



LPF Climate Risk Report 2022

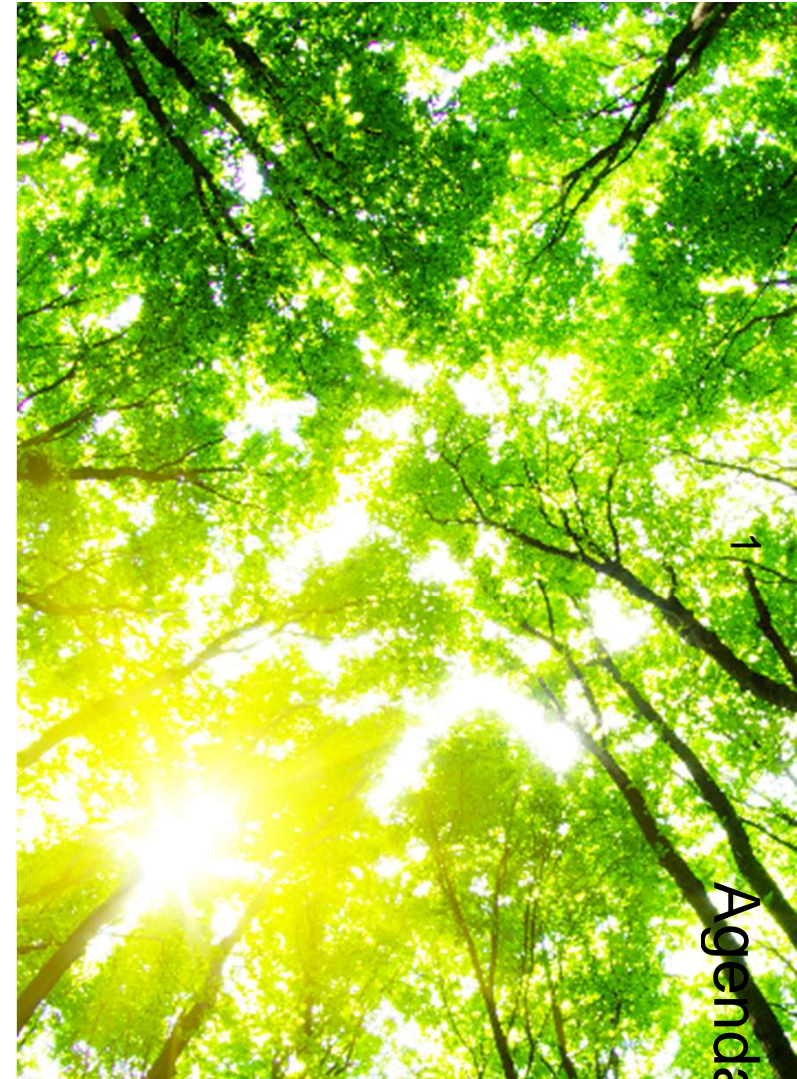
LGPS Central Limited

