LGPS Central Limited

2025 Climate Risk Management Report

Presented by LGPS Central Limited

Leicestershire

Agenda

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	Cause and Effect: Double Materiality
Introduction to Climate Metrics	Greenhouse Gas Emission Scopes
	Financed Emissions and Carbon Intensity
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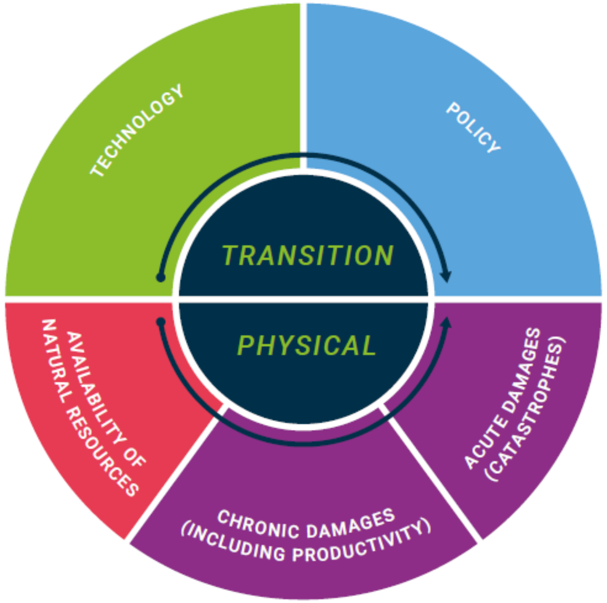
	Data Quality and Availability
	Exposure Metrics
LPF's Climate Metrics	Climate Metrics Over Time – Listed Equities

Introduction to Climate Risks and Climate Reporting

Climate Risks and Climate Reporting

- This report constitutes the sixth iteration of Leicestershire Pension Fund's analysis of its approach to climate-related risks and opportunities.
  - Taskforce on Climate-Related Financial Disclosures (TCFD) reporting.
- As climate risks materialise, portfolio's will be financially impacted through:
  - Transition risks
  - Physical risks
  - As well as opportunities associated with the transition to a low carbon economy.
- Climate risk reporting allows us to monitor exposure to these risks over time.



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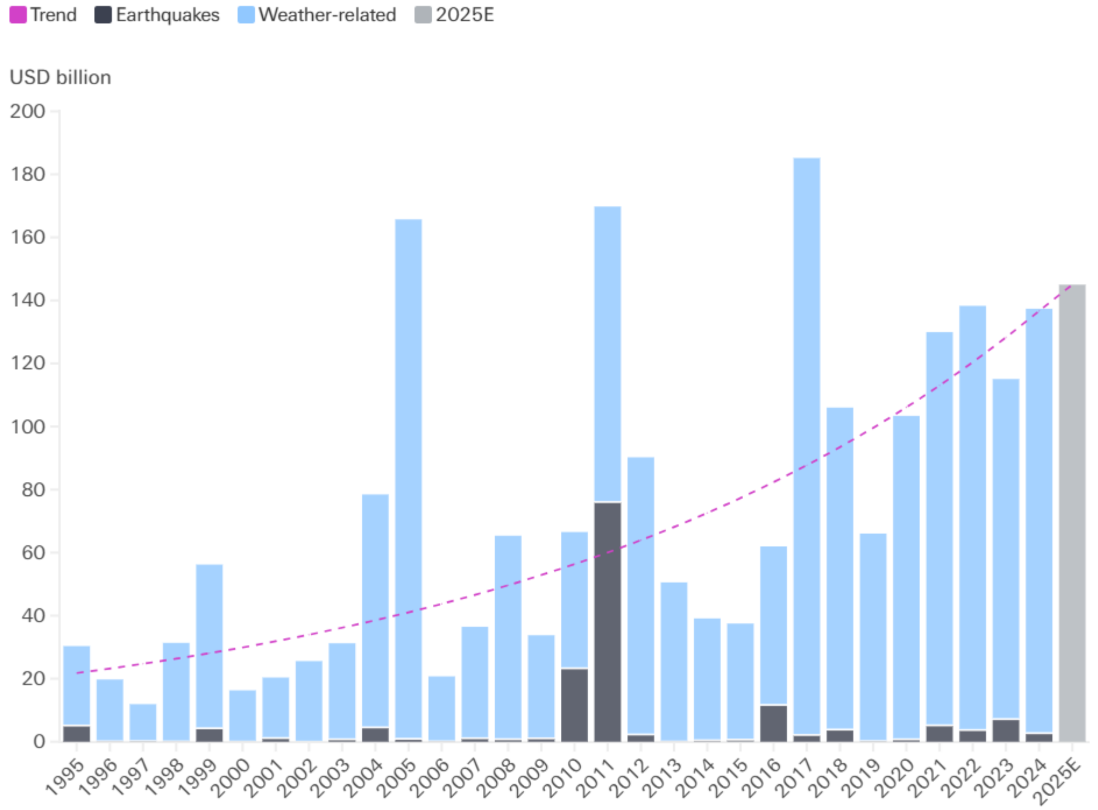
The materiality of climate change (1)

