-	26.4	55.3	-	14.3	56.5	70.8
Blackstone Diversified Thematic Fund ^{2,3,4}	-	-	160.6	160.6	-	-	-	-
Blackstone AAM PIV ^{1,2,3,4}	-	-	-	-	-	-	143.3	143.3
JP Morgan AAM PIV ^{1,2,3,4}	-	-	-	-	-	-	3.0	3.0
BlackRock Diversified Opps PIV ^{1,2,3,4}	-	-	124.6	124.6	-	-	112.1	112.1
Total Hedge Funds	-	-	285.2	285.2	-	-	258.4	258.4
VenCap International Plc PIV ^{2,4}	-	-	106.9	106.9	-	-	116.8	116.8
Morgan Stanley AIP PIV ^{2,4}	-	-	0.2	0.2	-	-	0.6	0.6
Paul Capital Partners PIV ^{2,4}	-	-	0.4	0.4	-	-	0.7	0.7
Axiom Asia PCF PIV ^{2,4}	-	-	6.1	6.1	-	-	5.1	5.1
Global Renewable Power III PIV ^{2,4}	-	-	62.5	62.5	-	-	96.8	96.8
Franklin Templeton Global Infrastructure Fund PIV ^{2,4}	-	-	47.0	47.0	-	-	42.7	42.7
Thematic Private Markets Fund PIV ^{1,2,3,4}	-	-	57.4	57.4	-	-	40.6	40.6
Total Private Equity	-	-	280.5	280.5	-	-	303.3	303.3
Total Alternative Assets	28.9	-	592.1	621.0	-	14.3	618.2	632.5
TOTAL RETURN SEEKING ASSETS	59.0	1,351.9	592.1	2,003.0	43.3	1,435.3	618.2	2,096.8
TOTAL INVESTMENT ASSETS	59.0	2,438.5	592.1	3,089.6	43.3	2,381.6	618.2	3,043.1
Money Purchase AVCs ^{1,2,3}	-	6.7	-	6.7	-	5.7	-	5.7
Other	-	99.2	-	99.2	-	101.1	-	101.1
Total	59.0	2,544.4	592.1	3,195.5	43.3	2,488.4	618.2	3,149.9

PIV means Pooled Investment Vehicle

Derivatives includes futures and forward currency contracts

Risks identified with regard to PIVs are indirect

Other includes investment creditors, debtors and cash

The categorization of assets as 1, 2 and 3 is defined in Note 4.9

1 The investments that are subject to credit risk as defined in Note 39

2 The investments that are subject to other price risk as defined in Note 39

3 The investments that are subject to interest rate risk as defined in Note 39

4 The investments that are subject to currency risk as defined in Note 39

5 The BlackRock Equity Factors strategy was transitioned from a segregated portfolio to a pooled fund in 2023.

6 £53.7m of strategy access via pooled funds. Remainder of strategy accessed through direct holdings.

7 Segregated LDI portfolio consisting of bonds, repurchase agreements, cash and swaps.

NOTES TO THE FINANCIAL STATEMENTS – INVESTMENTS

35. INVESTMENT DISCLOSURES

POOLED INVESTMENT VEHICLES

Certain pooled investment vehicles, whose underlying assets are invested into equities, bonds or property, have been included in the relevant asset class to which they relate, as these investments generate returns based on the underlying assets type (as disclosed in Notes 20 and 34).

EMPLOYER RELATED INVESTMENTS

There were no Employer related investments during the year or at the yearend (2024: £nil).

36. TRANSACTION COSTS

Transaction costs incurred in the year amounted to £0.5m (2024: £0.6m). In addition to these transaction costs, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. These have not been separately reported by the pooled investment manager and therefore no disclosure of the amounts included in the pooled investment vehicles is available. Transaction costs are analysed by main asset class and type of cost in the table below:

	Fees	Commission	Taxes	Total 2025
	£'000	£'000	£'000	£'000
Equities	-	37	-	37
Fixed Income	-	6	-	6
Property	505	-	-	505
2025	505	43	-	548

	Fees	Commission	Taxes	Total 2024
	£'000	£'000	£'000	£'000
Equities	9	25	-	34
Fixed Income	-	6	-	6
Property	585	-	-	585
2024	594	31	-	625

37. SECURITIES LENDING

CAAPS commenced participation in BlackRock's securities lending programme in May 2021. At the year end the value of the bonds on loan was £9m (2024: £5m), in exchange for which the custodian, on behalf of the Scheme, held collateral worth £10m (2024: £6m). The income earned during the year totalled £19,308 (2024: £14,304).

NOTES TO THE FINANCIAL STATEMENTS – INVESTMENTS

38. PROPERTY

	2025 £'000	2024 £'000
Freehold Property	25,825	55,725
	25,825	55,725

The properties are valued annually at fair value by Knight Frank LLP, a member firm of the Royal Institute of Chartered Surveyors, in accordance with the Royal Institution of Chartered Surveyors' Valuation - Professional Standards January 2014 Global and UK edition.

The Scheme holds a number of interests in UK commercial properties. There are no restrictions on the ability to realise the properties, the remittance of income or disposal proceeds. The properties are however illiquid as they would take several months to find a suitable buyer to purchase them at fair value. Tenants who occupy the properties are responsible for repairs and maintenance and dilapidations at the end of their lease. The valuation was undertaken on this basis. There is currently a disposal programme in place to realise the direct property assets over the next few years.

The investment properties are held through a subsidiary undertaking, Caviapen Trustees Limited, which has been consolidated in accordance with the Scheme's accounting policies. This undertaking has no material assets and liabilities other than the properties.

39. RISK DISCLOSURES

The investment objective and investment strategy for the NATS Section and the CAA Section are explained in the Trustee's Report under the heading Investment Strategy. The Note below covers investment risks including market and credit investment risks and explains the Trustee's approach to these risks and where those risks are mitigated. Market risk includes currency risk, interest rate risk and other price risk.

The Trustee determines the investment strategy for the NATS Section and CAA Section after taking advice from the investment adviser. The Scheme has exposure to these inherent risks because of the investments it makes in following the investment strategy. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme's strategic investment objectives. These investment objectives are set out in the Statement of Investment Principles for the Scheme and risk limits are implemented through the investment management agreements in place with the Scheme's investment managers. The Trustee receives regular reports from its investment managers confirming that the agreed guidelines have been adhered to.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Investments subject to credit risk are bonds, derivatives in bonds, swaps (including credit default swaps), forward foreign exchange contracts, pooled funds invested in bonds, and cash. Credit risk affects assets identified in Notes 20 and 34 for the CAA Section and NATS Section respectively.

Credit risk is managed by investment in a diversified suite of bond managers; daily margining of bond derivatives; and investment in cash funds with high credit quality. Credit risk is managed by the Scheme's investment managers through diligently assessing the counterparties the Scheme transacts with.

Both Sections of the Scheme invest directly in gilts managed by Legal & General through the implementation of LDI strategies. The NATS Section invests directly in multi-asset credit and investment

NOTES TO THE FINANCIAL STATEMENTS – INVESTMENTS

grade credit assets through pooled funds, while the CAA Section invests in the same fixed income assets all through pooled funds. The value of these funds for the CAA Section and the NATS Section are set out in Notes 20 and 34 respectively. The active management of the investment mandates mitigates the risk of credit defaults. Pooled funds, AVC investments and insurance policies are unrated due to the nature of the investments.

Indirect credit risk arises in relation to underlying investments held in the bond pooled investment vehicles, cash funds and the hedge funds, although the proportion subject to credit risk within the hedge funds will depend on the investments held at the time.

Over the counter (OTC) derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. Credit risk also arises on OTC forward foreign currency contracts. There are no collateral arrangements for these contracts, but all counterparties are required to be investment grade. This is the position at the year end and at the comparative year end.

The Scheme makes use of repurchase (repos) arrangements. This gives rise to credit risk through counterparty exposure. The credit risk for repos is reduced by collateral arrangements as set out in Note 16 and in Note 32.

The Scheme has been participating in the BlackRock securities lending programme from May 2021. This gives rise to credit risk through counterparty exposure. The credit risk was reduced by collateral arrangements as set out in Note 37.

The Scheme's holdings in pooled investment vehicles are unrated. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the operating environment of the pooled manager with the assistance of the investment consultant.

Pooled investment arrangements used by the NATS Section comprise unit linked insurance contracts of £nil (2024: £1m), shares in limited partnerships and hedge funds of £566m (2024: £562m), units in open ended investment funds of £1,130m (2024: £1,269m) and units in exchange traded funds of £52m (2024 £39m). Pooled investment arrangements used by the CAA Section comprise shares in a liability driven qualifying investment fund of £nil (2024: £140m), units in open ended investment funds of £193m (2024: £188m) and units in exchange traded funds of £5m (2025 £5m).

The CAA Section invests in Bulk Annuity Contracts with Rothesay Life, PIC and LGAS and the Trustee receives reports annually from Aon to assist in the monitoring of the financial position of the insurers. The Trustee carried out extensive due diligence assessments of Rothesay, PIC and LGAS noting that the contracts are fully eligible for the Financial Services Compensation Scheme and that Rothesay Life, PIC and LGAS are regulated by the Prudential Regulation Authority. The Trustee continues to monitor the solvency and capital adequacy of the insurers, receiving updates from the investment consultant Aon during the year.

OTHER PRICE RISK

Other price risk is the risk that the investment values or cash flows fluctuate due to general changes in prices. Investments subject to other price risk include equities, derivatives in equities, property, private equity and pooled funds investing in equities, property or gold. Hedge funds are also subject to other price risk however the extent will vary depending on the nature of the underlying investments.

Other price risk arises principally in relation to the Scheme's return seeking portfolio which affects assets identified in Notes 20 and 34 for the CAA Section and NATS Section respectively. It is managed through the diversification of assets to mitigate the volatility of price movements.

NOTES TO THE FINANCIAL STATEMENTS – INVESTMENTS

NATS Section

The Trustee has set a target asset allocation of 65% (2024: 65%) of investments being held in return seeking assets for the NATS Section. As shown in Note 34, as at 31 December 2025 £2,003.0m (65%) (2024: £2,096.8m (69%)) of the portfolio was held in return seeking assets, based on the fair value of the investments. This variance from the target asset allocation is within an acceptable range and will vary depending on normal market movements. A rebalancing policy is in place which allows for allocation drifts of +/-10% (2024: +/-10%) which is monitored on a monthly basis.

The equities and alternative investments part of the portfolio is subject to other price risk (the remaining part of the return seeking portfolio is held in bonds). As at 31 December 2025, the exposure to equities and alternative assets as part of the return seeking portfolio was £1,416.5m (71%) (2024: £1,439.9m (69%)).

CAA Section

The CAA Section holds the majority of its investments in Bulk Purchase Annuities with Rothesay Life, PIC and LGAS. As shown in Note 20, the exposure to the bulk annuity contracts as at 31 December 2025 was £917.3m (73%) (2024: £1,009.4m (75%)), based on the fair value of the investments.

As at 31 December 2025, the exposure to equities and alternative assets as part of the return seeking portfolio was £123.5m (62%) (2024: £114.9m (60%)).

Hedge funds are also subject to some other pricing risk; however, the extent will vary depending on the nature of the underlying investments.

INTEREST RATE AND INFLATION RATE RISK

Interest rate risk is the risk that the investment values or cash flows fluctuate due to changes in interest rates. Investments subject to interest rate risk include bonds, derivatives in bonds, swaps, pooled funds investing in bonds, and cash. Interest rate risk arises principally in relation to the Scheme's liability matching portfolio which affects assets identified in Notes 20 and 34. It is managed by the implementation of hedging through a liability driven investment mandate which includes bonds, swaps and gilt repos which, in part, offset the interest rate and inflation exposure in the liabilities. Under this strategy, if interest rates fall, the value of liability driven investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the liability driven investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate. Inflation risk is hedged to manage inflation risk associated with pension increases.

NATS Section

The Trustee has set a target asset allocation of 35% (2024: 35%) of investments being held in the liability matching assets of the NATS Section, although the actual asset allocation will fluctuate due to market movements. As shown in Note 34, as at 31 December 2025 £1,086.6m (35%) (2024: £946.3m (31%)) of the portfolio was held in the liability matching assets, based on the fair value of the investments.

The Trustee has agreed to a hedging level ratio of 85% (2024: 75%) of interest rate and inflation exposure compared to the Long-Term Funding Target liabilities. As at 31 December 2025 the hedge ratio was 86% (2024: 74%) for interest rate exposure and 85% (2024: 75%) for inflation exposure.

The NATS Section also holds high yield bonds, hedge funds and cash in the return seeking portfolio, which are subject to interest rate risk. The risk within hedge funds will vary depending upon their portfolio at the time. These managers will consider the risk and expected reward when determining which investments to invest in.

CAA Section

As at 31 December 2025 the Trustee had set a targeted strategy of holding 58% (2024: 58%) of the non-insured assets in return seeking assets.

NOTES TO THE FINANCIAL STATEMENTS – INVESTMENTS

As shown in Note 20, as at 31 December 2025 £199.2m (16%) (2024: £192.5m (14%)) was held in return seeking assets compared to total Scheme investment assets including insured assets. As shown in Note 20, as at 31 December 2025 £1,061.4m (84%) (2024: £1,149.7m (86%)) of the portfolio was held in the liability matching assets, based on the fair value of the investments including insured assets.

The Trustee and the CAA has agreed a target hedge ratio of 87% (2024: 81%) of interest and inflation rates. As at 31 December 2024 the hedge ratio was 88% (2024: 81%) for interest rate exposure and 87% (2024: 81%) for inflation exposure.

The CAA Section also holds investment grade and high yield bonds, hedge funds and cash in the return seeking portfolio, shown in Note 20, which are subject to interest rate risk. The risk within hedge funds will vary depending upon their portfolio at the time. The investment managers will consider the risk and expected reward when determining which investments to invest in.

CURRENCY RISK

Currency risk is the risk that the investment values or cash flows of any instrument or pooled fund fluctuate due to changes in foreign currencies; investments subject to currency risk include investment denominated in foreign currencies and pooled funds investments denominated in foreign currencies. Currency risk principally arises in relation to the Scheme’s overseas equities which affects assets identified in Notes 20 and 34. It is managed by reducing the translation risk of overseas investment by hedging back into sterling.

CONCENTRATION OF INVESTMENTS

The investments below represent more than 5% of the Net Assets of the CAA Section of the Scheme at the current and/or prior year end.

	2025		2024	
	£m	%	£m	%
Bulk Annuity Contract – Rothesay Life	772.0	59.8	851.4	61.8
Bulk Annuity Contract – LGAS	62.7	4.9	68.5	5.0
Legal & General IM Ltd (UK ILGs)	144.1	11.2	-	-
LGIM Pooled Bond Fund	-	-	140.3	10.2

The investments below represent more than 5% of the Net Assets of the NATS Section of the Scheme at the current and/or prior year end.

	2025		2024	
	£m	%	£m	%
Legal & General IM Ltd (UK ILGs)	1,086.6	33.5	946.3	29.6
BlackRock Multi-Asset Credit	273.2	8.4	187.1	5.8
BlackRock Aquila Overseas Bond Index	158.5	4.9	247.1	7.7
BlackRock World ESG Equity	452.4	14.0	505.6	15.8
Blackstone Diversified Thematic fund	160.6	5.0	-	-

40. POST YEAR END EVENTS

There have been no material post year events identified up to the date of approval of these financial statements that are required to be disclosed.