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18th November 2022



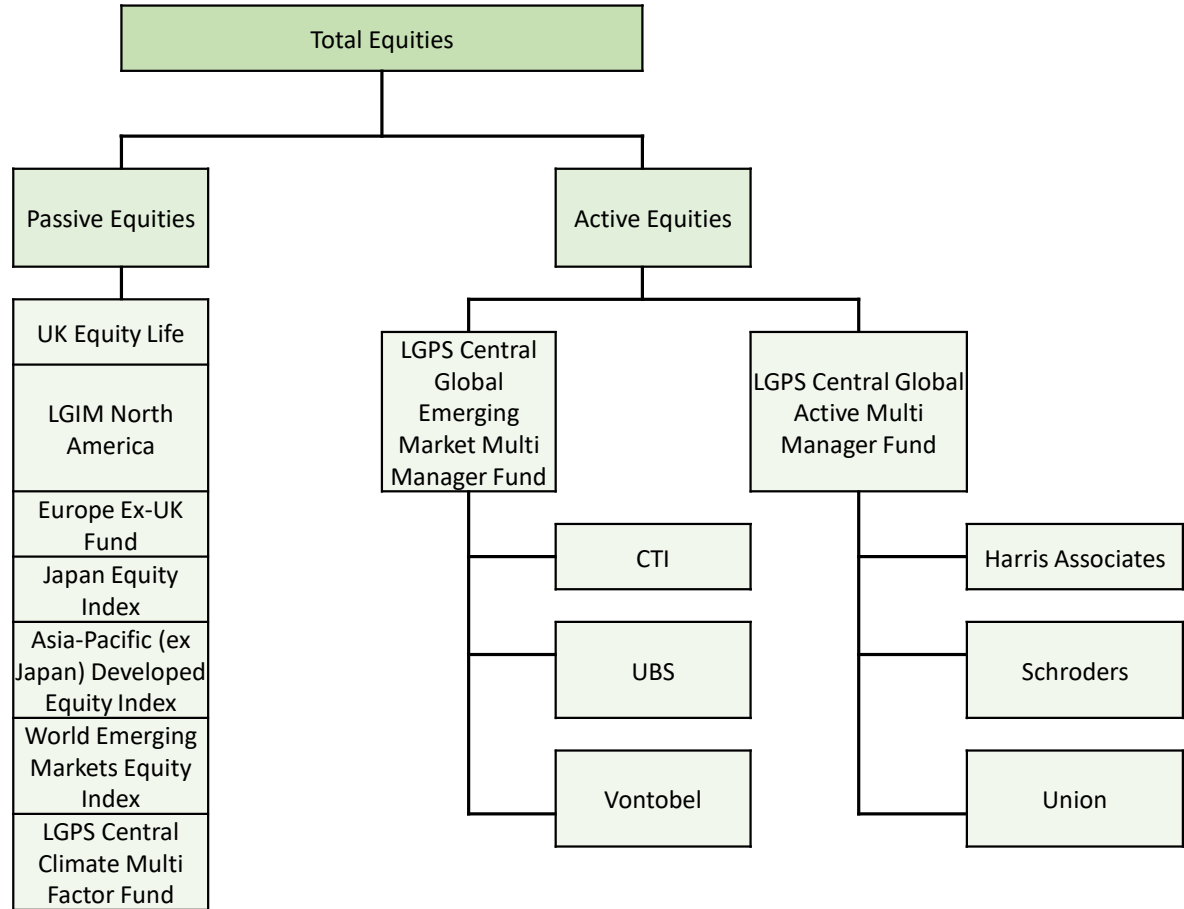
Carbon Risk Metrics



