

# CLIMATE CHANGE 2025 MEMBER SUMMARY.

## The M&S Pension Scheme

We know that many members are interested in the actions we take in relation to climate change, but the Climate Change Report can be a technical read. We've created this 2-page summary to give members the key points from this year's activity.



## CLIMATE CHANGE AND THE SCHEME

**Making sure members receive their pension when it's due is our main duty. Climate change is a risk to the Scheme but also offers opportunities to secure members' pensions.**

- The Scheme is a defined benefit (DB) pension arrangement where all members' pensions are paid from a single pot, known as the fund. The money in the fund is invested to grow over time while also keeping it safe.
- Climate change can pose risks to some of the things we're invested in. For example, companies we invest in may be negatively affected as temperatures rise. It's important we understand these risks and manage the effect climate change may have on the Scheme's investments now and in the future so we can take action.
- Our Environmental, Social and Governance Committee is responsible for exploring the risks and opportunities in this area.
- We've tested a number of climate-related scenarios and believe the Scheme is currently resilient to the impact of climate change.
- Tackling climate change may also offer investment opportunities, such as clean energy and low carbon companies. Investing in companies well-prepared for the future helps secure members' pensions over the long-term.

Climate change refers to the long-term changes in global temperatures and weather patterns, mainly due to human activities like burning fossil fuels.

## OUR KEY TARGETS AND HOW WE MEASURE PROGRESS



**Our ambitious 2040 net zero target aims to reduce the potential impact of climate change on the Scheme whilst supporting a better future for everyone.**

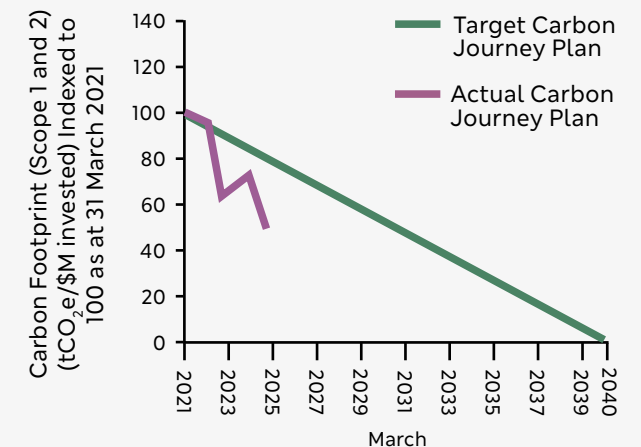
By 2040, our aim is that the Scheme's investments add no more greenhouse gas emissions into the atmosphere than they take out of it. We've set a number of targets to help us achieve our goal and we measure our progress annually.

This year, we reached our first target of improving data quality.

**Our carbon footprint is a key measure of our progress towards net zero and we're currently on track.**

Each year, we collect data from our investment managers to calculate the total carbon footprint. We plot where our carbon footprint is against the carbon journey plan to understand how well we're doing. You can see our progress so far in the chart opposite.

**CARBON FOOTPRINT (SCOPE 1 AND 2)**



## WHAT WE'RE DOING TO ACHIEVE OUR TARGETS

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**The Scheme's investment managers, and the companies and governments they invest in on our behalf, play a key role in our progress.**

**As part of our efforts to reduce the Scheme's carbon emissions, we:**



Invest responsibly.



Engage with our investment managers during the year to understand their approach to managing climate factors.



Use the Scheme's influence as an investor to encourage companies to take climate action.

**Good quality data means we have a more accurate picture of the Scheme's carbon emissions.**

The availability and quality of carbon emissions data has developed over recent years. To reach our 2025 target to improve the quality of data, we've:

- Engaged with our investment managers to encourage improvements to their data.
- Sourced emissions data directly from more investment managers.
- Followed best practice for how carbon emissions are calculated.

There is still opportunity to improve data quality and we will continue to seek enhancements.

**Good governance makes sure we have the right processes and controls in place to make informed decisions that work towards our goals.**

This year, we've reviewed documents that guide our decisions, received relevant training and assessed the quality of the advice provided by the Scheme's investment consultant.

## CASE STUDY - INVESTING IN ELECTRIC VEHICLE CHARGING POINTS

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- The rise in the popularity of electric vehicles has led to an increase in the installation of charging points.
- One of our investment managers recently partnered with an electric vehicle provider to identify where there were opportunities to install charging points across the sites it owns.
- A deal was signed to install charging points across 100 sites, with the capacity to charge 450 electric vehicles across the network.

Further detail can be found in the full report.

## LOOKING FORWARD

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We can't do this alone. Attitudes towards action against climate change are increasingly mixed and this may make our journey more challenging. We'll need to continue engaging proactively with our investment managers, service providers and the wider industry to achieve our targets and drive change.

We'll also need to monitor other developments, such as biodiversity and social factors, to understand the risks and opportunities these may present to the Scheme.