APPENDIX A – Implementation Statement

This implementation statement provides details of how and the extent to which, in the opinion of the Trustee, the Statement of Investment Principles (SIP) - where relevant for each Section - has been followed in relation to voting by the Scheme's investment managers and the Trustee's engagement in this area during the financial year.

For 2025, three SIPs were in place for each Section over the course of the year to 31 December 2025. The SIPs were updated in May 2025 and November 2025. Material amendments included the addition of precious metal commodities as an approved asset class, and updates to reflect changes made to collateral policies of both Sections. SIPs have also been updated to reflect full actuarial valuations as at 31 December 2023 and 31 December 2024 completed during the year ended 31 December 2025, for both the CAA Section and NATS Section respectively. It is highlighted that the Sections may amend their SIPs independently to reflect changes to their investment strategies.

SIP policies on voting and responsible investing – Both Sections

The Trustee recognises that good stewardship will enhance shareholder value over the long-term.

Decisions relative to the governance of the companies in which the Section invests have been delegated to the Section's asset managers. The Trustee expects the Section's asset managers to use their influence as major institutional investors to carry out the Trustee's rights and duties as a shareholder including voting, along with – where relevant and appropriate – engaging with underlying investee companies to promote good corporate governance, accountability, and positive change. The Trustee requires that voting rights are exercised and any dialogues with management are effected in the best financial interests of the beneficiaries, with a focus on driving long-term value creation and risk mitigation.

The Trustee has specifically reviewed the stewardship priorities of the Implementation Manager which they have elected to adopt. The Trustee continues to monitor and review both the adopted stewardship priorities and the Implementation Manager and the Trustee receives formal stewardship reporting from the Implementation Manager twice annually.

Within the growth portfolio, the Trustee delegates the ongoing monitoring of underlying asset managers to the fiduciary manager, BlackRock. BlackRock monitors the underlying asset managers' Stewardship activity and takes it into account in the selection and retention of underlying asset managers.

Where practicable, the engagement information received will, amongst other information, also provide detail on how company engagements are prioritised, examples of engagement with companies the Section invests in, examples of escalation steps taken where engagement has been unsuccessful, and examples of company engagement with respect to climate change risk mitigation.

Where practicable, the transparency for voting will include voting actions and rationale with relevance to the Section, in particular where: votes were cast against management; votes against management generally were significant; votes were abstained; and voting differed from the stated voting policy of the manager. Where securities lending is carried out, the Trustee expects the fiduciary manager, BlackRock to assess the benefits of voting against the cost of recalling securities.

Where significant concerns are identified from such engagement information received or otherwise, the Trustee will engage with BlackRock who in turn is able to engage with any underlying asset managers or other stakeholders for more information and seek to encourage steps to improve their stewardship policies and/or implementation level of stewardship policies. Where any significant concerns are not addressed in a satisfactory manner with the underlying asset managers, BlackRock and the Trustee may choose to replace the manager so as to bring about the best long-term outcome for the Scheme.

In setting the Section's investment strategy, the Trustee's primary concern is to act in the best financial interests of the Section and its beneficiaries, seeking the best return that is consistent with a prudent

APPENDIX A – Implementation Statement

and appropriate level of risk. Investment managers are expected to take account of any financial factors, including relevant ESG factors affecting their valuation of the investments, on the Section's behalf.

The Trustee recognises that integrating ESG factors into the investment process is beneficial to the achievement of its long-term financial objectives and that climate change could materially impact returns within the timeframe of concern to the Section. During the year the Trustee has reviewed the extent to which ESG Factors are integrated into the investment process of all its liquid asset managers. The findings of this review have been discussed with the fiduciary manager BlackRock and are reflected in the way in which the portfolio is being evolved.

In setting and implementing the Section's investment strategy the Trustee does not explicitly take into account the views of the Section's members and beneficiaries in relation to ethical considerations, social and environmental impact, or present and future quality of life matters (defined as "non-financial factors").

Assessment of whether the above policies were met during the year

The Trustee confirms that it has acted in accordance with its policies on voting and responsible investing.

During the year, the Trustee has challenged the investment managers' views on Responsible Investing and, in particular, whether they take into consideration ESG factors when exercising their voting rights. The Trustee has reviewed the investment managers' voting activities throughout the year and are satisfied that the Scheme's investment managers have carried out their investments in line with SIP Policies. The Trustee has:

- Held meetings with BlackRock to understand their views on ESG and to ensure that ESG factors are taken into consideration when investing and voting.
- For both Sections continued to invest in BlackRock's passive developed global equity fund which is indexed against a low-carbon benchmark, and invested in BlackRock's passive global small cap equity fund also invested against a low-carbon benchmark, thus reducing both Sections' exposure to underlying assets exhibiting high carbon intensity (relative to a market capitalisation weighted benchmark).
- Continues to invest in ESG screened hedge funds for the NATS Section.
- With the support of the Scheme's investment consultant, Aon, continued to report on the Scheme's total greenhouse gas emissions, carbon footprint, data quality and binary target measurement through its TCFD disclosures. BlackRock have also been prominent in urging companies to provide TCFD data and clarity of transition plans. These are essential components for us to position the portfolio and evolve TCFD reporting on climate change.
- Through delegated authority to the Investment and Funding Committee and CAAPS Investment Executive, reviewed the expenses of the portfolio and the alignment of the investment managers with the Trustee's objectives.
- Reviewed BlackRock's Engagement Report which detailed:
 - Their 2024 Sustainability Report which included details of:
 - Focus on advancing the long-term financial interests of their clients as investors in companies.
 - Long-term structural shifts such as artificial intelligence, geopolitical fragmentations and the transition to a low carbon economy.
 - The introduction of a dedicated stewardship team for its active management business - BlackRock Active Investment Stewardship (BAIS).
 - Their global reach and local presence enabling it to develop a deep understanding of local markets, regulation and norms.
- Reviewed the 5 Stewardship priorities of BlackRock and endorsed those priorities as suitable priorities for the Scheme.

APPENDIX A – Implementation Statement

These engagement priorities are part of BlackRock's benchmark stewardship policy, acting in the best financial interests of clients. Where the Scheme invests in the climate aware passive global equity and passive global small cap equity funds, the Scheme receives the Climate and Decarbonisation stewardship policy. When BlackRock votes and engages on climate and natural capital priority, they will also seek to align to the transition to a low carbon economy for these two funds.

BlackRock has supported management's vote recommendations on 89% of occasions in the year to 30 June 2025. The four key reasons BlackRock did not support management recommendations on these votes were director independence, executive compensation unaligned with shareholder interests, board composition, and director overcommitment.

Review of Investment Managers' Voting Behaviour

We have also obtained data from BlackRock to understand voting behaviour for both their own funds and appointed asset managers included within the growth portfolio under their remit. These are detailed below, including details of the most significant votes. Factors that determine most significant votes include but are not limited to the size of the allocation to the holding, the significance of the vote itself and the theme and or topic of the vote.

BlackRock Growth Portfolio (appointed August 2020)

The Scheme's BlackRock equities funds are predominantly passive (i.e. index) strategies. In respect of passive strategies, there is a wide universe of underlying companies which may number in the hundreds if not thousands. Where strategies are actively managed, investments are typically more concentrated. As such, ownership is more concentrated for actively managed strategies and therefore there will be fewer resolutions on which to vote. In addition, actively managed strategies have the option to sell holdings in companies at its discretion. For these reasons, in the context of passive strategies, it is important that voting and engagement rights are exercised and that this is monitored. Examples of significant votes in respect of both the BlackRock passive and active holdings are included below.

The Scheme's illiquid assets include hedge funds, infrastructure, property, private equity and multi-asset alternatives. The Trustee acknowledges that approaches to stewardship, voting and engagement for these assets are likely to be limited and more unique than for public equities. As such, the Scheme's illiquid assets are excluded from this statement.

BlackRock Investment Stewardship (BIS) approach

BlackRock sees its investment stewardship program, including proxy voting, as part of its fiduciary duty and as a way to enhance the value of client assets, using its voice as a shareholder on their behalf to ensure that companies are well led and well managed.

CAAPS has authorised BlackRock to vote on its behalf. BlackRock's proxy voting process is led by the BlackRock Investment Stewardship team ("BIS"), which consists of three regional teams – Americas ("AMRS"), Asia-Pacific ("APAC"), and Europe, Middle East and Africa ("EMEA") - located in seven offices around the world. The BIS voting decisions reflect its reasonable and independent judgment of what is in the best long-term financial interests of clients. This is informed by analysis of company disclosures, third-party research, comparisons against a company's industry peers, as well as engagement with companies and management teams and/or board members on material business issues including environmental, social, and governance matters.

BIS votes to formally communicate its support for, or concerns about, how companies are addressing governance and material business risks and opportunities that may impact their ability to deliver long-term financial returns. In BIS' voting determinations, BIS takes into consideration the context in which companies are operating their businesses.

APPENDIX A – Implementation Statement

When BIS determines that it is in clients' financial interests to signal concern to companies through voting, BIS does so in two forms: 1) it might not support the election of directors or other management proposals; or 2) it might not support management's voting recommendation on a shareholder proposal. Voting to elect directors to the board is a near-universal right of shareholders globally and an important signal of support for, or concern about, the performance of the board in overseeing and advising management.

Whilst BlackRock subscribes to research from the proxy advisory firms Institutional Shareholder Services (ISS), Egan-Jones and Glass Lewis, it is just one among many inputs into its vote analysis process, and it does not blindly follow their recommendations on how to vote. BlackRock does not follow any single proxy research firm's voting recommendations.

BlackRock uses Institutional Shareholder Services' (ISS) electronic platform to execute vote instructions, manage client accounts in relation to voting and facilitate client reporting on voting. In certain markets, BIS works with proxy research firms who apply BlackRock's proxy voting guidelines to filter out routine or non-contentious proposals and refer to BIS any meetings where additional research and possibly engagement might be required to inform BIS' voting decision.

As part of their voting activity, BlackRock prioritise work around themes on which they most frequently engage companies, where they are relevant and a source of material business risk or opportunity. BIS also engages with clients year-round to understand their focus areas and expectations, and participates in market-wide policy debates to help inform these priorities. The themes identified are reflected in the benchmark policies and updated annually: Global Principles, regional voting guidelines and engagement priorities. These public documents underpin BlackRock's stewardship activities and form the benchmark against which they assess the long-term financial performance of investee companies. BIS publish "vote bulletins" and "case studies" on key votes at shareholder meetings to provide insight into certain vote decisions expected to be of particular interest to clients. The case studies can be found in flagship publications, namely the Investment Stewardship Annual Report and the Global Voting Spotlight, as well as pieces published on the "BIS Insights Hub" website.

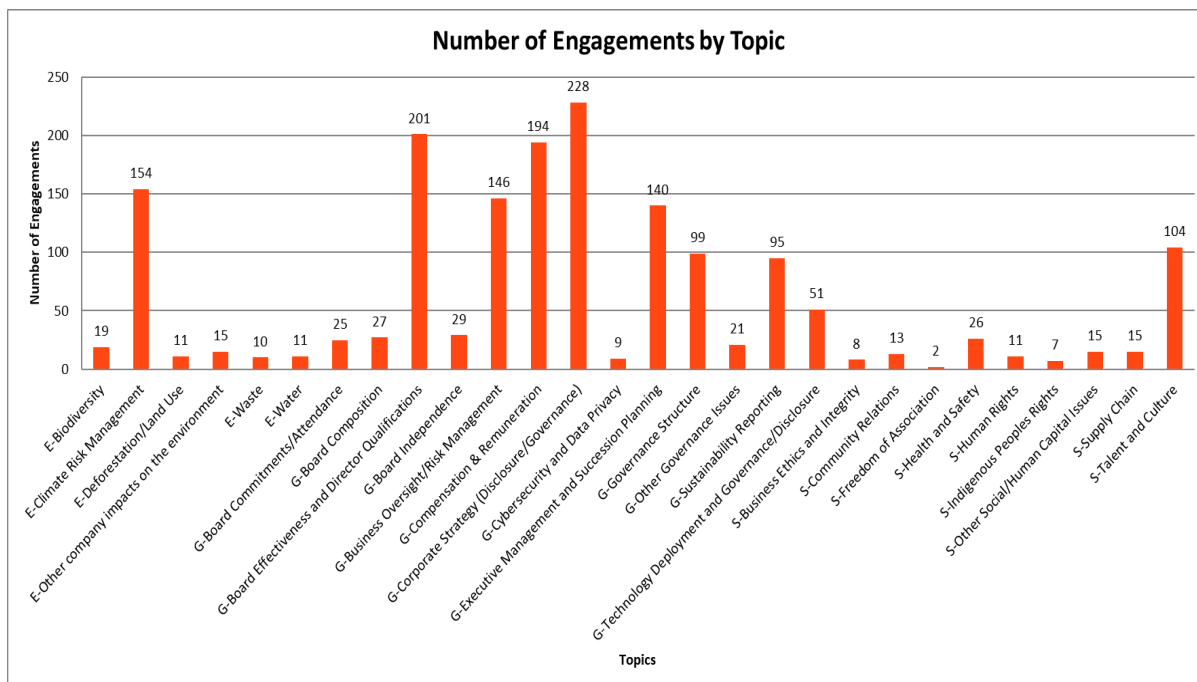
The Trustee reviewed the engagement priorities identified by BIS in 2025. They are the themes on which it most frequently engages companies because they represent sources of material business risk or opportunity. These priorities reflect corporate governance topics that BIS considers central to long term financial value creation. BIS publishes supporting thematic commentaries for each priority, explaining why the topic is financially material and what BIS seeks to understand from companies when engaging. BlackRock's engagement priorities are:

- 1) **Board quality and Effectiveness** - Board composition, director independence, director overcommitment and succession planning.
- 2) **Strategy, Purpose and Financial resilience** – Long-term corporate strategy, growth enablement, and capital allocation.
- 3) **Incentives aligned to value creation** - Executive compensation policies, including short-term rewards for accomplishments and incentives to deliver long-term financial performance.
- 4) **Climate and natural capital** – Management oversight of material climate and natural capital-related risks and opportunities.
- 5) **Company impacts on people** – Workforce requirements to deliver long-term financial performance, workforce culture, employee engagement, safe working conditions, fair wages and human rights.

BIS' engagement process is constructive and long-term, consistent with the investment horizons of its clients. Engagements are conducted through direct interactions with company boards and management teams—letters are not counted as engagements. The purpose is not to direct corporate strategy but to understand how leadership oversees material risks and opportunities, supports long-term financial performance, and allocates capital over time. BIS uses insights from these discussions to inform proxy voting on behalf of clients and in determining which of the votes are deemed significant and which engagement priority they relate to.

APPENDIX A – Implementation Statement

The majority of the Scheme’s equity holdings are invested in the ACS World ESG Equity Tracker Fund. Over the year to 31 December 2025 the fund had 428 engagements with companies, of which 100 had multiple engagements and most engagement conversations include multiple topics. Engagement conversations include 406 governance engagements, 143 social engagements and 165 environmental engagements. Under the broad banners of E, S and G, the chart below details the engagement topics undertaken for the fund.



BIS does not disclose vote intentions in advance of shareholder meetings as they do not see it as their role to influence other investors. BIS’ published regional voting guidelines to provide clients, companies, and others guidance on their position on common voting matters.