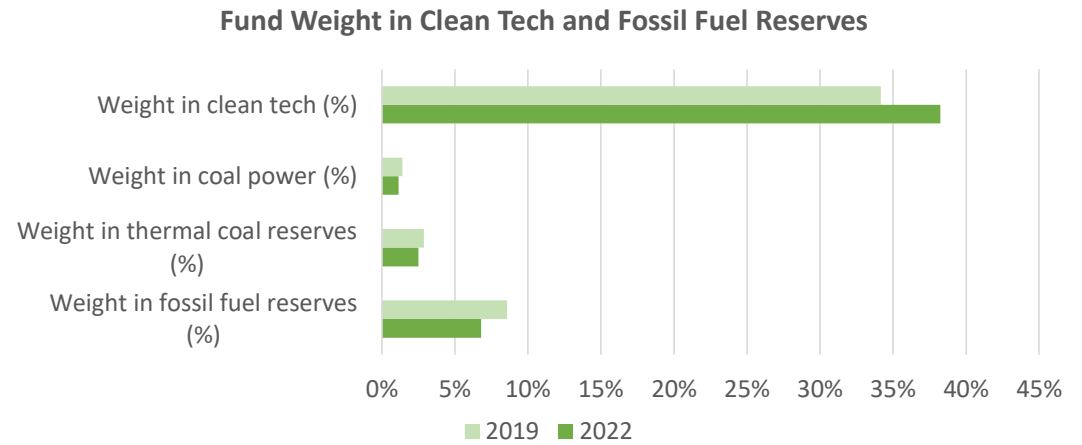
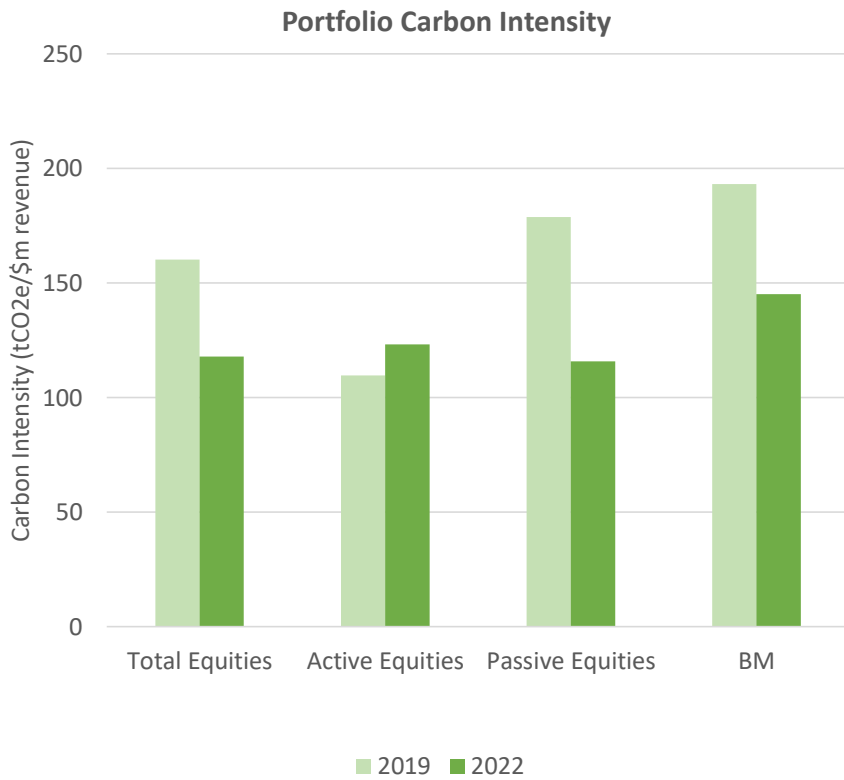
Portfolio Carbon Intensity