- Annual extreme weather events have increased 6x in their frequency and costs to the insurance industry since 1980[1].
- Impacts the affordability of insurance and property & infrastructure valuations.
- $1.47 trillion of US property value at risk in next 30 years[2].

Growth in national catastrophe insurance losses (Swiss RE)



1 UN Disaster Risk Reduction 2 First Street Report on American Real Estate Value and climate change

Source: Swiss RE Institute

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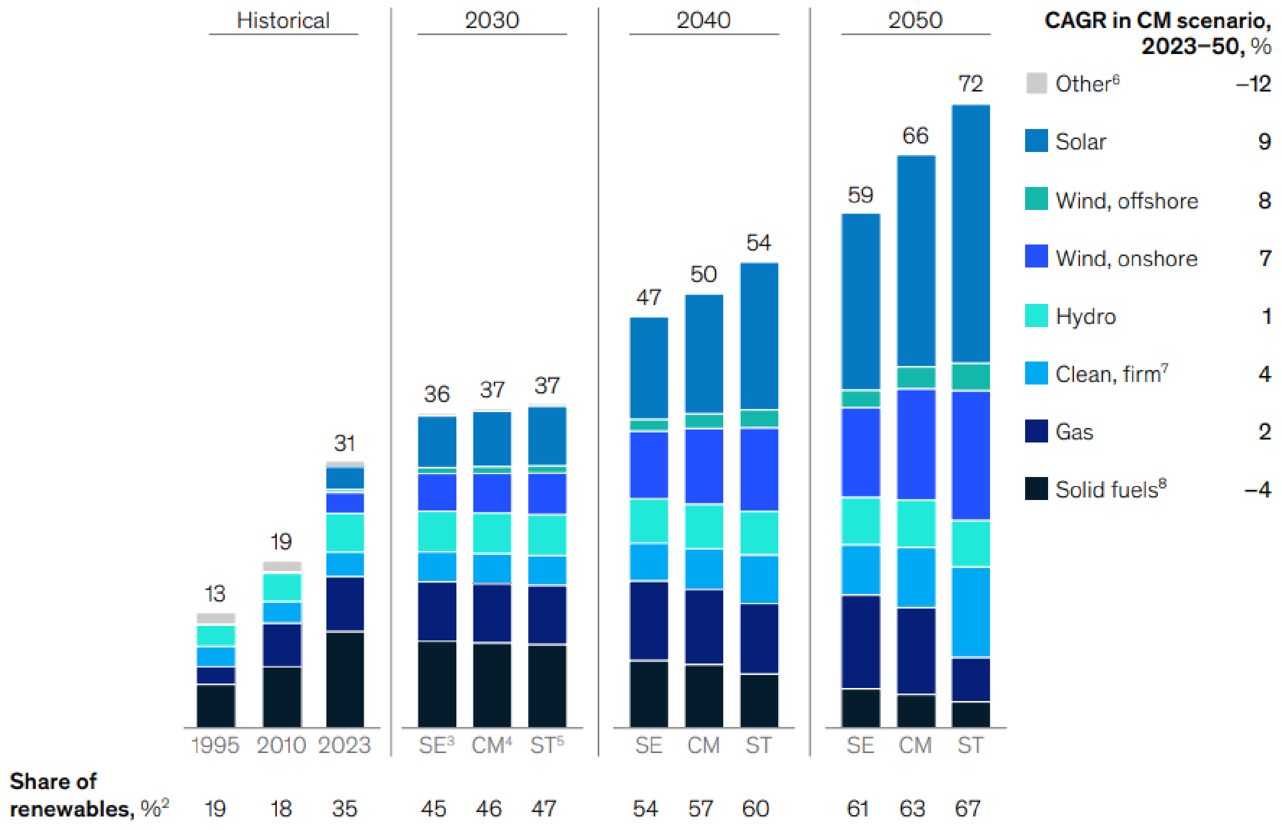
The materiality of climate change (2)