As part of their annual review, the Trustee is aware of changes to the wider stewardship landscape over this reporting period and noted there was a decrease in the number of engagements by BlackRock in 2025 compared to the previous year. On February 11, 2025, US Securities and Exchange Commission (SEC) issued updated guidance for shareholders’ “passivity” status about engaging with their portfolio companies on corporate governance and stewardship topics. The new guidance applies to all shareholders globally (active or index) who own more than 5% of any company’s shares or ADRs traded on a US stock exchange, and this affected BlackRock at the firm level. BlackRock briefly paused their engagements in February 2025 when the announcement was made in order to determine next steps. BlackRock cannot (and still cannot) initiate engagement with companies listed on a US stock exchange. As a result, this has reduced the number of engagements in the last 12 months. BlackRock will continue to monitor SEC Guidance to ensure their approach remains compliant with any changes.

The climate initiative Climate Action 100+ updated its strategy to introduce new expectations for its members. These changes would require investors to make broad commitments about how they use client assets when engaging with companies on climate topics. For BlackRock’s U.S. business, these new commitments could create legal and regulatory challenges. To ensure BlackRock continue to act fully in line with their fiduciary responsibilities and regulatory requirements in the U.S., BlackRock has transferred its membership in Climate Action 100+ from its U.S. entity (BlackRock, Inc.) to BlackRock International. They see this an administrative change only and does not affect how they invest or engage with companies on behalf of clients. BlackRock continues to believe that climate risk is investment risk and remains committed to high-quality engagement and stewardship on climate issues.

APPENDIX A – Implementation Statement

This step simply allows BlackRock to stay engaged in the initiative while ensuring full compliance with U.S. regulatory expectations.

Also over this reporting period, BlackRock withdrew from the Net Zero Asset Manager Initiative, NZAMI. This decision comes following routine review of the commercial, legal and reputational considerations around BlackRock's involvement in climate-related organisations. Memberships in some of these climate-related organisations have caused confusion regarding BlackRock's practices and caused them to be subjected to legal inquiries from various public officials. The Trustee notes that departure from NZAMI does not change how they manage their portfolios.

BlackRock Investment Stewardship (BIS) approach to voting against management

In the 12 months prior to 30 June 2025, BIS voted at just over 16,800 shareholder meetings on more than 152,000 management and shareholder proposals globally in 58 voting markets.

In the US, environmental and social proposals declined by ~36% this year. BIS did not support management's voting recommendation on 11% of such proposals. The reasons for BIS not supporting these management recommendations were governance-related and have been consistent over the years: director independence, board composition, executive compensation that is not aligned with shareholder interests, and director overcommitment. While BIS considers sound corporate governance practices to be globally relevant, BIS' voting decisions consider the local-market norms that may shape company actions. BIS' support for director elections is broadly consistent with last year, reflecting their assessment that boards and management teams generally acted in alignment with shareholders' interests. BIS support also reflects the enhancements in board governance practices they have observed over recent years across the three regions.

The table below outlines where BIS voted with and against management across the 5 main engagement priorities, in the 12 months to 30 June 2025.

Engagement Priority	Support / Against	Proposals
Strategy purpose and financial resilience	Support management	862
	Against management	132
Climate and Natural Capital	Support management	226
	Against management	5
Company Impacts on People	Support management	174
	Against management	2
Incentives aligned with value creation	Support management	306
	Support management	38
Board Quality and Effectiveness	Support management	1,221
	Against management	159
Other	Support management	185
	Against management	89

BIS supported 90% of director elections the team voted on and 84% of compensation related management proposals. Vote decisions on proposals categorised as director elections constitute nearly half of BIS total ballot items cast. The four key reasons BIS did not support management recommendations on these votes were director independence, executive compensation unaligned with shareholder interests, board composition, and director overcommitment. Engaging with, and voting on,

APPENDIX A – Implementation Statement

the election of directors to encourage sound corporate governance at companies is one of BIS' most important responsibilities as a fiduciary to clients.

As explained in the BIS Global Principles, in the team's experience, the performance of the board of directors is critical to the economic success of a company, and therefore to the economic interests of its clients as long-term shareholders. A high calibre, effective board is intrinsic to a company's ability to create long-term financial value.

Regarding shareholder proposals, in the 12 months prior to 30 June 2025, BIS voted against 683 (~90%) out of a total of 764 shareholder proposals the team voted on globally (~10% supported). Considering only those proposals on climate and natural capital (environmental) and company impacts on people (social), BIS supported 7 out of 358 the team voted on globally (~2% supported).

Consistent with last year, BlackRock found the majority of proposals addressing these topics were overreaching, lacked economic merit, or sought outcomes that were unlikely to promote long-term shareholder value. A significant percentage were focused on business risks that companies already had processes in place to address, making them redundant. In addition, we saw a greater number of proposals seeking to roll back company efforts to address material sustainability-related risks.

The Sage Group - (UK, Tech, accounting software) - 6th February 2025 – 0.1% of portfolio value - Engagement priority: Incentives aligned to value creation

During the 2024-25 proxy year, some UK companies continued to seek shareholder approval to grant larger pay packages and increase their use of time-based awards. In their disclosures, companies have stated that these updated packages enable closer alignment with compensation offered in the U.S. market, thereby improving their competitiveness in attracting and retaining global talent.

Sage Group Plc, a UK-listed software company, was one such company which proposed amendments to its remuneration policies at its February 2025 AGM. The company updated its program following significant growth in its business, and related efforts to ensure such policies remained competitive in the U.S. market, where a majority of its revenue is based.

A proposal was made to approve the remuneration policy to improve the structure and process of the committee.

BlackRock voted for the proposal, understanding this to be in the best interests of shareholders under the incentives aligned with value creation priority, which received around 81% shareholder support.

In Continental European markets, pay practices and disclosures vary markedly. BlackRock's most common reasons for voting against management compensation proposals are concerns about the link between pay and performance, often as a result of unwarranted discretion applied by remuneration committees, and inadequate disclosures. For example, BIS voted to not support management's recommendation on relevant executive compensation-related items at the April 2025 AGMs of automotive manufacturers Renault SA and Stellantis NV.

Significant Voting and Fund Voting Summaries

Carlsberg A/S - (Denmark, Consumer, brewers) - 17th March 2025 – 0.02%% of portfolio value - Engagement priority: Board quality and effectiveness

Serving on an excessive number of boards may limit a director's capacity to focus on each board's needs. BlackRock's regional voting guidelines set out the maximum number of boards on which a director may serve before BIS considers them to be overcommitted. Following steps Carlsberg A/S (Carlsberg) took to address the overcommitment issues of two directors over the year, BIS voted in support of all director elections at the March 2025 AGM of the Danish alcoholic beverages company. BIS had previously voted to communicate director capacity-related concerns at Carlsberg's March 2024

APPENDIX A – Implementation Statement

AGM. BIS engaged with members of Carlsberg’s management team before the March 2025 AGM to better understand the company’s approach to board composition.

BlackRock voted for all of the 8 proposals for election, with the understanding that this was in the best interests of shareholders and they were categorised as significant under the board quality and effectiveness priority.

All director nominees received majority shareholder support at the March 2025 AGM.

The Cigna Group - (US, Healthcare, health benefits provider) - 23rd April 2025 – 0.1% of portfolio value - Engagement priority: strategy, purpose and financial resilience.

During the 2024-25 proxy year, shareholder proposals were filed at several U.S. companies seeking to amend their bylaws to remove a provision to require that shares be held continuously for at least one year in order to count towards the applicable ownership threshold to exercise the right to call a special meeting. Examples of these companies included The Cigna Group.

A proposal was made to amend the right to call a special meeting and BlackRock voted against the proposal believing that the proposed amendment to the provision to call special meetings is sufficient. The vote was deemed significant under the strategy, purpose and financial resilience priority. In BIS’ view, the one-year holding requirement to call a special meeting of shareholders is a reasonable safeguard against the ineffective use of corporate resources, as well as the risk that a special meeting may be called by shareholders who have amassed the required threshold of shares in a relatively short period of time to advance interests that may conflict with those of long-term shareholders.

The result was that the proposal failed. Shareholder support for the proposals was just under 10%.

HCA Healthcare - (US Healthcare, health benefits provider) - 24th April 2025 – 0.1% of portfolio value - Engagement priority: Company impacts on people

In the 2024-25 proxy year, some shareholder proposals sought to address company impacts on people through shareholder directed decisions on issues related to human capital management and corporate strategy. An example of this was at HCA Healthcare, Inc. (HCA Healthcare), a U.S.-based health care services company, which included two shareholder proposals on such matters at its April 2025 AGM. The first proposal requested that the board of directors amend the committee charter for one of HCA Healthcare’s board committees that is responsible for patient safety and quality of care to require a review of the impact of staffing levels on patient safety, quality of patient care and patient satisfaction metrics. The second proposal requested that the board of directors publish a report describing the healthcare impacts of HCA Healthcare’s acquisition strategy over the past ten years on the communities in which it operates.

BIS supported neither proposal at the April 2025 AGM as, in BlackRock’s assessment, they made requests where the company already had policies in place to address the proponent’s request or were overly prescriptive. The voting was deemed significant under the company impacts on people priority.

In the case of the first proposal, the company’s board committee was already empowered to review any matters that could impact patient safety, quality of care and patient safety metrics, including staffing levels. In the case of the second proposal, the central subject matter fell under the strategic decision making and oversight roles of HCA Healthcare’s management team and board. The proposals received, respectively, ~10% and ~ 12% support from shareholders at the April 2025 AGM.

Equinor ASA - (Norway, global energy company) - 14th May 2025 – 0.02% of portfolio value - Engagement priority: Climate and natural capital.

With regard to shareholder proposals addressing climate and natural capital-related risks and opportunities, a significant percentage were overly prescriptive or focused on business risks that

APPENDIX A – Implementation Statement

companies already had processes in place to address, making them redundant. An example of this was at Equinor ASA (Equinor), a Norwegian energy company that included several climate and natural capital related shareholder proposals in its May 2025 AGM agenda. Two proposals requested that the company shut down its wind power business.

BIS voted against these two proposals as, in their view, they lacked economic merit and would have been overly prescriptive to management’s decision making. Another requested that Equinor disclose whether its energy production strategy is consistent with the expectations of the Norwegian State as the significant shareholder in the company, concerning certain efforts to reduce greenhouse gas emissions. In response to this proposal, the company stated that it does not see any misalignments as it relates to this matter between itself and the perspectives of its major shareholders.

In BIS’ assessment, the proposal would be overly prescriptive to management’s decision making. Under BIS’ Benchmark Policies, the proposal was categorised as significant under the climate and natural capital priority. BlackRock did not support this shareholder proposal or any other shareholder proposal at Equinor at the May 2025 AGM. Support ranged from ~0.1% to ~4%.

Quest Diagnostics Inc. - (US Healthcare, Clinical laboratories) - 15th May 2025 – 0.1% of portfolio value - Engagement priority: Strategy, purpose and financial resilience.

In line with Cigna example above, Quest sought to amend their bylaws to remove a provision to require that shares be held continuously for at least one year in order to count towards the applicable ownership threshold to exercise the right to call a special meeting.

BIS did not support these shareholder proposals at their 2025 AGM, and the vote was significant under the engagement priority of strategy, purpose and financial resilience.

In BIS’ view, the one-year holding requirement to call a special meeting of shareholders is a reasonable safeguard against the ineffective use of corporate resources, as well as the risk that a special meeting may be called by shareholders who have amassed the required threshold of shares in a relatively short period of time to advance interests that may conflict with those of long-term shareholders. The outcome was that the proposal failed.

Shell Plc - (UK, Oil and Gas) - 20th May 2025 – 0.2% of portfolio value - Engagement priority: Climate and natural capital.

Shell plc (Shell) is an energy company headquartered in the UK, with operations in more than 70 countries around the world. Shell noted that global demand for liquefied natural gas (LNG) is expected to rise by approximately 60% by 2040, driven by economic growth in Asia, emissions reductions in heavy industry and transport, and the impact of artificial intelligence. Shell has stated its ambition to deliver more value with fewer emissions as it works to become a net zero emissions business by 2050.

The dedicated team engaged with members of the company’s board and management in November 2024 and April 2025 to better understand Shell’s approach to managing climate-related risks and opportunities. The team sought further clarity on the company’s strategy, and particularly Shell’s assumptions around LNG, given its increased strategic emphasis on integrated gas and LNG as a driver of long-term growth.

At the time of the meeting, funds and SMAs that directed BlackRock to apply the Guidelines to their holdings collectively held less than 1% of the company’s total shares available for voting. The dedicated team supported the shareholder proposal. Engagement discussions and BlackRock’s proprietary insights informed the team’s assessment of how the company’s business model and LNG assumptions aligned with its climate commitments. The team concluded that enhanced transparency would help investors better understand the relationship between Shell’s LNG outlook and its net zero commitments.

APPENDIX A – Implementation Statement

The outcome of the vote was that the proposal failed with only 21% shareholder support and the vote was deemed significant given BIS' engagement priority of climate and natural capital.

Amazon.com Inc. - (US, Consumer retail) - 21st May 2025 – 2.7% of portfolio value - Engagement priority: Climate and natural capital.

Amazon.com, Inc. (Amazon) is a U.S. based online retailer, media company, and technology solutions provider. Through its cloud computing division — Amazon Web Services (AWS). Amazon has increased its capital allocation to develop its artificial intelligence capabilities as part of the company's broader growth strategy. For example, in January 2025, AWS announced plans to invest an estimated \$11 billion to expand infrastructure in the U.S. state of Georgia to support cloud computing and AI powered technologies. AWS also committed to invest \$8.3 billion to expand cloud infrastructure in India, as part of a larger \$12.7 billion planned investment by 2030 to meet growing demand for cloud services and artificial intelligence in the country.

Amazon has pledged to reach net zero carbon emissions across its operations by 2040, with AWS aligning its infrastructure and operations to support this goal. AWS, for example, has "committed to reducing their environmental impact and continue to make progress toward net zero carbon by 2040, water positive by 2030, and reducing waste." In March 2025, the dedicated team engaged with Amazon to better understand its data center growth plans and related power needs and how these align with its 2040 climate commitments.

On the agenda at Amazon's May 2025 AGM was a shareholder proposal requesting that "Amazon issue a report explaining how it will meet the climate change-related commitments it has made on greenhouse gas emissions, given the massively growing energy demand from artificial intelligence and data centers that Amazon is planning to build." BIS categorized the proposal as significant given its climate and natural capital engagement priority.

At the time of the meeting, funds and SMAs that directed BlackRock to apply the Guidelines to their holdings collectively held less than 1% of the company's total shares available for voting. The dedicated team supported the shareholder proposal. While Amazon has disclosed several initiatives to reduce the carbon footprint of its data centers — including the use of carbon-free energy sources such as wind, solar, and nuclear — and lower-carbon construction alternatives, the dedicated team concluded that enhanced transparency would help investors better understand the relationship between Amazon's AI-driven global growth plans and its 2040 net zero goals. The shareholder proposal received approximately only 20% support.

Alphabet Inc. - (US, Consumer retail)- 6th June 2025 – 0.4% of portfolio value - Engagement priority: Company impacts on people.

In recent years, companies in various sectors have highlighted advancements in deploying AI in their businesses as both a material driver of opportunity and risk. BIS has voted on several shareholder proposals requesting companies to report on and assess the impact of, their use of AI. An example of this was at Alphabet, Inc. (Alphabet), a multinational communications services company, which included a shareholder proposal in the agenda at its June 2025 AGM requesting that the company conduct an independent human rights impact assessment (HRIA) related to AI-driven targeted advertising policies. This proposal was categorised as significant falling under BIS' company impacts on people engagement priority.