Exposure to Clean Tech and Fossil Fuel Reserves

Financed Emissions



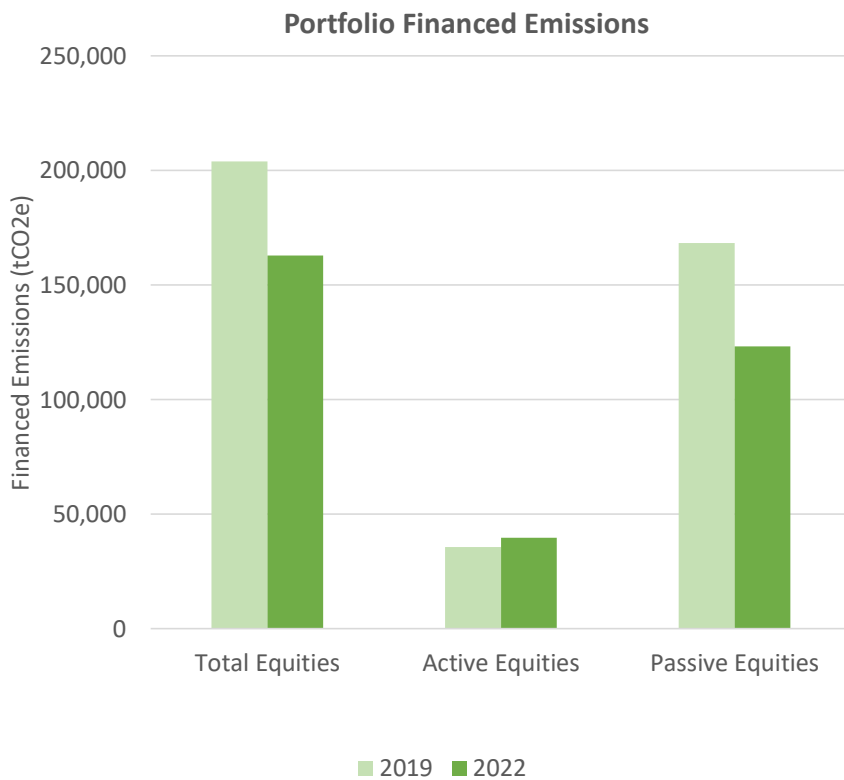
Carbon Risk Metrics



Company	Portfolio Weight	Contribution to Portfolio Carbon Intensity
Holcim	0.11%	4.09%
Linde	0.28%	3.17%
NextEra Energy	0.13%	2.69%
Shell	0.76%	2.62%
Taiwan Semiconductor Manufacturing Company	1.22%	2.27%

N.B. All above companies are included in both active and passive portfolios, excluding Taiwan Semiconductor Manufacturing Company, which is included within active only.

Carbon Risk Metrics



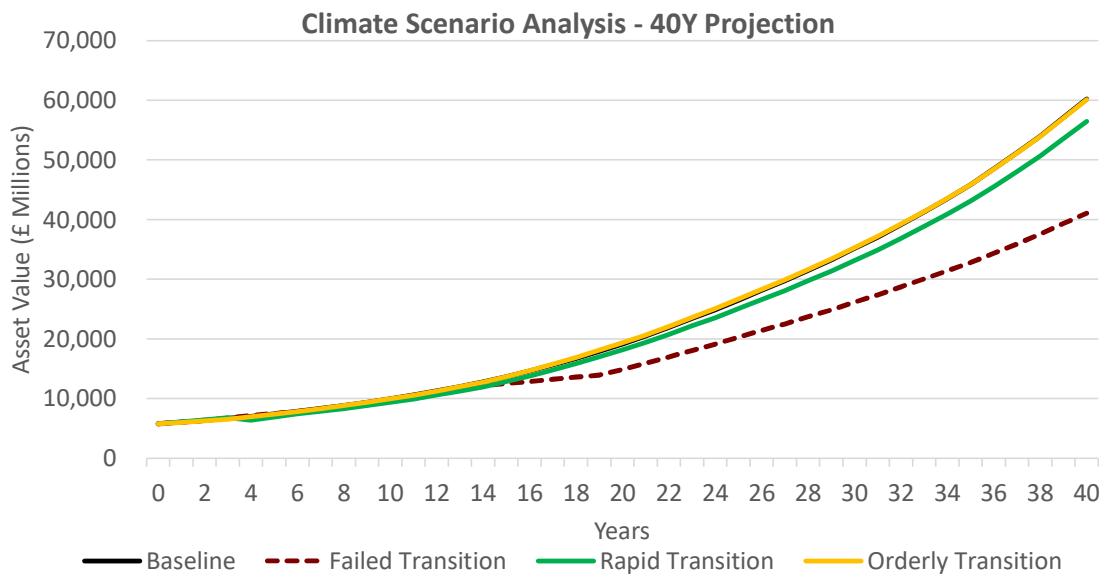
Net Zero Pledges	2022
Proportion of Total Equities	47.22%
Proportion of Companies in Material Sectors	50.43%
Proportion Financed Emissions	62.48%

N.B. The Net Zero Pledge is sourced from three data sources, MSCI, CA100+ and Carbon Disclosure Project.

Company	Portfolio Weight	Contribution to Portfolio Financed Emissions
Holcim	0.11%	5.59%
Shell	0.75%	4.96%
Glencore	0.43%	3.31%
CRH	0.17%	2.50%
Cemex	0.05%	2.41%

N.B. All above companies are included in both active and passive portfolios.