- Global demand for electricity expected to grow by 40~50% by 2035[1].
- Oil demand is largely dependent on the outlook for electric vehicles[2].
- Gas demand in 2050 scenarios varies from +20% to -55%[3].
- Clean energy, solar & batteries in particular, set for the fastest rate of energy sector growth.

Renewables to provide 61% ~ 67% of global power mix by 2050 (McKinsey)[4]



SE = Slow Evolution, CM = Continued Momentum, ST = Sustainable Transformation

1 IEA World Energy Outlook 2025
2 IEA World Energy Outlook 2025
3 BP Energy 2025 Outlook

[4] McKinsey's Global Energy Perspective 2025

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Introduction to Climate Metrics

Financed Emissions and Carbon Intensity Metrics

Financed Emissions

- This shows the total carbon emissions linked to the fund's investments.
  - **Question answered:** What is my fund's total carbon footprint?
  - **Comparability:** Doesn't adjust for fund size, so bigger funds will naturally have higher emissions.

Normalised Financed Emissions

- This tells you how much carbon is linked to every £1 million invested.
  - **Question answered:** What are the emissions associated with my fund's holdings.∞ **Comparability:** Adjusts for fund size, making it easier to compare across different funds.

WACI (Weighted Average Carbon Intensity)

- This measures exposure to carbon intensive companies.
  - **Question answered:** How much is my fund exposed to carbon-intensive companies?
  - **Comparability:** Also adjusts for fund size and focuses more on company-level carbon intensity.

LGPS Central Net Zero-Alignment Methodology

<u>**Low Carbon Transition Score**</u>

Score from 0 (worst) to 10 (best) based on each issuers' current risk exposure and its efforts to manage the risk and opportunities presented by the low-carbon transition. Source of rating: MSCI

Score of more than 5 required.

<u>**Science-Based Target**</u>

Issuer commits to medium- and long-term net zero targets that are considered science-based; i.e. in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement.

<u>**Implied Temperature Rise**</u>

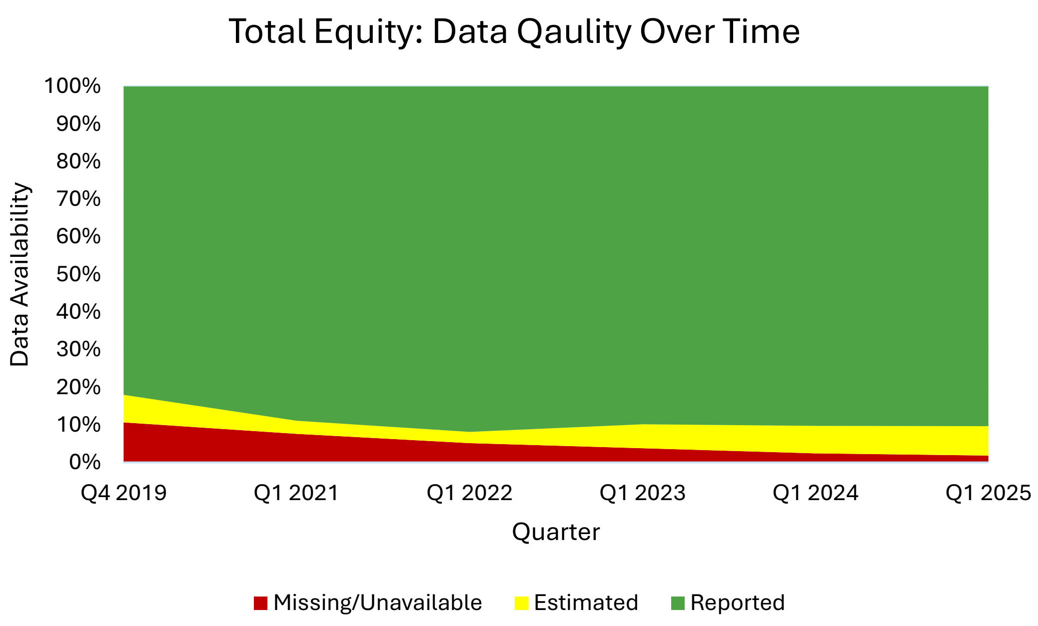
Implied temperature rise (in the year 2100 or later), if the whole economy had the same over-/undershoot level of greenhouse gas emissions to the issuer