BIS supported a similar proposal at Alphabet's June 2024 AGM given BIS' assessment that the independent HRIA would help investors understand the effectiveness of the human rights due diligence carried out by Alphabet in relation to this material operational risk. Following changes to the company's AI-related disclosures during the 2024-25 proxy year, including the publication of updated safety frameworks, as well as its annually published advertising safety report, BIS did not support the shareholder proposal at the June 2025 AGM which received ~14% support from shareholders resulting in a failed proposal.

**ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED
31 December 2025**



APPENDIX A – Implementation Statement

BlackRock ACS World ESG Equity Tracker Fund – Both Sections (appointed August 2020)

For the year ended 31 December 2025 there were 6,736 votable proposals. BlackRock voted on 97.7% of these proposals of which 2.7% were against management and 0.3% were abstain votes.

The fund undertook 428 company engagements, of which 165 conversations were environmental, 143 were social and 406 were governance themed.

BlackRock ACS World Small Cap ESG Screened global equity – Both Sections (appointed August 2025)

For the year ended 31 December 2025 there were 42,099 votable proposals. BlackRock voted on 99.5% of these proposals of which 6.9% were against management and 0.3% were abstain votes.

The fund undertook 760 company engagements, of which 154 conversations were environmental, 250 were social and 756 were governance themed conversations.

BlackRock iShares Emerging Markets Index – Both Sections (appointed April 2025)

For the year ended 31 December 2025 there were 22,518 votable proposals. BlackRock voted on 99.1% of these proposals of which 14.4% were against management and 3.8% were abstain votes.

Engagement activity is not yet available for this fund.

BlackRock iShares S&P500 Financials – Both Sections (appointed May 2025)

For the year ended 31 December 2025 there were 1,046 votable proposals. BlackRock voted on 92.5% of these proposals of which, 0.6% were against management and 0.1% were abstained votes.

The fund undertook 57 company engagements, of which 20 conversations were environmental, 28 were social and 57 were governance themed conversations.

BlackRock iShares MSCI USA Value -

For the year ended 31 December 2025 there were 1,185 votable proposals. BlackRock voted on 96.8% of these proposals of which 5.2% were against management and 0.0% were abstained votes.

The fund undertook 114 company engagements, of which 54 conversations were environmental, 41 were social and 114 were governance themed conversations.

BlackRock iShares Environment & Low Carbon Tilt Real Estate Index Fund -

Voting activity is not available for this fund.

The fund undertook 69 company engagements, of which 22 conversations were environmental, 24 were social and 69 were governance themed conversations.

BlackRock iShares MSCI World Small Cap UCITS fund – (redeemed September 2025)

For the year ended 31 December 2025 there were 38,031 votable proposals. BlackRock voted on 99.1% of these proposals of which 6.4% were against management and 0.3% were abstained votes.

The fund undertook 794 company engagements, of which 184 conversations were environmental, 278 were social and 790 were governance themed conversations.

APPENDIX A – Implementation Statement

BlackRock Active Investment Stewardship approach

The Trustee has noted the introduction of a new active stewardship team to focus on the active strategies which gives discretion to the portfolio managers and to vote and engage given any client specific objectives. Engagement with public companies is the foundation of BlackRock Active Investment Stewardship (BAIS) approach to stewardship. Through direct dialogue with company leadership, BAIS seek to understand their businesses and how they manage risks and opportunities to deliver durable, risk-adjusted financial returns. Portfolio managers and stewardship specialists may engage jointly or independently on material corporate governance matters. BAIS' discussions focus on topics relevant to a company's success over time, including governance and leadership, corporate strategy, capital structure and financial performance, operations and material sustainability-related risks, as well as macro-economic, geopolitical and sector dynamics. BAIS aim to be constructive investors and are generally supportive of management teams that have a track record of financial value creation. BAIS aim to build and maintain strong relationships with company leadership based on open dialogue and mutual respect.

For clients who have authorised BlackRock to vote on their behalf, BlackRock Active Investment Stewardship (BAIS) works with active portfolio managers to vote their holdings, in a manner that, in BAIS' assessment serves the financial interests of clients in the context of their active equity investment mandates. For the vast majority of companies, BAIS anticipate voting in favor of management recommendations, consistent with BAIS' active investment decisions and support for management teams that have a strong track record of financial value creation.

BAIS can convey concerns through voting in two forms: 1) they might not support the election of directors or other management proposals; or 2) they might not support management's voting recommendation on a shareholder proposal. Voting to elect directors to the board is a near-universal right of shareholders globally and an important way they can convey support for, or concern about, the performance of the board in overseeing and advising management.

The BAIS engagement and voting guidelines are not prescriptive and are applied in the context of a company's operating environment and an active equity portfolio manager's investment strategy, anchored in BlackRock's fiduciary duty to clients. BAIS undertakes the analysis related to the items on the agenda of the annual or special shareholder meeting and makes voting recommendations to the active portfolios managers with holdings. Active portfolio managers may override the BAIS recommendation if they determine that voting their holding differently is more aligned with the investment objectives of their fund.

The vast majority of proposals on which BAIS votes are routine, and they will generally vote in line with management recommendations and BAIS' Global Engagement and Voting Guidelines. BAIS may determine that a vote is significant based on the potential financial impact on clients, the level of anticipated interest across clients in the vote, the complexity of the issue, or the context within which the vote is made, amongst other things. BAIS vote on all proposals to advance BAIS clients' financial interests, consistent with their investment objectives and BlackRock's fiduciary duty as an asset manager. BAIS do not disclose their vote intentions in advance of shareholder meetings. BAIS' role is to make informed voting decisions for those clients who have authorised BlackRock to vote on their behalf.

Shell Plc - (UK, Oil and Gas) - 20th May 2025 – 0.1% of portfolio value - Engagement priority: Climate and natural capital.

Following a change in CEO, in 2023 the company held a capital markets day where it published its new strategy "delivering more value, with less emissions". In light of the revised strategy, it published an updated energy transition strategy and held an additional capital markets day in March 2025 where the company reiterated a focus on LNG expansion, including 4-5% compound annual growth in LNG sales from 2024 to 2030. Several shareholders filed a binding special resolution at Shell's 2025 annual

APPENDIX A – Implementation Statement

meeting seeking further disclosure on its LNG demand forecasts and strategy, and how these align with its stated climate ambitions, which include targets to reduce both operational emissions and the net carbon intensity of sold products.

BlackRock's stewardship teams have had several meetings with Shell, including with representatives of the board and management team, including the Chairman, CEO, CFO and Investor Relations, to discuss, among other topics, corporate strategy and the board's oversight of, and management's approach to, financially material sustainability-related risks and opportunities. More recently, since its capital markets day and ahead of its May 2025 annual meeting, BAIS engaged twice with the company to better understand the updates to its strategy and the underlying assumptions behind its global energy demand forecast, including LNG, and its stated medium-term emissions targets.

Based on further understanding gained through these engagements, and internal research, votes were cast against the special shareholder resolution. BAIS and the investment teams considered that, in the context of the uncertainty over the speed of the energy transition, the information already disclosed by the company was sufficient to enable an understanding of how Shell have assessed the transition risks associated with its revised strategy and LNG outlook, as well as how this aligns with the company's stated climate ambitions.

In BlackRock's assessment, Shell continues to demonstrate progress towards its stated emissions targets and is committed to enhancing its disclosures to aid investor understanding of their strategy. Following the 2025 annual meeting, BAIS met with Shell's Board to continue dialogue about the strategy and culture, as well as the progress made on the company's Energy Transition Strategy.

Ahead of its 2026 annual meeting, as highlighted in its Notice of AGM, Shell has committed to repackaging its existing disclosures regarding the composition of its LNG portfolio and its LNG demand forecasts.

BlackRock Systematic Equity Factors – Both Sections (appointed May 2025)

For the year ended 31 December 2025 there were 2,742 votable proposals. BlackRock voted on 98.4% of these proposals of which, 2.8% were against management and 0.2% were abstained votes.

The fund undertook 88 company engagements, of which 29 conversations were environmental, 43 were social and 83 were governance themed conversations.

Schroders ISF Emerging Markets – Both Sections (Redeemed 31 March 2025)

The overriding principle governing Schroders' approach to voting is to act in the best interests of its clients. Schroders' voting policy and guidelines are outlined in its publicly available Environmental, Social and Governance Policy. Schroders evaluates voting issues arising and, where it has the authority to do so, votes on them in line with its fiduciary responsibilities in what it deems to be the interests of its clients. In applying the policy, Schroders considers a range of factors, including the circumstances of each company, performance, governance, strategy, and personnel.

It is Schroders' policy to vote all shares at all meetings globally, except where there are onerous restrictions – for example, share-blocking. Schroders utilises the services of ISS and the Investment Association's Institutional Voting Information Services ('IVIS') in conjunction with its own research and policies when formulating voting decisions. Glass Lewis (GL) also act as one of Schroders service providers for the processing of all proxy votes in all markets. GL delivers vote processing through its Internet-based platform Viewpoint. Schroders receives recommendations from GL in line with our own bespoke guidelines, in addition, they receive GL's Benchmark research. This is complemented with analysis by Schroders in house ESG specialists and where appropriate with reference to financial analysts and portfolio managers. With regards to abstaining from votes, Schroders' preference is to support or oppose management and only use an abstention sparingly. Schroders may abstain where

APPENDIX A – Implementation Statement

mitigating circumstances apply, for example where a company has taken some steps to address shareholder issues.

For certain holdings of less than 0.5% of share capital in the USA, Australia, New Zealand, Japan, and Hong Kong, Schroders has implemented a custom policy that reflects the views of its ESG policy and is administered by Schroders' proxy voting provider, ISS. Schroders votes on both shareholder and management resolutions. Aligned with Schroders Engagement Blueprint, they have ongoing engagement programmes with emerging market companies on the importance of corporate governance, amongst other topics. Schroders actively vote against individuals on boards that are not making enough progress on the priorities identified in the Engagement Blueprint. Schroders significant vote criteria is broad, it is all votes against management that are considered significant.

Schroders may tell the company of the intention to vote against the recommendations of the board before voting, in particular if the fund is a large shareholder or if there is an active engagement on the issue. Schroders always endeavours to inform companies after voting against any of the board's recommendations.

For the period ended 31 March 2025 when the Scheme redeemed, there were 267 votable proposals for which the fund manager voted on 100.0% of these. The fund manager voted against management on 10.5% of votes. The fund manager voted to abstain on 0.0% of occasions.

First Abu Dhabi Bank PJSC - (Abu Dhabi, financials) – 21st March 2025 – 0.4% of portfolio value.

At the firm's annual meeting, a proposal was made to appoint the Bank's auditor and give the Board authority to set the level of fees, which the management recommended to agree. Schroders voted against the proposal due to a lack of disclosure on the matter. Schroders voting against the proposal went against the Glass Lewis recommendation, which was to abstain from voting. The result was the proposal was approved.

Bank Rakyat Indonesia (Persero) Tbk PT- (Indonesian bank) – 24th March 2025 – 0.5% of portfolio value.

A proposal was made at the company's annual meeting for the Directors' fees, bonuses and long-term incentive plans. Schroders voted against the proposal as the company did not disclose how the bonus is determined nor whether the achievement of performance metrics has been met or not.

Schroders voting against the proposal was in line with Glass Lewis' recommendation on voting, but against the management proposals, however, the result was that the proposal was passed.

Samsung Biologics Co Ltd (Samsung Group) – (South Korean, Biotech) – 14th March 2025 – 3.1% of portfolio value.

A proposed resolution was tabled at the annual meeting for the Directors' fees. Schroders voted against the resolution due to the lack of explanation for the proposed increase to Directors' fees.

While Schroders voted against the proposal, the result was that the proposal was passed. The intention to vote against was in line with Glass Lewis' recommendation, and against management recommendations.

American Century Global– Both Sections (Redeemed 31 March 2025)

American Century Investments ("ACI") has adopted proxy voting policies to guide the voting of proxies related to investments held in the accounts it manages when the voting of such proxies has been delegated to ACI and, absent an agreement in writing to the contrary, ACI does not typically consult with a client before voting.

APPENDIX A – Implementation Statement

In voting proxies, ACI is guided by general fiduciary principles, as reflected in its proxy voting guidelines. ACI acts prudently, solely in the interest of the beneficial owners of the accounts we manage, and for the exclusive purpose of providing benefits to such persons. In furtherance of that goal, ACI have adopted a set of proxy voting policies to guide how they vote on certain common recurring proxy issues. When voting on a proposal that is not specifically covered by our proxy voting policies, ACI seeks to evaluate the factors underlying the proposal and seeks to vote in the manner that we believe will do the most to maximize shareholder value. ACI subscribes to the proxy voting services of Institutional Shareholder Services ("ISS"), including their proxy voting platform, voting advisory services, and vote disclosure services. While ACI review and consider ISS's research, analysis, and recommendations, ACI vote proxy using the ISS voting platform in accordance with the ACI's proxy voting policies, which can differ from those of ISS.

ACI will look for votes on which their Sustainable Research team made recommendations, votes related to proxy contests, or transaction related proposals such as mergers, acquisitions, and corporate reorganisations, or other votes that have the potential to make a material impact on an issuer's long-term financial performance to identify those considered to be "most significant."

BellRing Brands Inc- (US consumer products) – 28th January 2025 – 0.7% of portfolio value.

ACI are invested in BellRing Brands Inc, a US consumer products company, which represents around 0.7% of the portfolio value. A proposal was made at the 28th January 2025 meeting to adopt a Director Election Resignation Guideline and policy. ACI voted against the proposal as the company has adopted a director resignation policy and there are no factors, recurring issues or company-specific factors that suggest a more stringent Director resignation policy is necessary at this time. Having voted against the proposal, the result was that the proposal failed to be passed and there were no known implications at this time.

Construction Partners Inc - (US Civil Infrastructure) – 20th March 2025 – 0.7% of portfolio value.

Over the first quarter of 2025, ACI were also invested in Construction Partners Inc, a civil infrastructure business based in the US, which made up 0.7% of the portfolio value. A proposal was made at the 20 March 2025 meeting for an Advisory vote to ratify named executive officers' compensation. ACI voted against the proposal due to the concerns around the following risk mitigating issues: claw back; stock ownership guidelines; and stock holding requirements, under the category of potential to make a material impact on an issuer's long-term financial performance. ACI decided to vote against the proposal, but the result was that it was passed. The intention to vote against was not communicated to the company ahead of the vote.

For the period ended 31 March 2025 when the Scheme redeemed, there were 85 votable proposals for which the fund manager voted on 100.0% of these. The fund manager voted against management on 15.0% of votes. The fund manager voted to abstain on 0.0% of occasions.

Wellington Global Perspectives– Both Sections (Redeemed 31 March 2025)

Wellington votes according to its Global Proxy Voting Guidelines and employs a third-party vendor, Glass Lewis, to perform administrative tasks related to proxy voting. Wellington does not automatically vote proxies either with management or in accordance with the recommendations of third-party proxy providers, ISS and Glass Lewis. Wellington has its own ESG Research Team, which provides voting recommendations. Based on these resources and in conjunction with Wellington's Global Proxy Voting Guidelines, individual portfolio managers have authority to make final decisions on voting. There is no "house vote". Wellington's proxy voting system allows different votes to be submitted for the same security. Various portfolio managers holding the same securities may arrive at different voting conclusions for their clients' proxies.

Acuity Brands Inc - (US Industrial Technology) – 22nd January 2025 – 0.9% of portfolio value.