Climate Scenario Analysis



Key Conclusion One: A successful transition is an imperative

Key Conclusion Two: Sustainable allocations protect against transition risk, Growth Assets are highly vulnerable to physical risk

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Key Conclusion Three: Monitor sector and regional exposures

Key Conclusion Four: Be aware of future pricing shocks



Climate Stewardship Plan



Company	Sector	Active / Passive Fund	CA100+	Engagement Objectives	Strategy	TPI Management Quality	TPI Carbon Performance		
							To 2025	To 2035	To 2050
Anhui Conch Cement	Mining	Passive		<ul style="list-style-type: none"> Achievement of the high-level objectives of the CA100+ initiative To duly account for climate risks in financial reporting 	CA100+ collaborative engagement with EOS as co-lead	1	Not Aligned	Not Aligned	Not Aligned
BP	Energy	Passive		<ul style="list-style-type: none"> Achievement of the high-level objectives of the CA100+ initiative To duly account for climate risks in financial reporting 	CA100+ collaborative engagement with EOS as co-lead	4*	Not Aligned	Not Aligned	Not Aligned
Cemex	Mining	Both		<ul style="list-style-type: none"> Achievement of the high-level objectives of the CA100+ initiative To duly account for climate risks in financial reporting 	CA100+ collaborative engagement with EOS as co-lead	4	Below 2 Degrees	Below 2 Degrees	1.5 Degrees

■ No Criteria Met ■ Some Criteria Met ■ All Criteria Met ■ Not Assessed

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Climate Stewardship Plan



Company	Sector	Active / Passive Fund	CA100+	Engagement Objectives	Strategy	TPI Management Quality	TPI Carbon Performance		
							To 2025	To 2035	To 2050
Glencore	Materials	Both		<ul style="list-style-type: none"> Achievement of the high-level objectives of the CA100+ initiative including attainment of the specific indicators in the CA100+ benchmark 	Engagement by LGPSC as co-lead for the CA100+ Glencore Focus group.	4	1.5 Degrees	Below 2 Degrees	National Pledges
Holcim	Cement	Both		<ul style="list-style-type: none"> Paris-aligned accounts in line with IIGCC's Investor Expectations Achievement of the high-level objectives of the CA100+ initiative 	Collaborative engagement by the CA100+ focus group and through the Paris-aligned financial accounting investor initiative	4	Below 2 Degrees	Below 2 Degrees	1.5 Degrees
NextEra	Utilities	Both		<ul style="list-style-type: none"> Net Zero GHG emissions by 2050 or sooner ambition Capital allocation alignment with the Paris Agreement Commitment to clear medium- and long-term GHG reduction targets 	CA100+ collaborative engagement with LGPSC in the focus group.	2	1.5 Degrees	National Pledges	National Pledges

■ No Criteria Met
 ■ Some Criteria Met
 ■ All Criteria Met
 ■ Not Assessed



Climate Stewardship Plan



Company	Sector	Active / Passive Fund	CA100+	Engagement Objectives	Strategy	TPI Management Quality	TPI Carbon Performance		
							To 2025	To 2035	To 2050
Shell	Energy	Both		<ul style="list-style-type: none"> To set and publish targets that are aligned with the goal of the Paris Agreement To fully reflect its net-zero ambition in its operational plans and budgets To set a transparent strategy on achieving net zero emissions by 2050 	CA100+ collaborative engagement with LGPSC involved in the focus group	4	Not Aligned	National Pledges	National Pledges
Taiwan Semiconductor Manufacturing Company	Info Tech	Active	-	<ul style="list-style-type: none"> Creation of a robust climate change strategy aligned with Net Zero Improved water management efficiency 	Direct engagement by EOS at Federated Hermes	-	-	-	-

■ No Criteria Met ■ Some Criteria Met ■ All Criteria Met ■ Not Assessed

N.B. “Climate Action 100+ engagement focuses on 166 companies that are critical to the net-zero emissions transition.”

“TPI selects sectors based primarily on their contribution to global greenhouse gas emissions and therefore climate change. Within each sector, we focus on the largest public companies by market value”.

Due to the methodologies of Climate Action 100+ and TPI, Taiwan Semiconductor Manufacturing Company is not included/assessed by either organisation.



Conclusions



The Fund already has good practice in place in terms of responsible investment and climate change

Key Recommendations for LPF

- Finalise LPF's Net Zero Climate Strategy
- Continue to report against the TCFD Recommendations
- Work with fund managers to understand how they are assessing, monitoring and mitigating key climate change risks
- Repeat the Carbon Risk Metrics annually and Climate Scenario Analysis every 2-3 years

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