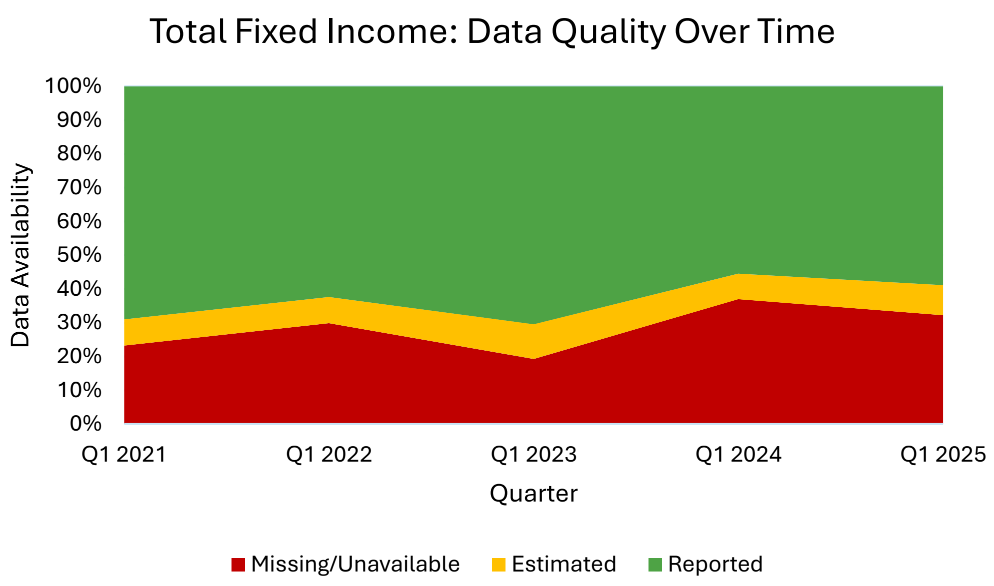
An implied temperature rise below 2°C is required.

Data Quality and Availability

- In line with recommendations from the DLUHC TCFD consultation, we have categorised data quality as missing/unavailable, reported and estimated

- Data quality and availability provides an indication of the accuracy of the carbon metrics





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Exposure Metrics

- The Climate Risk Management Report details portfolio exposure to:
  - Fossil Fuels
  - Thermal Coal
  - Clean Tech

- This is measured in two ways:
  - Absolute exposure
  - Exposure apportioned by portfolio company revenue

High Impact Sectors / Climate Solutions Exposures (Portfolio vs Benchmark)

Fossil Fuel Reserves	Fossil Fuel Revenue	Thermal Coal Reserves	Coal Power Exposure	Cleantech Exposure	Cleantech Revenue
4.5% | 6.4%	2.1% | 3.0%	1.7% | 2.5%	1.7% | 3.0%	32.6% | 36.6%	4.7% | 6.1%