APPENDIX A – Implementation Statement

Wellington have been engaging with Acuity Brands, Inc which is around 0.9% of the portfolio value. At the Annual meeting on 22nd January 2025, there was an item: 'Shareholder Proposal Regarding Mandatory Director Resignation Policy' (Shareholder proposal regarding Majority Vote for Election of Directors). The Management of Acuity Brands Inc published a recommendation to vote Against the shareholder proposal, the proxy voting advisor Glass Lewis recommended to vote For the proposal, and the policy stance was to undertake a manual intervention to the voting intention. Wellington voted Against (With Management, Manual not automated, Against proxy advisor Glass Lewis). The rationale for voting against was that the shareholder proposal does not afford management sufficient discretion to set the corporate strategy and therefore it was not in shareholders' best interests. The outcome of the vote is not available.

For the period ended 31 March 2025 when the Scheme redeemed, there were 1,059 votable proposals for which the fund manager voted on 99% of these. The fund manager voted against management on 5% of votes. The fund manager voted to abstain on 0% of occasions.

GQG Partners – Both Sections (redeemed 31 March 2025)

GQG's approach to stewardship is grounded to the responsibility they feel to clients. In general, GQG looks at voting proposals on a case-by-case basis when deciding how to vote. They prioritise certain ballots for review and assess the issues at hand, keeping in mind their guiding principle of long-term value creation. GQG uses Institutional Shareholder Services (ISS) as a proxy advisor to assist in the coordination and voting of proxies. The investment team consult ISS's Benchmark Voting Guidelines but ultimately GQG makes an independent decision. GQG review the ISS' Benchmark Proxy Voting Guidelines on an annual basis for alignment with GQG's approach to the integration of ESG information into the investment and ownership processes. In 2023, GQG voted at 243 shareholder meetings and on more than 3,182 proposals.

GQG has chosen to vote in accordance with the UN PRI's responsible investment principles in being active owners that incorporate ESG issues into their ownership activities.

Key policy highlights are:

- Board: Board competence, performance – including on ESG topics, and independence
- Compensation: Alignment of pay and performance, presence of problematic compensation practices, shareholder value transfer
- Social & Environmental: Vote case-by-case on proposals advocating ESG disclosure or universal norms/codes of conduct and that generally back best business practices on environmental and social activities, taking into consideration whether implementation is likely to enhance or protect shareholder value

GQG has enhanced their approach to engagement by incorporating new data sources into their research and engagement workflow. GQG onboarded a new service provider RepRisk, to help in their stewardship efforts. They also have internal systems to build proprietary software applications to better manage, track and analyse their investment team's work, including stewardship activities. GQG reports engagement at the firm level rather than strategy level.

The fund was redeemed at the end of March 2025, and the Trustee has requested more information and rationale of any significant votes.

For the period ended 31 March 2025 when the Scheme redeemed, there were 160 votable proposals for which the fund manager voted on 100.0% of these. The fund manager voted against management on 1.3% of votes. The fund manager voted to abstain on 0.0% of occasions.

Climate disclosures for the year ended 31 December 2025

Civil Aviation Authority Pension Scheme (the “Scheme”)

It is our pleasure to bring to you our latest report aligned to the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021. We have found that the Scheme’s approach to climate-related risks and opportunities remains robust and fundamentally unchanged over the year, and we have seen improvements in our key climate metrics demonstrating continuing improvement in our climate-risk management.

The Headlines in Five Minutes

Scheme overview

The Scheme has two Sections, the National Air Traffic Services Section (“NATS Section”) and the Civil Aviation Authority Section (“CAA Section”). This report covers both Sections but analyses them individually due to differences between their long-term targets, durations and investment strategies. The CAA Section, has a shorter time horizon than the NATS Section due to the profile of the CAA Section’s uninsured liabilities. As a result, the impact of the long-term risks we have identified are expected to have a more significant impact on the NATS Section, whereas the short- and medium-term risks we have identified are expected to have an impact on both the CAA Section and the NATS Section.

Governance update

We, the Trustee of the Civil Aviation Authority Pension Scheme (the “Trustee”), are responsible for overseeing all strategic matters related to the Scheme, including climate-related risks and opportunities. The governance pillar of TCFD sets out the roles and responsibilities of the various parties involved in our climate risk management framework, which are updated as and when needed. No update has been made in

this reporting year. These roles and responsibilities can be found in Appendix 1.

Strategy update

We consider climate-related risks and opportunities across short-, medium- and long-term time horizons relevant to the Scheme’s investment and funding strategy via both qualitative and quantitative analysis.

Qualitative analysis

Our qualitative analysis considered the impact of **transition risks** (associated with the transition towards a low-carbon economy) and **physical risks** (associated with the physical impacts of climate change on economies, issuers and underlying collateral) have on investment returns.

The analysis showed that all asset classes in which the Scheme invests are impacted, to

ESG integration in our investments

To mitigate climate-related risks, we invest the Scheme’s assets into ESG aware alternative strategies and include an ESG tilt across our equity investments by increasing exposure to companies with low climate risks or by not investing in certain sectors/industries.

varying degrees, by climate-related risks and opportunities. Property and infrastructure had the most significant risk exposure, with higher exposure to both transition and physical risks, particularly in the long term as the frequency and severity of acute climate-related events, such as extreme weather events, are expected to increase. In contrast, most other asset classes, such as equities and credit, carry lower short- and medium-term transition and physical risks. The Scheme's strong diversification across asset classes, sectors and regions is important to manage these risks.

While the Scheme continues to be exposed to climate-related risks, it is important to recognise that these risks are also affected by dynamic regulatory and economic environment domestically and globally. For example, the latest Climate Action Tracker¹ shows global progress on climate policy remains well below what's needed to achieve the goal aligned to Paris Agreement (i.e. net zero global emissions by 2050) despite strong advances in renewables and some emissions cuts. While many countries continue to face implementation gaps, as illustrated through research from the Climate Action Tracker on page 6.

Funding level

Encouragingly, this year, the Scheme's overall funding position has improved, offering greater resilience against potential climate shocks. This improvement is largely attributable to positive performance from the Scheme's growth assets over the year. In addition, as the Scheme is underhedged, the rise in yields during the period led to a greater decrease in the Section's liabilities compared to its LDI assets. As a result, the Scheme's dependency on the sponsor has reduced, providing additional security for members and reducing risk exposure from sponsor covenant.

We are also comfortable that there has been no significant deterioration in the sponsor covenant over the reporting year.

RI developments this year

Over the past year, we have continued to strengthen our focus on climate change and responsible investing. Over the year we:

- Received ESG and climate-focused deep-dives on the Blackstone Diversified Thematic Fund and the Thematic Private Markets Fund, including how sustainability factors are integrated into each strategy.
- Received a stewardship update and training session from our fiduciary manager's Sustainable and Transition Solutions team, covering voting and engagement activity carried out on our behalf.
- Received a detailed presentation from our fiduciary manager as part of the TCFD framework, covering its transition views and estimated climate-related risks and opportunities across asset classes the Scheme is invested in.
- Worked with our fiduciary manager to produce the annual Implementation Statement, setting out how investment and stewardship policies, including ESG and climate considerations, have been applied in practice.

These activities are intended to ensure we maintain appropriate knowledge and oversight of how ESG and climate-related factors are assessed, managed and reflected in the Scheme's investments and stewardship activities.

This year, we also merged the CAA and NATS Sections' RI policies into a single policy. This was done to provide a clearer expression of our overall RI views and to ensure consistent RI objectives across both Sections.

We have reviewed the climate scenario analysis carried out in 2023 and we do not feel that completing another analysis for this year's report would provide further insights. Full details of the climate change scenario analysis, including underlying methodologies, limitations and assumptions, can be found in the Scheme's climate disclosures for the year ended 31 December 2024.

¹ Global Update - November 2025 - Little change in warming outlook for four years

Quantitative analysis

This is completed via climate scenario analysis. The climate modelling for the NATS Section demonstrated that the Section exhibits resilience to climate change under certain scenarios. However, the NATS Section's funding level is expected to deteriorate over the long term under the modelled scenarios, with the most severe outcomes occurring in the Disorderly Transition and No Transition scenarios. Poor investment returns, asset market shocks, and ongoing pension payments particularly erode asset values under these scenarios, resulting in materially lower funding levels and greater strain on the sponsor covenant.

The CAA Section is also impacted, though to a lesser degree due to higher hedging levels and the shorter time horizon. The No Transition scenario would be expected to affect the funding level over the very long-term and beyond the modelling period showcased.

We are actively addressing these risks. Positive steps taken include integrating ESG across equity portfolios, investing in ESG-aware alternatives such as Global Renewable Power and Social Infrastructure Strategies, and exiting property holdings where there is higher climate risk exposure. We also regularly review our portfolios and work closely with our advisers to adapt our strategy and manage downside risk as climate data evolves. Stronger asset performance in the short-term can also create opportunities to de-risk, by allowing us to reduce investment risk and allocate more capital to strategies that help mitigate climate-related risks over the longer term.

Given the uncertainty in climate data and scenario projections, we actively monitor developments and work with our investment adviser and fiduciary manager to reflect evolving best practice and adjust our strategy to manage downside risk.

Assessing our annuity providers

The CAA Section has annuity policies with three insurers. We annually assess our bulk annuity providers policies in managing climate-related risks, and our latest review indicates continued improvement in their approaches. Over the year:

- **PIC** has continued to embed sustainability across its investment decision-making, regularly assessing both environmental and social risks. PIC uses scenario analysis and stress testing to consider the effects of climate change and actively seeks opportunities in UK infrastructure and social assets. PIC demonstrates a strong responsible investment ethos by setting net zero targets, avoiding investments with significant coal exposure, and selectively divesting where environmental commitments are not met.
- **Legal & General ("L&G")** integrates climate and ESG criteria throughout its bulk annuity portfolio. L&G employs robust monitoring tools such as scenario analysis and portfolio carbon intensity projections to track climate risk and progress towards decarbonisation. The provider applies exclusions for high-carbon assets, systematically reviews climate risks in sectors like property, and reports regularly on its sustainability outcomes.
- **Rothsay** targets net zero emissions by 2050², aligning its investment approach with the Paris Agreement. It incorporates physical and transition climate risk analysis into portfolio management, monitors the carbon footprint of its assets, and actively engages with investee companies on credible decarbonisation plans. Rothsay is also increasing its allocation to low carbon investments and continues to strengthen its approach to stewardship and reporting.

All three providers are signatories to key industry standards such as the Principles for Responsible Investment³ and the UK Stewardship Code⁴.

² <https://www.rothesay.com/media/d5ylb1ne/responsible-investment-stewardship-policy-2025.pdf>

³ <https://www.unpri.org/supporters>

⁴ https://media.frc.org.uk/documents/Signatory_List_at_11-02-2025.pdf

Risk Management update

The Risk Management pillar of TCFD sets out our established process to identify, assess, and manage the climate-related risks and opportunities the Scheme faces, integrating it into the broader risk management framework.

During the reporting year, we consolidated our Responsible Investment policies for the NATS Section and CAA Section into a single policy to align with the consolidated TCFD report and Implementation Statement. This change streamlines our approach to managing broad ESG risks, include climate-risk, across both sections. There have been no other material change to the this process over the last year, and the overall framework can be found in Appendix 2 of this report.

Metrics and Targets update

On an annual basis, we continue to monitor and report the Scheme's carbon metrics as highlighted below. The metrics are reported as at 31 December 2025.

Corporate assets refer to all assets excluding any sovereign bonds and associated derivatives, and assets held with an insurer. Our summary focuses on these assets because they are the assets we have the greatest amount of control over.

As part of our reporting, we also track the proportion of the portfolio with Science Based Targets initiative ("SBTi")-aligned targets, noting that the methodology for this metric is evolving across the industry. You can find the Scheme's progress on page 18 of this report.

Further details on the Scheme's climate related metrics, including the analysis for the non-corporate assets, can be found in the detailed analysis of Metrics and Targets later in this report.

NATS Section (excl. LDI and Overseas govt. bonds)



61,230 tCO₂e

↓5% from 2024

Total reported Scope 1 and 2 emissions



46 tCO₂e/£m

↓7% from 2024

Scope 1 and 2 Carbon footprint

Data coverage for Scopes 1 and 2: **71%**

↓1% from 2024



558,430 tCO₂e

↑44% from 2024

Total reported Scope 3 emissions



424 tCO₂e/£m

↑35% from 2024

Scope 3 Carbon footprint

Data coverage for Scope 3: **71%**

↑3% from 2024

CAA Section (excl. annuities, LDI and Overseas govt. bonds)



7,060 tCO₂e

Total reported Scope 1 and 2 emissions

↓9% from 2024



52 tCO₂e/£m

Scope 1 and 2 Carbon footprint

↓12% from 2024

Data coverage for Scopes 1 and 2: **82%**

↓3% from 2024



47,900 tCO₂e

↑24% from 2024

Total reported Scope 3 emissions



357 tCO₂e/£m

↑17% from 2024

Scope 3 Carbon footprint

Data coverage for Scope 3: **82%**

No change from 2024

Over the year, total scope 1 & 2 emissions have fallen compared with the previous year across both sections. This was driven mainly by a reduction in the footprint of our liquid assets, demonstrating a genuine reduction in the carbon intensity of our portfolio. The scope 3 emissions have increased, however this has primarily been driven by a change within the broad estimation methodology used by our asset managers to estimate the emissions associated with scope 3 emissions for our assets.

Conclusion

The NATS Section faces a relatively high risk of an adverse climate event impacting the liabilities given its longer-term time horizon. The shorter expected timeframes of the CAA Section mean that the risk of an adverse climate event on the liabilities of the Section is rated as a low to medium risk.

Our assessment finds that the Scheme's approach to climate-related risks and opportunities remains robust and fundamentally unchanged over the year, and that the Scheme remains resilient to climate-related risks overall. While both the NATS and CAA Sections have some exposure to climate-related risks, particularly in property, infrastructure, and global equities, these risks are carefully monitored and managed as part of our ongoing stewardship. Our strong governance framework and diversified investment strategy ensure that we are equipped to address challenges as they arise and to protect the long-term interests of members.

Improvements in data coverage and reduction in crucial carbon footprints over 2025 represent continued incremental progress. Most asset class risk ratings have remained stable compared to last year. Overall conclusions regarding the Scheme's degree of climate exposure, funding resilience, and the central role of diversification are unchanged. Our bulk annuity providers continue to demonstrate a strong awareness of climate-related risks and have effective processes in place to manage these risks. The funding level, asset diversification and high levels of liability hedging mean that the Scheme remains resilient to climate risk.

We continue to monitor climate risks closely, maintaining a prudent and adaptable approach, and will remain focused on driving further improvements in risk management, reporting, and stewardship as higher quality data and climate-related guidance emerge in future years. In terms of specific actions planned in 2026, the Trustees intend to:

- further assess the long-term tail risks associated with the Scheme;
- consider further its climate ambition;
- continue to review the appropriateness of the Scheme's climate targets; and
- ensure that practical steps are taken to make progress towards those targets.

Climate risk mitigation initiatives

Last year, we conducted a targeted review of the equity portfolios of both Sections, with the objective of identifying further opportunities that support the goals set out in our Climate Mission Statement (see Appendix 1). Throughout the year, we have continued to work with our investment adviser to identify steps that can help reduce the Scheme's exposure to climate risk.

Strategy – Detailed Analysis

What climate-related risks are most likely to impact the Scheme?

We requested that BlackRock, the Scheme’s fiduciary manager, and Legal and General (“L&G”), the Scheme’s Liability Driven Instruments (“LDI”) manager, provide their own assessments of the climate-related risks and opportunities associated with the assets they manage on behalf of the Scheme over the short-, medium- and long-term, together with their reasoning and rationale for each risk.

For the CAA Section, we have also evaluated the annuity providers’ capacity to identify, assess, and manage climate-related risks by reviewing their responses to the Bulk Annuity Sustainability Survey (“BASS”).

Our covenant adviser carried out an assessment of the potential impact of climate-related risks on the Sponsor covenant, further information is provided on pages 7-8. The November 2025 Climate Action Tracker (“CAT”) Global Update⁵ demonstrates that recent years have seen record deployment of renewable energy and new climate policies in several countries. However, the update stresses that the scale of global action still falls well short of what is required to meet the Paris Agreement’s 1.5°C warming limit. Current policies are projected to result in warming of 2.5°C–2.9°C by 2100, and the gap between government pledges and implemented measures remains considerable.



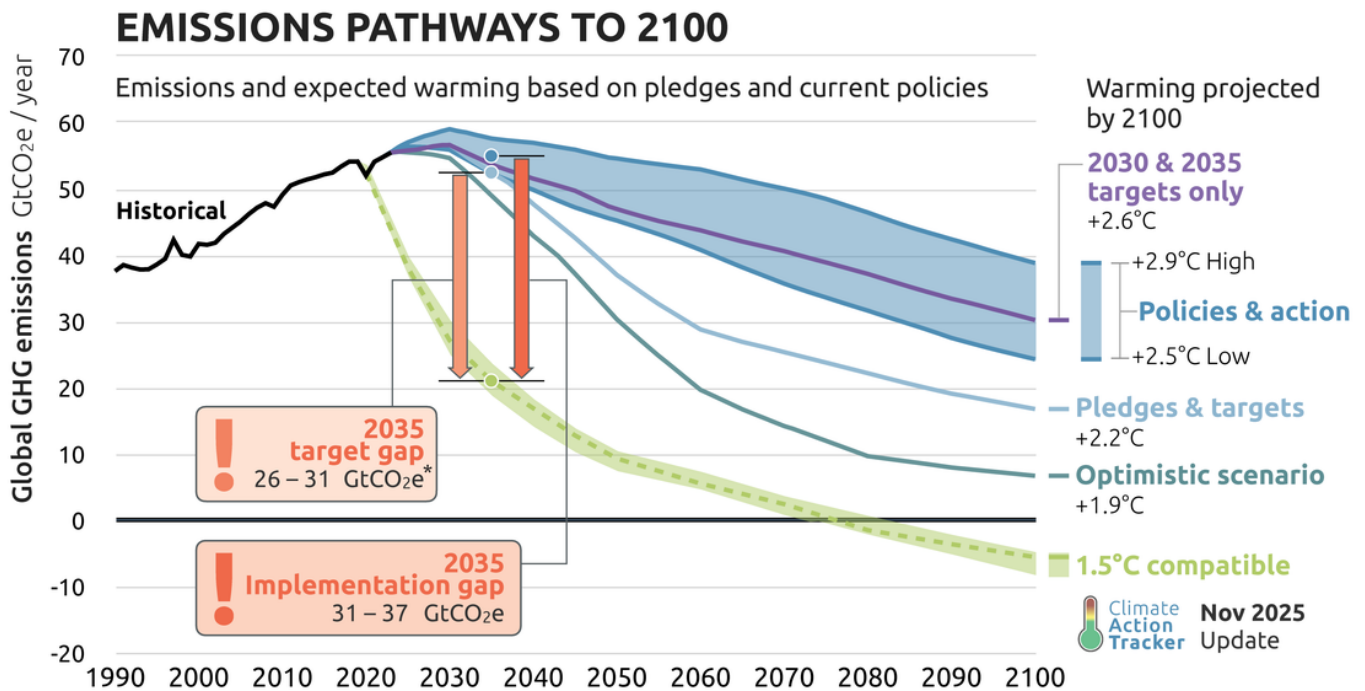
Time horizons

We assessed the climate risks and opportunities over the short, medium and long-term horizons appropriate for the Scheme:

Short-term: 1-3 years.

Medium-term: 4-10 years

Long-term: 11-30 years



Source: January 2026 <https://climateactiontracker.org/global/emissions-pathways/>

NB: The green line above crosses net zero emissions in 2050 if only considering CO₂, however the line above also considers other GHG emissions (known as residual CO₂e), and therefore it reaches net zero after 2050.

While some developed economies (including the UK and the EU) have made tangible progress, reflected in further reductions in emissions and an accelerating transition in sectors like power

⁵ Global Update - November 2025 - Little change in warming outlook for four years

generation, globally, there has been a slowdown in the pace of new climate policy adoption. The Tracker highlights delays and reversals of key policies, particularly in major economies, and underlines that net zero commitments in many cases lack credible, near-term action plans.

The UK continues to make significant progress in reducing its emissions. This positive trend is observable, for example, in the declining carbon footprint associated with UK government bonds (gilts), which is reflected in the emissions intensity for the physical LDI assets in our portfolio, which has continued to reduce. Further details on this can be found in our detailed Metrics and Targets analysis.

Risk and Impact Assessment

Against the backdrop of evolving climate policy and market developments, we have worked closely with our advisers to shape our investment strategy, balancing risk, opportunity, and resilience. Our asset allocation reflects both global progress and ongoing uncertainties, ensuring the Scheme is positioned sustainably for the long term. We have undertaken a qualitative assessment of the transition and physical risks associated with the asset classes each Section invests in, along with a quantitative assessment of the impact of these risks. During the year, our fiduciary manager completed a detailed assessment of physical and transition risks over short-, medium- and long-term horizons. For this report, we have focused on the impact assessment provided by our investment adviser, which brings together these inputs to show how climate-related risks affect each Section's overall risk profile, including liabilities and covenant. The key conclusions are below, and we expect the more significant risk exposures to require management over the long-term.

NATS Section

For the NATS Section, climate-risk ratings have remained broadly consistent with last year. Global equity and property and infrastructure are assessed as high risk, reflecting both transition risks from the move to a lower-carbon economy and rising long-term physical risks as climate events become more frequent and severe. LDI, private equity, liabilities and covenant are rated medium risk, while multi-asset credit and investment grade credit remain low risk.

Asset Class	Asset Allocation*	Section Risk
Global Equity	26	High
Multi-Asset Credit	8	Low
Overseas Government Bonds	5	Low
LDI	29	Medium
Investment Grade Credit	5	Low
Hedge Funds	11	Low
Private Equity	3	Medium
Property and Infrastructure	3	Medium to High
Liabilities	Not applicable	Medium
Covenant	Not applicable	Medium

*based on asset allocation as at 30 September 2025. Some assets not considered, including cash and convertible bonds. Impact of liabilities and covenant applies to the section overall, and is not specific to any asset class.

To manage these risks, the NATS Section continues to explore ESG-aware strategies, and is actively reducing direct property holdings. Climate risks within investment grade credit are managed through the underlying managers' processes, combining top-down portfolio analysis with bottom-up issuer assessments.

CAA Section

For the CAA Section, climate-risk ratings have also remained broadly in line with last year. Global equity is rated high risk, driven by transition and long-term physical climate risks, while LDI, liabilities and covenant are assessed as low-medium, and medium-risk. Multi-asset credit and investment grade credit remain low risk in view of the fiduciary manager’s positive assessment of their climate exposures.

Asset Class	Asset Allocation*	Section Risk
Global Equity	22	High
Multi-Asset Credit	7	Low
Overseas Government Bonds	9	Low
LDI	40	Medium
Investment Grade Credit	6	Low
Hedge Funds	13	Low
Liabilities	Not applicable	Low to Medium
Covenant	Not applicable	Medium

*based on asset allocation as at 30 September 2025. Some assets not considered, including cash and convertible bonds, and annuities. Impact of liabilities and covenant applies to the section overall, and is not specific to any asset class.

Mitigation is focused on maintaining diversification and increasing allocations to ESG-aware strategies in higher-risk areas such as global equity. As with the NATS Section, there is limited scope to reduce the inherent climate risk in government bonds and LDI directly, but climate considerations are expected to be reflected in the next liability-hedging review.

Assessing our annuity providers

Our investment adviser, Aon, undertakes an annual assessment of the Responsible Investment approach and capabilities of each the Section’s annuity providers: PIC, L&G and Rothesay. The results of Aon’s latest assessments are summarised below:

PIC	L&G	Rothesay
<p>PIC integrates sustainability across its investment process, regularly reviewing ESG risks and embedding climate considerations into scenario analysis and decision-making. The company monitors both physical and transition climate risks and uses annual stress tests, though recent analysis found climate risks to be immaterial to overall solvency. PIC seeks opportunities in UK infrastructure and social assets, and actively avoids investments with elevated climate or coal exposure, demonstrating its commitment through targeted divestment and a strong focus on responsible investing.</p>	<p>L&G integrates sustainability considerations across its bulk annuity portfolio, with climate and ESG factors embedded in investment decisions, portfolio monitoring and risk management. Transition and physical climate risks are assessed annually, using scenario analysis and forward-looking carbon intensity tools. L&G applies exclusions for high-carbon assets, regularly reviews flood risks in property holdings, and actively tracks progress towards decarbonisation targets.</p>	<p>Rothesay integrates sustainability considerations across its portfolio, targeting net zero by 2050 and using scenario analysis to assess both physical and transition climate risks. It monitors carbon intensity, adjusts investments according to climate risk, and engages with issuers working towards credible decarbonisation plans. Rothesay also seeks out climate-related investment opportunities, with a growing share of its portfolio in low carbon assets, and continues to strengthen its stewardship approach.</p>

Source: Annuity providers, Aon.

Covenant Assessment

The assessment of climate-related covenant risk for the Scheme is unchanged from last year. Our ongoing review continues to indicate that the sponsor covenant remains stable, with no material developments identified over the reporting period.

More information on the covenant assessment can be found in the Scheme's climate disclosures for the year ended [31 December 2024](#).

Overall Qualitative Analysis Summary

For most asset classes (except property and annuities), the short- and medium-term transition risks are rated low. The fiduciary manager rated the fundamental and repricing risks for property as medium in the short- and medium-term due to the expected cost of upgrading assets to meet regulations and tenant expectations. The analysis and risk ratings remain consistent with last year as no significant changes have been identified.

Physical risks are identified as low or medium for most asset classes except property, infrastructure and annuities. The acute long-term risks have been identified as medium or high for most asset classes due to the expectation of increased frequency and severity of acute climate-related events on the Scheme's assets. These findings remain unchanged from last year's disclosures.

Diversification across asset classes, sectors and regions is important to manage climate-related physical and transition risks to the Scheme. We include an ESG tilt across our equity investments, involving adjustment of strategies' allocations to align with specific ESG considerations. For example, increasing exposure to companies with low climate-related risks, including equity funds which do not invest in certain securities and/or industries to improve the carbon and ESG profile of the strategy.

The equity allocation faces the most significant potential risk impact across both sections of the Scheme. We have put in place equity protection, which aims to mitigate risk that the equity allocation is exposed to, including climate-related risks.

All three insurers identified climate-related risks as significant, with particular emphasis on both transition risks (stemming from the shift to a lower-carbon economy, policy changes, and technology advancements) and physical risks (such as flooding or other acute and chronic climate events).





Finally, our assessment of climate-related covenant risk for the Scheme remains unchanged from last year. The ongoing review indicates that the sponsor covenant is stable, with no material developments identified over the reporting period. This position is based on detailed analysis by our covenant adviser, Penfida, who considers the climate-related covenant risk to the Scheme to be low to medium.

Climate Scenario analysis

In 2023 we analysed climate change scenarios to understand the impact climate change could have on the Scheme’s assets and liabilities.

We compared four climate scenarios to a base case, which reflects market expectations. We chose these scenarios because we believe that they provide a reasonable range of possible climate change outcomes. Each scenario explores the Scheme's transition to a low-carbon economy under various environmental conditions. The climate scenarios illustrate the climate-related risks the Scheme faces, highlighting areas where changing the investment portfolio could reduce the risks.

Climate scenarios

				
	Orderly transition	Disorderly transition	Abrupt transition	No transition
Immediate and coordinated action to tackle climate change is taken using carbon taxes and environmental regulation		Limited action is taken and insufficient consideration is given to sustainable long-term policies to manage global warming effectively	Climate action is delayed for four years, leading to more extreme weather, forcing governments to tackle GHG emissions	No new climate policies are implemented beyond 2025, leading to significant global warming and increased exposure to physical climate change risks.
Temperature rise by 2100	1.3°C - 2°C	<3°C	1.5°C - 2°C	+4 °C
Reach net-zero by	2050	After 2050	2050	After 2050
Carbon price 2030	\$100	\$65	\$135	\$40
2050	\$215	\$340	\$280	\$50
Environmental regulation rollout	Coordinated	Late and aggressive	Aggressive	No environmental regulation

Source: Aon. The scenarios were developed by Aon and are based on many assumptions. They are only illustrative and subject to considerable uncertainty. Full details of the climate change scenario analysis, including underlying methodologies, limitations and assumptions, can be found in the Scheme’s climate disclosures for the year ended [31 December 2024](#).

Trustee update

Under the Regulations, climate scenario analysis must be carried out at least every 3 years, with yearly reviews to ensure it's still relevant. Noting the position summarised on pages 7 and 8, we reviewed the analysis from 31 March 2023 and found it suitable for this year's report, as there have been no major changes in investment strategy, liability profile, modelling techniques, policy shifts, or available data.

Impact Assessment – NATS Section

The climate change scenario analysis assumes an interest rate and inflation hedging level of 90% of long-term funding target funded liabilities.

Impact on funding level (hedging 90% of assets)

	Base case	No transition	Abrupt transition	Disorderly transition	Orderly transition
Funding level in 10 years	90%	82% (-8%)	79% (-11%)	73% (-17%)	88% (-2%)
Funding level in 20 years	85%	69% (-16%)	75% (-10%)	59% (-26%)	82% (-3%)

Source: Aon. Effective date of the impact assessment is 31 March 2023.

Please note: The results of the scenario modelling are illustrative and rely on many assumptions. These are subject to considerable uncertainty.

Under the scenarios modelled, the funding level is expected to deteriorate over the long-term. The Disorderly Transition and No Transition scenarios exhibit the worst outcomes over the long-term time horizon. This is due to:

- Negative shocks to investment markets decreasing the value of the Section's assets.
- Lower than expected investment returns, leading to additional stress on cashflow as pension payments continue to be met from a reducing portfolio of assets.
- Increasing liabilities relative to the assets, which further results in a funding deficit and place strain on the sponsor covenant.

Impact Assessment – CAA Section

The scenario analysis assumes an interest rate and inflation hedging level of 100% of long-term funding target funded liabilities. We believe this is a suitable long-term representation of the future hedging strategy.

Impact on funding level (hedging 100% of assets)

	Base case	No transition	Abrupt transition	Disorderly transition	Orderly transition
Funding level in 10 years	89%	88% (-1%)	85% (-4%)	84% (-5%)	87% (-2%)
Funding level in 20 years	93%	89% (-4%)	92% (-1%)	77% (-16%)	89% (-4%)

Source: Aon. Effective date of the impact assessment is 31 March 2023.

Please note: The results of the scenario modelling are illustrative and rely on many assumptions. These are subject to considerable uncertainty.