LPF’s Climate metrics

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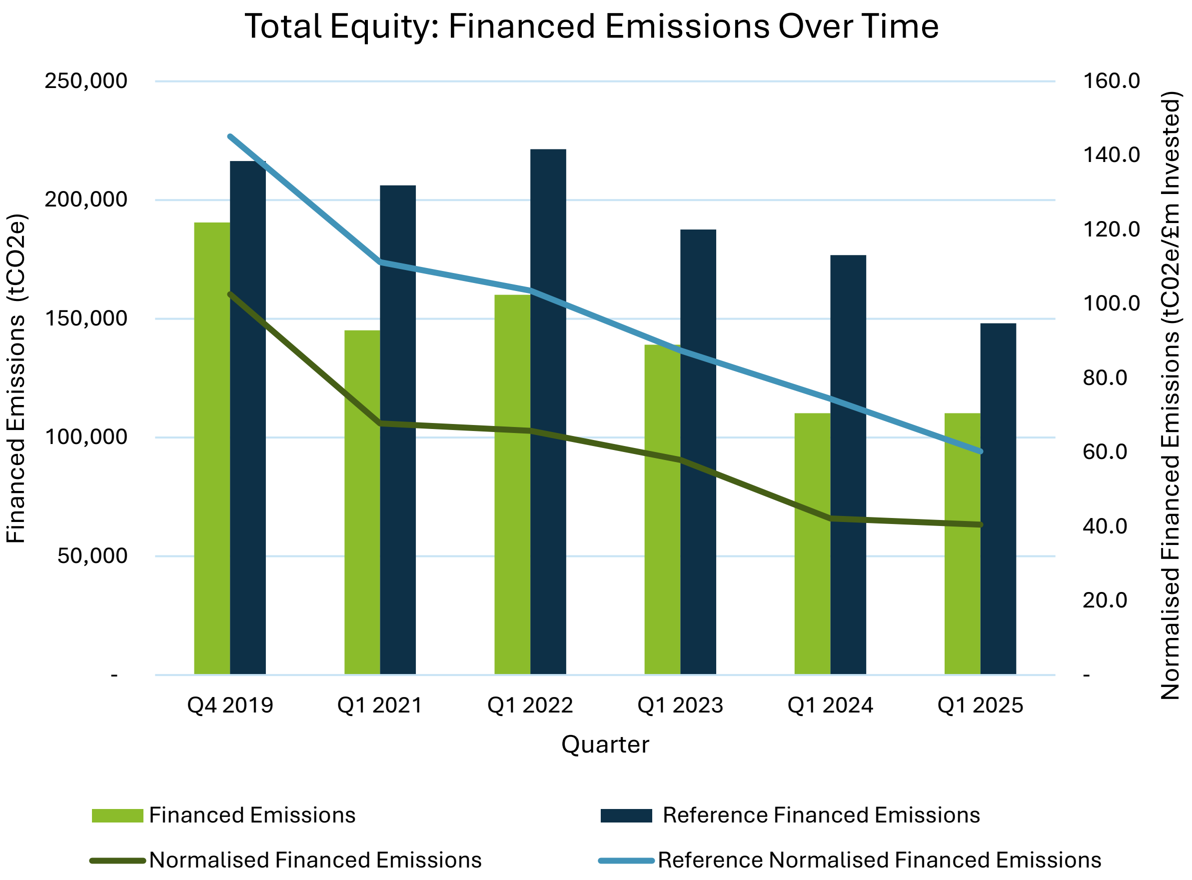
Climate Metrics Over Time – Listed Equities



Financed emissions

42.2% vs 2019

25.6% vs Reference index

AUM under consideration

32.3% vs 2019

Normalised financed emissions

60.5% vs 2019

32.8% vs Reference index

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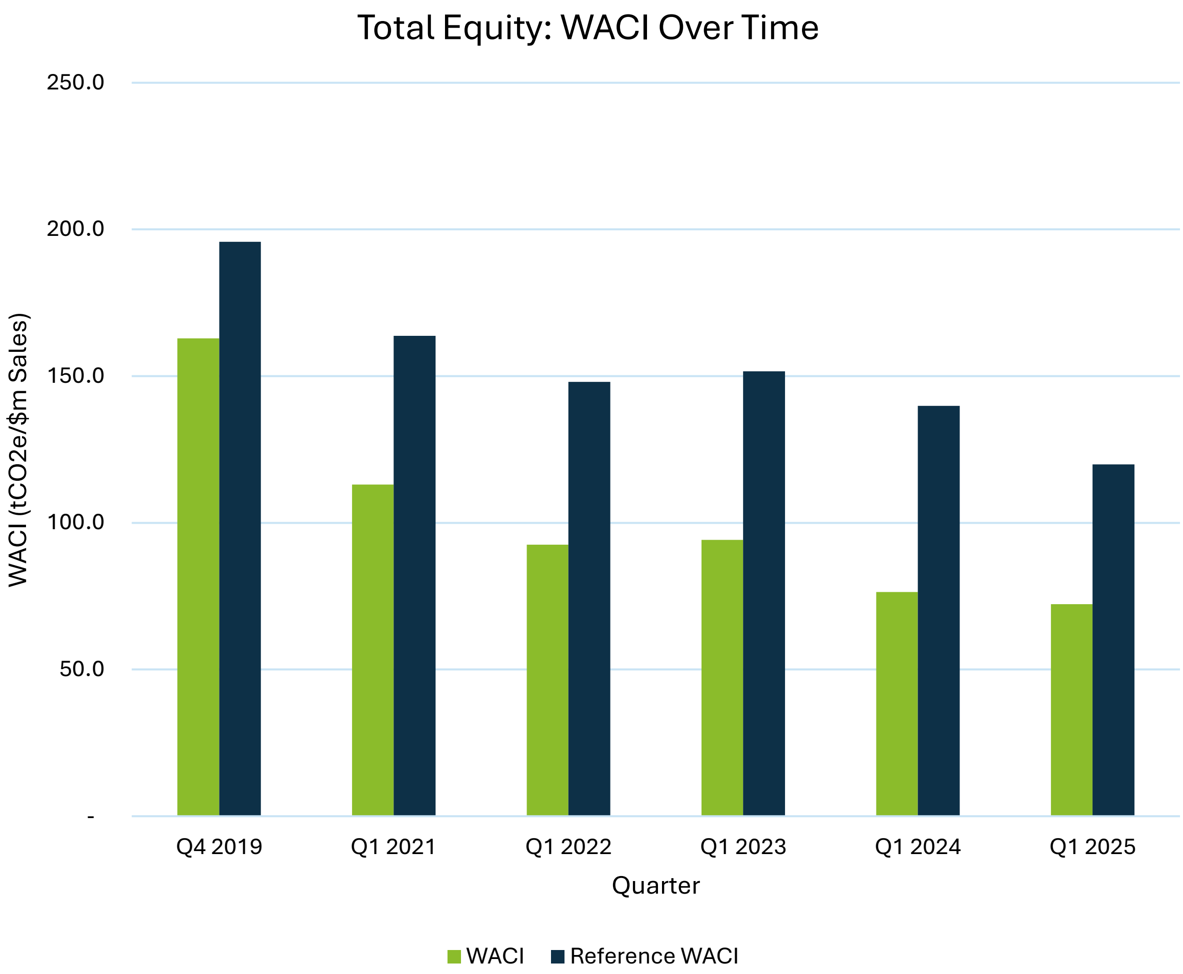
Climate Metrics Over Time – Listed Equities



Weighted Average Carbon Intensity

- 55.6% vs 2019
- 39.8% vs Reference index

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Progress on Climate Targets

Primary Targets

		2019 (restated)	2025
Financed Emissions	Progress	190,595 tCO_2e	110,250 tCO_2e
Net zero by 2050, with an ambition for sooner. Reduce absolute carbon emissions of the equity portfolio by 40% by 2030.	On target	Financed emissions have decreased by **42.2%.**	

		2019 (restated)	2025
WACI	Progress	162.84 tCO_2e/$m sales	72.2 tCO_2e/$m sales
Reduce carbon intensity of the equity portfolio by 50% by 2030.	On target	Weighted Average Carbon Intensity has declined by **55.6%.**	

Key Secondary Target

		2023	2024	2025
90% assets under management in material sectors to be classified as net zero, aligned or aligning by 2030.	Material sector AUM	£2.3 billion	£2.5 billion	£2.6 billion
	Material sector AUM aligned/aligning	£1.6 billion	£1.6 billion	£1.7 billion
	Proportion of AUM aligned/aligning	68.3%	64.2%	64.5%

*Target only includes listed equities

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Thank you for listening

LGPS Central Limited Disclaimer – Important Information

All information is prepared as of 30/10/2025.

This document is intended for PROFESSIONAL CLIENTS only.

Registered address: i9, Wolverhampton Interchange, Wolverhampton, WV1 1LD