The worst outcome for the Section is the Disorderly transition scenario, under which late, aggressive policy action translates to widespread asset market shocks which causes the Section's funding level to fall. Recovery after the initial shock is muted, with the Section left materially worse off relative to the base case by the end of the modelling period. It should be noted, however, we intend to secure

the Section's liabilities with an insurer before then and we are aware that this scenario may impact our ability to achieve this in the next 10 years.

Overall Quantitative Analysis Summary

In some of the scenarios, the asset portfolios of both Sections exhibit some resilience, particularly the Orderly transition scenario where both Sections funding levels are broadly in line with the base case at the end of the modelling period.

However, other scenarios had less favourable outcomes for the Scheme. For both Sections, the worst impact is under the Disorderly transition. In these scenarios, the impact on the Scheme's funding levels is driven by effect of climate change on both the assets, and the value of the liabilities, for example through changes in inflation and interest rates.

We identified that equities in particular are exposed to climate risks. In 2024, we conducted a review of the Scheme's equity portfolio to identify potential opportunities for the Trustee to support its climate goals further.

We asked our fiduciary manager to provide us with more information on a climate focused equity fund and to explain the engagement it is undertaking under its stewardship policy which targets decarbonisation.

We were comfortable that BlackRock sufficiently implement climate considerations within the equity portfolio in which we are invested.

To mitigate some of the downside risk identified through our scenario analysis, we have developed a more forward-looking approach to risk management, including climate risk. The assumptions on which the asset allocation is based continue to be updated for environmental factors. We have deployed option protection to limit downside risks in the liquid growth allocation of the portfolio.

We recognise that improving the Scheme's funding position more quickly, whilst maintaining a reasonable level of expected return, creates additional flexibility to de-risk the portfolio and, where appropriate, allocate capital to further mitigate climate-related risks. Faster progress towards the funding objective is itself a tool for managing long-term climate risk.

Metrics and Targets – Detailed Analysis

Following a change made in the 2024 TCFD report, we decided to report on the metrics below. This year we reviewed the metrics, and we believe they continue to be suitable for us to report against.



Total Greenhouse Gas emissions

The total greenhouse gas (GHG) emissions associated with the portfolio. It is an absolute measure of carbon output from the Scheme’s investments and is measured in tonnes of carbon dioxide equivalent (tCO₂e).



Carbon footprint

Carbon footprint is an intensity measure of emissions that takes the total GHG emissions and weights it to take account of the size of the investment made. It is measured in tonnes of carbon dioxide equivalent per million pounds invested (tCO₂e/£m).



Data Coverage

A measure of the proportion of the portfolio that there is high quality data for (i.e. data which is based on verified, reported, or reasonably estimated emissions, versus that which is unavailable).

This has been selected on the basis that it provides a consistent and comparable measure of the level of confidence in the data.



Portion of portfolio with SBTi-aligned targets

A metric which gives the alignment of the Scheme’s assets with the climate change goal of limiting the increase in the global average temperature to 1.5°C above pre-industrial levels.

It is measured as the percentage of underlying portfolio investments with declared net-zero or Paris-aligned targets that have been verified by the Science based Target initiative (“SBTi”).

Overall Metrics Summary

Across both the NATS and CAA Sections, total greenhouse gas emissions have declined over the reporting year. This reduction is primarily driven by lower allocations to carbon-intensive asset classes, particularly annuities and overseas government bonds.

For the CAA Section, the largest contributors to scope 1 and 2 GHG emissions are Bulk Annuities and the LDI portfolio. In contrast, for the NATS Section, LDI and liquid markets are the main sources of scope 1 and 2 emissions. In both sections, scope 3 emissions arise predominantly from liquid markets, and the carbon footprint for liquid market assets has remained broadly stable compared to last year. Notably, scope 3 emissions for illiquid markets have increased significantly, although these figures are based on estimations and may be affected by changes in methodology.

In addition, the proportion of portfolio assets managed in line with SBTi-aligned targets has increased this year across most asset classes, reflecting strengthening commitments to science-based climate goals. However, SBTi coverage for alternatives has dropped to zero, due to stricter reporting criteria applied this year.

Overall, as data coverage improves, a more stable outlook for the carbon footprint of the assets and total emissions should emerge.

The Scheme’s climate-related metrics

In the tables below are the climate-related metrics for the Scheme’s assets. The metrics are shown separately for the Liability Driven Investments (“LDI”) and government bonds from the other investments because the methodology used for each are different so aggregating the metrics would not be appropriate. A detailed breakdown for each asset class is available in the Appendix 3.

We acknowledge that higher quality data will become available from managers in the future and this improvement may result in an increase in the Scheme’s total GHG emissions in future years

There are no industry standard methodologies for calculating metrics for certain asset classes, and different managers may use different methods and assumptions when providing data. This may effect comparison between asset classes and year-on-year comparison if the methodologies change.

NATS Section

Asset class	Year	Asset Allocation (£m)	Data Coverage		Total GHG emissions (tCO ₂ e)		Carbon footprint (tCO ₂ e/£m)	
			S1&2	S3	S1&2	S3	S1&2	S3
Liquid Markets	2025	1,264	78%	78%	54,940	382,240	55.4	385.7
	2024	1,192	81%	77%	58,330	348,400	60.6	379.2
Illiquid Markets	2025	595	57%	55%	6,290	176,190	18.7	539.5
	2024	598	56%	53%	6,250	39,110	18.6	123.7
Overseas Government bonds	2025	164	100%	n/a	46,472	n/a	283.9	n/a
	2024	311	100%	n/a	98,375	n/a	315.9	n/a
LDI	2025	952	100%	n/a	64,920	n/a	71.5	n/a
	2024	1,154	100%	n/a	82,807	n/a	74.2	n/a

Source: BlackRock/L&G/MSCI/Aon. **Note:** Data as at 30/09/2025 except for select alternative assets where data provided is as at the latest available date, 31 December 2024. Cash, convertibles, and commodities have been excluded from the analysis due to immateriality. Futures have been excluded because there is currently no established industry methodology for their assessment.

Commentary

Over the year, the scope 1 and 2 carbon footprint has decreased across all asset classes, with the exception of illiquid markets which remained stable. This corresponded with a broadly stable data coverage,

demonstrating a true reduction in the carbon intensity of the portfolio.

Liquid markets

- Scope 1 and 2 emissions decreased due to a decrease in the carbon footprint. This was driven by a decrease in the carbon footprint for global equities.
- Scope 3 emissions for the liquid markets increased, driven by the increase in capital allocated to the asset class, and a small increase in carbon footprint.

- The emissions decreased significantly over the year, across all emission scopes, due to a decrease in the size of assets invested in overseas government bonds and a decrease in the carbon footprint.
- Overseas bond emissions are 100% estimated utilising standardised methodology across the climate reporting standards.

Illiquid markets

- Scope 1 and 2 emissions remained broadly in line with the prior year.
- The Scope 3 carbon footprint and emissions increased significantly over the year. This is mainly due to a broad-based increase in carbon emissions across the underlying portfolio and by changes within the broad portfolio estimation methodology.
- Scope 3 emissions are 100% estimated so there can be variations due to changes in the calculation methodology.

LDI

LDI emissions are shown for physical assets and synthetic assets. Physical assets are those which the Scheme owns outright. Synthetic assets are those which the Scheme indirectly gains exposure to using financial instruments like derivatives.

- Total emissions decreased this year due to a decrease in the carbon footprint as well as a decrease in the asset value.
- LDI emissions are 100% estimated utilising standardised methodology across the climate reporting standards.

Overseas government bonds

CAA Section

Asset class	Year	Asset Allocation (£m)	Data Coverage		Total GHG emissions (tCO ₂ e)		Carbon footprint (tCO ₂ e/£m)	
			S1&2	S3	S1&2	S3	S1&2	S3
Liquid Markets	2025	121	76%	76%	4,940	34,640	53.8	377.9
	2024	116	79%	76%	5,180	31,820	56.5	363.2
Illiquid Markets (hedge fund only)	2025	43	100%	100%	2,120	13,260	49.7	311.0
	2024	39	100%	100%	2,560	6,780	66.5	176.2
Overseas Government bonds	2025	31	100%	n/a	8,633	n/a	282.7	n/a
	2024	39	100%	n/a	12,236	n/a	315.9	n/a
LDI	2025	133	100%	n/a	9,628 Physical 11,202 Synthetic	n/a	71.5	n/a

	2024	170	100%	n/a	12,665 Physical 12,367 Synthetic	n/a	74.5	n/a
Bulk Annuities	2025	1,007	89%	9%	66,079	21,752	73.7	246.1
	2024	1,103	85%	2%	71,743	10,019	76.5	450.0

Source: BlackRock/L&G/MSCI/Aon. **Note:** Data as at 30/09/2025 except for select alternative assets where data provided is as at the latest available date, 31 December 2024. Cash, convertibles, and commodities have been excluded from the analysis due to immateriality. Futures have been excluded because there is currently no established industry methodology for their assessment.

Commentary

Over the year, the scope 1 and 2 carbon footprint has decreased across all asset classes. This corresponded with a broadly stable data coverage, demonstrating a true reduction in the carbon intensity of the portfolio.

Liquid markets

- Scope 1 and 2 emissions decreased due to a marginal decrease in the carbon footprint. This was driven by a decrease in the carbon footprint for global equities.
- Scope 3 emissions for the liquid markets increased marginally, driven by the increase in capital allocated to the asset class.

Illiquid markets

- Scope 1 and 2 emissions decreased over the year, driven by a reduction in the carbon footprint and partially offset by an increase in assets.
- The Scope 3 carbon footprint and emissions increased significantly over the year. This is mainly due to a broad-based increase in carbon emissions across the underlying portfolio and by changes within the broad portfolio estimation methodology.

- Scope 3 emissions are 100% estimated so there can be variations due to changes in the calculation methodology.

Overseas government bonds

- The emissions decreased significantly over the year, across all emission scopes, due to a decrease in the size of assets invested in overseas government bonds and a decrease in the carbon footprint.
- Overseas bond emissions are 100% estimated utilising standardised methodology across the climate reporting standards.

LDI

LDI emissions are shown for physical assets and synthetic assets. Physical assets are those which the Scheme owns outright. Synthetic assets are those which the Scheme indirectly gains exposure to using financial instruments like derivatives.

- Total emissions decreased this year due to a decrease in the carbon footprint as well as a decrease in the asset value.
- LDI emissions are 100% estimated utilising standardised methodology across the climate reporting standards

Data coverage

One of the greatest challenges when it comes to measuring emissions is the quality of the carbon data. Carbon data is scored to indicate the level of confidence we can have in it. Reported emissions data is the most accurate and reliable, followed by various methods of inferred and estimated emissions.

We expect that in the future better information will be available from managers and this improvement will be reflected in the coming years' reporting.

The tables below show how much of the emissions data is reported and how much is estimated for each Section. These tables are to be read in conjunction with the Scheme's carbon metrics on the following pages.

It is important to consider the quality of data when interpreting the Scheme's carbon metrics. Because data coverage is low within some asset classes, the carbon metrics are unlikely to include all the Scheme's emissions. So, we should be cautious about any conclusions we draw.

NATS Section

Asset Class	Scopes 1 & 2			Scope 3		
	Reported data	Estimated data	Total data coverage ²	Reported data	Estimated data	Total data coverage ²
Global Equity	79%	10%	89%	0%	89%	89%
Multi-Asset Credit	28%	10%	39%	0%	39%	39%
Investment Grade Credit	81%	13%	94%	0%	91%	91%
Alternatives (inc. Hedge Funds) ¹	19%	38%	57%	6%	49%	55%
Overseas Government Bonds	0%	100%	100%	n/a	n/a	n/a
LDI	0%	100%	100%	n/a	n/a	n/a

Note: please refer to the footnotes below for both tables.

CAA Section

Asset Class	Scopes 1 & 2			Scope 3		
	Reported data	Estimated data	Total data coverage ²	Reported data	Estimated data	Total data coverage ²
Global Equity	75%	10%	84%	0%	84%	84%
Multi-Asset Credit	31%	9%	40%	0%	40%	40%
Investment Grade Credit	81%	13%	94%	0%	91%	91%
Alternatives (inc. Hedge Funds) ¹	38%	62%	100%	0%	100%	100%
Overseas Government Bonds	0%	100%	100%	n/a	n/a	n/a
LDI	0%	100%	100%	n/a	n/a	n/a
Bulk Annuities	70%	30%	100%	92%	8%	100%

Footnotes for both tables: Fiduciary manager, LDI manager, annuity providers, MSCI. Cash, convertibles, and commodities have been excluded from the analysis due to immateriality. Futures have been excluded because there is currently no established industry methodology for their assessment.

¹Alternatives includes hedge funds, property and infrastructure for the NATS Section, and hedge funds only for the CAA Section.

²Total data coverage = Estimated data + reported data.

Data as at 30 September 2025 except for annuities and select alternative assets. Annuities data covers L&G and PIC only, data has been provided as at 31 December 2024. Scopes 3 data for annuities covers PIC only as L&G is unable to provide scope 3 data. Data provided for select alternatives is latest available, 31 December 2024.

Portion of portfolio with SBTi-aligned targets

The metric reflects the alignment of the Scheme’s assets with the climate change goal of limiting the increase in the global average temperature to 1.5°C above pre-industrial levels.

It is measured as the percentage of underlying portfolio investments with declared net-zero or Paris-aligned targets that have been verified by the Science based Target initiative (“SBTi”).

Currently, there is no standard approach for calculating proportion of SBTi-aligned targets for government bonds. Hence there is no figure for the LDI assets or Overseas Government Bonds.

NATS Section

CAA Section

Asset class	Asset Allocation (£m)	SBTi 2025	SBTi 2024	Asset Class	Asset Allocation (£m)	SBTi (2025)	SBTi (2024)
Global Equity	900	45%	37%	Global Equity	86	42%	36%
Multi-asset Credit	278	11%	10%	Multi-asset Credit	25	12%	11%
Investment Grade Credit	87	26%	23%	Investment Grade Credit	10	26%	23%
Alternatives	595	0%	1%	Alternatives	43	0%	6%
				Annuity Providers	1,007	44%	43%

Source: Fiduciary manager, underlying investment managers, annuity providers, MSCI and Aon.

The proportion of Alternatives assets aligned with SBTi targets has decreased to 0% this year, compared to 1% for NATS and 6% for CAA last year. Upon review with BlackRock, we understand this change is due to the adoption of stricter reporting criteria this year, with figures now reflecting only SBTi-aligned targets, rather than broader Paris-aligned measures used previously.

For annuities, 44% of assets are now SBTi-aligned. It is important to note that although all insurers have set Net Zero targets, not all are currently aligned with the SBTi framework.

Looking to the Future

Our Climate-Related Target

Climate-related targets help us track our efforts to manage the Scheme’s climate-change risk exposure.

In this year of reporting, we set a target to improve the reported quality of climate-related data across the Scheme’s portfolios. Without meaningful data from the investment managers, it is very hard for us to measure our climate-risk exposure. So, it is important to set a target to improve the quality of GHG emissions data from the managers.

Our focus on data quality

We have set targets for the proportion of data which is *reported* rather than estimated. This is more ambitious than the data coverage targets, which includes reported and estimated data. We have excluded assets for which the standardised approach for climate reporting is to estimate emissions, including overseas government bonds and LDI.

Asset Class	NATS Section			CAA Section		
	Scopes 1 & 2			Scopes 1 & 2		
	2030 Target % reported data	Reported data 2025	Reported data 2024	2030 Target % reported data	Reported data 2025	Reported data 2024
Global Equity	85%	79%	78%	85%	75%	75%
Multi-asset Credit	50%	28%	29%	50%	31%	34%
Investment Grade Credit	75%	81%	70%	75%	81%	70%
Alternatives (inc Hedge Funds)	30%	19%	24%	50%	38%	39%

Source: BlackRock.

Over the year, Investment Grade Credit assets for both the CAA and NATS Sections have seen an increase above the target threshold within their proportion of data reported. For the other asset classes, there has been some volatility in the proportion of data reported compared to last year. Meaning mixed progress has been made towards achieving the targets. We recommend maintaining the target for Investment Grade Credit as the improvement is recent and historic volatility suggests figures may fluctuate year-on-year. We will continue to monitor and will update the target as needed should data coverage prove to be stable in the future.

What is the Trustee doing to reach the target?

We will act accordingly to meet the data coverage, the proportion of reported data and proportion of SBTi-aligned asset targets, being mindful of any unintended consequences. We will factor in the investment strategy and the Scheme’s objectives when carrying out actions to make progress towards the targets. To reach our targets, we plan to:

- To improve consistency, encourage managers to use industry-standard templates when reporting on carbon metrics.
- Continue engagements with the Scheme’s managers.

Appendix 01 - Climate Governance Framework

Climate governance

As the Trustee of the Scheme, we are collectively responsible for overseeing all strategic matters related to the Scheme. This includes the governance and risk management frameworks relating to ESG considerations and climate-related risks and opportunities. Given its importance, we have not identified one individual to specifically be responsible for the Trustee’s response to climate risks and opportunities. Rather, the Trustee Board has collective responsibility for setting the Scheme’s climate change risk framework.

We have discussed and agreed our climate-related beliefs and overarching approach to managing climate change risk. Details are set out in the Statement of Investment Principles (“SIP”) and Responsible Investment (“RI”) Policy, which we review and (re)approve annually.

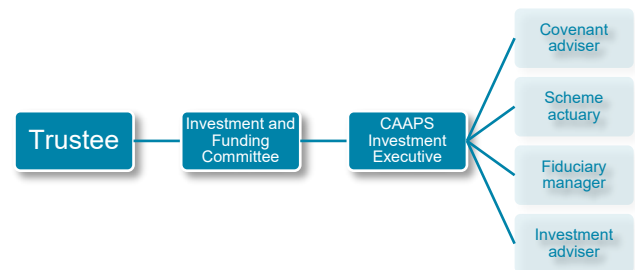
committees keep us updated on material climate-related developments on a regular basis (at least annually).

Figure 1: Governance structure

Climate Mission Statement

We believe that the risks associated with climate change can have a materially detrimental impact on the Scheme's investment returns within the timeframe that we are concerned about and, as such, we seek to integrate assessments of climate change risk into our investment decisions.

Furthermore, we believe that climate-related factors are likely to create investment opportunities. Where possible, and appropriately aligned with our strategic objectives and fiduciary duty, we will proactively seek to capture such opportunities through our investment portfolio.



Climate-related risks and opportunities are integrated into our risk management framework so we can maintain oversight of the climate-related risks and opportunities that are relevant to the Scheme.

We receive climate change training annually and training on other ESG issues as and when needed on climate-related issues to ensure that we have the appropriate knowledge and understanding to support good decision-making.

We delegate oversight of the Scheme’s climate risk management framework to the Investment Funding Committee (“IFC”) which is a subcommittee of the Trustee Board. Implementation and day-to-day oversight have been delegated to the CAAPS Investment Executive (“CIE”). These sub-

Role of the IFC

Ongoing oversight of our climate risk management approach has been delegated to the IFC.

The IFC, supported by the CIE, seeks to ensure that any investment decisions appropriately consider climate related risks and opportunities within the context of the Scheme’s wider risk and return requirements, and are consistent with the climate change policy as set out in the RI policy and SIP.

The IFC established a process to identify, assess and manage the climate-related risks that are relevant to the Scheme. This is part of the Scheme’s wider risk management framework and is how we monitor the most significant risks to the Scheme in our efforts to achieve appropriate outcomes for members.

The IFC monitors and reviews the Scheme’s climate risk management annually through the Scheme’s TCFD report. We, the Trustee, delegate some tasks to improve efficiency but retain responsibility for the climate risk management framework.

The IFC keeps the Trustee Board informed on any material climate-related developments through regular (typically once a year) updates.

Role of the CIE

Regular responsibility for the implementation of our climate risk management approach has been delegated to the CIE.

The CIE monitors and reviews the Scheme's climate change risk management on an annual basis (or more frequently where required) and the CIE keeps the IFC apprised of any material climate-related developments through regular updates. As part of its review of individual mandates, the CIE monitors the integration of climate considerations into a manager's investment process through reviewing a manager's ESG reporting and through support from our investment adviser.

Key activities delegated to the CIE include:

- Proactively seeking investment opportunities which enhance the ESG and climate change focus of the NATS and CAA Sections' asset portfolios;
- Ensuring investment proposals explicitly consider the impact of climate risks and opportunities;
- Engaging with the fiduciary manager (and underlying managers if required) to understand how climate risks are considered in their investment approach;
- Working with the fiduciary manager (and underlying managers if required) to disclose relevant climate related metrics as set out in the TCFD recommendations; and
- Ensuring stewardship activities are being undertaken appropriately on the Scheme's behalf.

How we work with our advisers

We expect our advisers and investment managers to bring important climate-related issues and developments to our attention in a timely manner. We expect our advisers and investment managers to have the appropriate knowledge on climate-related matters.

We annually review the quality of our advisers' provision of advice and support on climate-related issues. For our investment adviser this is part of the annual review of investment consultant objectives.

Investment adviser – our investment adviser, Aon, provides strategic and practical support to us and

the CIE on our climate-related risks and opportunities. This includes regular training and updates on climate-related issues and climate change scenario modelling to enable us to assess the Scheme's exposure to climate-related risks.

We will monitor the quality of climate-related support and advice from our investment adviser as part of an annual review against the investment consultant's objectives.

Scheme Actuary - the Scheme Actuary, Michael Webb in the reporting period, helps us assess the potential impact of climate-related risks on the Scheme's funding where relevant.

As part of our assessment of our advisers' climate-related competence, we will seek to understand how climate-related factors affect the funding assumptions used for the Scheme, and which sources of expertise the Scheme Actuary has used in determining the appropriate assumptions to use.

Covenant adviser – our covenant adviser, Penfida, helps us understand the potential impacts of climate-related risk on the Sponsor covenant of the Principal Employers of each Section.

As part of covenant advice sought, we will seek to understand how climate-related factors could affect the sponsoring employers' strategies over time.

Fiduciary manager – The Scheme's fiduciary manager, BlackRock, helps us to understand how BlackRock, and the underlying managers, consider climate change risk in their investment approaches.

BlackRock also helps us to work with the underlying managers to disclose relevant climate-related metrics as set out in the TCFD's recommendations.

During the year, we received a stewardship update from BlackRock's Sustainable Transition Solutions team focusing on voting practices and engagement priorities.

Appendix 02 - Our Climate Risk Management Framework

Governance

Activity	Delegated responsibility	Adviser support	Frequency
Climate change governance framework (<i>this document</i>)	Trustee Board	Investment adviser	Annual
Publish a TCFD report	Trustee Board	Investment adviser	Annual
Add / review climate risks and activity on key Scheme documentation (e.g., risk register)	IFC	Investment adviser	Ongoing
Review climate change beliefs	Trustee Board	Advisers	Triennial
Receive training on climate-related issues	Trustee Board	Advisers	Ongoing
Engage with the investment managers to understand how climate risks are considered in their investment approach, and stewardship activities are being undertaken appropriately	CIE	Investment adviser Fiduciary manager	Ongoing

Strategy

Activity	Delegated responsibility	Adviser support	Frequency
Undertake quantitative scenario analysis to understand the impact of climate related risks	IFC/CIE	Investment adviser	Triennially with annual review
Identify the climate-related risks and opportunities for investment and funding strategy, and assess their likelihood and impact	IFC/CIE	Investment adviser Fiduciary manager	Annual

Risk management

Activity	Delegated responsibility	Adviser support	Frequency
Include consideration of climate-related risks in the Scheme's other risk processes and documents, such as the risk register and the SIP, and regularly review these	Trustee Board	Advisers	Ongoing

Metrics and Targets

Activity	Delegated responsibility	Adviser support	Frequency
Review data for agreed metrics	IFC/CIE	Advisers	Annual
Review continued appropriateness of metrics and targets	IFC/CIE	Investment adviser	Annual

Appendix 03 - Notes on the Data

- BlackRock (the fiduciary manager) provided scope 1, 2 and 3 GHG emissions data.
- LGIM (the LDI manager) provided the information on physical and synthetic exposures.
- PIC (one of the Annuity providers) provided scopes 1, 2 and 3 GHG emissions.
- L&G, and Rothesay (two of the Annuity providers) provided scopes 1 and 2 data only.

In general, we relied on information provided by the Scheme's fiduciary manager, underlying investment managers and annuity providers (who in turn may rely on their own third-party data providers such as the MSCI) about their greenhouse gas emissions. Our investment adviser, Aon, aggregated this information to calculate the metrics for each Section's asset portfolio.

Aon did not make any estimates for missing data.

Because not all the Scheme's managers were able to provide all the requested data, the reported emissions metrics do not include all the Scheme's GHG emissions. And so, the metrics show the Scheme's GHG emissions to be lower than they really are.

We expect that in the future better information will be available from managers and this improvement will be reflected in the coming years' reporting. Carbon data can improve through an increase in quality, timeliness

of reporting and greater coverage of assets for which carbon data becomes available. We will ask our fiduciary manager to engage with the underlying managers that were unable to supply emissions data to communicate our expectations for better data in future reporting.

Scope 3 GHG emissions relate to indirect emissions linked to the wider supply chain and activities of an organisation from outside its own operations for example, from the goods it purchases to the disposal of the products it sells. The nature of scope 3 GHG emissions makes them more complex to collect and report on, often resulting in higher levels of estimation compared to scopes 1 and 2 GHG emissions. Scope 3 GHG emissions are currently not applicable to government bonds and LDI assets because no industry-wide agreed methodology is applicable to calculate scope 3 GHG emissions for sovereign assets.

*Footnotes to the metrics tables on pages 14,15,16 and 17.

Data sources: Fiduciary manager, underlying investment managers, LDI manager, annuity providers, MSCI and Aon. Figures may not sum due to rounding. Where carbon data was supplied in US Dollars, Aon converted into GBP using a suitable exchange rate.

2025 data is as at 30 September 2025 except the bulk annuities and select alternative assets. The bulk annuities carbon data is lagged by a year due to reporting timelines, hence data is as at 31 December 2024.

2024 data is as at 30 September 2024 except the bulk annuities and select alternative assets. The bulk annuities carbon data is lagged by a year due to reporting timelines, hence data is as at 31 December 2023.

Cash and convertible bonds have been excluded on the grounds of materiality.

Liquid markets

Liquid markets data includes global equity, multi-asset credit and investment grade credit

Illiquid markets

Includes hedge funds, property and infrastructure for the NATS Section, and hedge funds only for the CAA Section

Overseas government bonds

Carbon footprint is expressed as tCO₂e/£ GDP nominal.

LDI

Emissions associated with LDI includes both physical emissions (emissions associated with physical assets that are held within the portfolio) and synthetic emissions (emissions associated with the notional exposure to sovereign bonds gained through derivatives).

Scope 3 emissions data is not available for LDI or overseas government bonds because there is currently no agreed methodology for calculating these emissions.

Appendix 04 - GHG Emissions

Greenhouse gases trap heat in the atmosphere, keep the Earth’s surface and atmosphere warm. They warm the Earth by absorbing sunlight and re-emitting it as heat. Human activities, like burning fossil fuels and deforestation, increase greenhouse gases, making the atmosphere more effective at trapping heat.

Since the Industrial Revolution, greenhouse gas levels have risen significantly. The Kyoto Protocol⁶ identifies six major greenhouse gases, with human-made carbon dioxide being the largest contributor to global warming. Each gas has different global warming potential and atmospheric persistence, so emissions are measured as carbon dioxide equivalent (CO₂e) for comparison.

Greenhouse gases are categorised into three ‘scopes’ by the Greenhouse Gas Protocol, the world’s most used greenhouse gas accounting standard.

Scope 1: All direct emissions from the activities of an organisation which are under their control; these typically include emissions from their own buildings, facilities and vehicles.

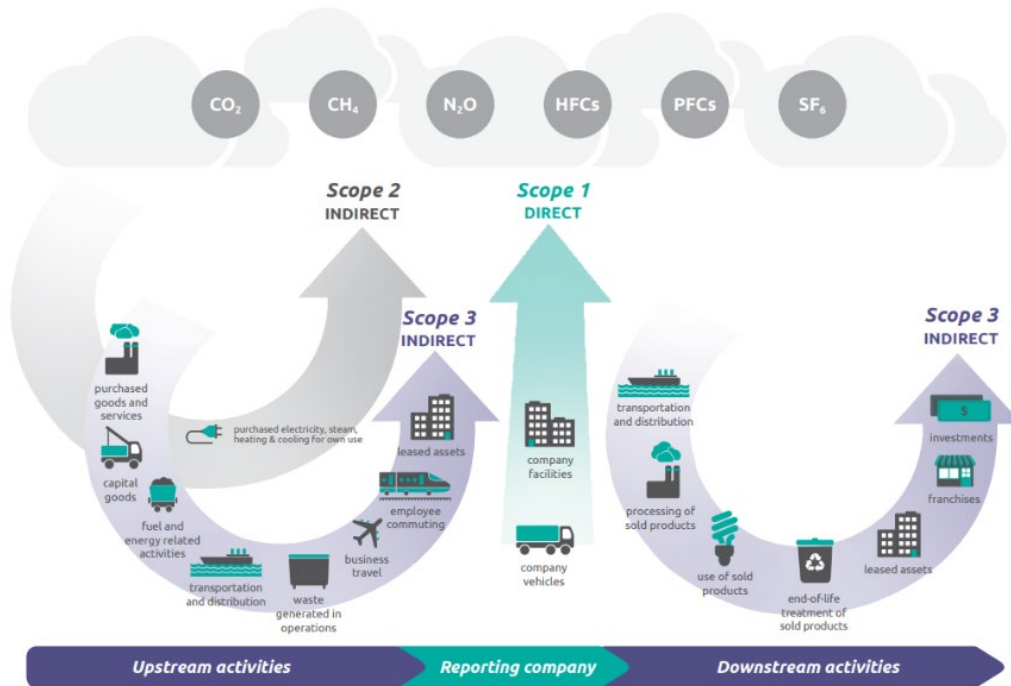
Scope 2: These are the indirect emissions from the generation of electricity purchased and used by an organisation.

Scope 3: All other indirect emissions linked to the wider supply chain and activities of the organisation from outside its own operations – from the goods it purchases to the disposal of the products it sells.

Main greenhouse gases identified by the Kyoto Protocol

- CO₂
Carbon dioxide
- CH₄
Methane
- N₂O
Nitrous oxide
- HFCs
Hydrofluorocarbons
- PFCs
Perfluorocarbons
- SF₆
Sulphur hexafluoride

Overview of GHG Protocol scopes and emissions across the value chain



Source: Greenhouse Gas Protocol, https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporting-Standard_041613_2.pdf, 2011

⁶ https://unfccc.int/kyoto_protocol