



# Climate-Related Disclosures

Report prepared in alignment with the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD)

DECEMBER 2025

PREPARED BY LGPS CENTRAL LIMITED







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Front Cover: Anstey, Leicestershire  
Images (Clockwise): Melton Mowbray, Leicestershire  
Bradgate Park, Leicestershire  
St Mary's Church, Melton Mowbray, Leicestershire





# Introduction

This report constitutes the sixth edition of Leicestershire's Pension Fund's (LPF or 'the Fund') analysis of its approach to climate-related risks and opportunities. The report also contains a detailed analysis of the Fund's climate metrics.

The report is structured around the four pillars of the Task Force on Climate-Related Financial Disclosures (TCFD): Governance, Strategy, Risk Management, and Metrics & Targets, and serves as the Fund's TCFD compliant report. This report therefore aims to continue to provide an in-depth review of the Fund's approach to identifying, assessing, and managing climate risks and opportunities across its investments.



Leicester Town Hall, Leicestershire



# Governance

The Fund's governance of climate risk has developed significantly over recent years, as demonstrated by the graphic below.

FIGURE 1: THE FUND'S CLIMATE PROGRESS

2019

## Local Authority Pension Fund Forum

Became members of the Local Authority Pension Fund Forum supporting the Fund's approach to shareholder engagement.

2020

## Responsible Investment Plan

First year of producing an annual responsible investment plan and beginning of quarterly responsible investment reports to Committee.

## All World Equity Climate Multi Factor Fund

Invested £800m in a portfolio that tilts away from companies that are carbon-intensive or own fossil fuel reserves, and tilts towards companies that generate green revenues.

## First Climate Risk Report

Received its first Climate Risk Report in October 2020.

2021

## First TCFD Aligned Report

Published its first TCFD aligned report which is also discussed within the Fund's Annual report.

2022

## Inclusion of ESG within the Investment Strategy

ESG considerations, including climate risk, was explicitly incorporated into the Funds Investment Strategy (ISS) for the first time. Recognising the financial impact on its investments.

## Government Consultation on TCFD Recommendations

Responded to the consultation in support of the proposals, setting out where guidance would be welcomed.

## Engagement and Consultation with Scheme Members, Employers

Engagement on proposed net zero targets and the draft Net Zero Climate Strategy with over 1,700 responses.



# Governance *(continued)*

FIGURE 1: THE FUND'S CLIMATE PROGRESS (CONTINUED)

2023

## Net Zero Climate Strategy (NZCS)

The NZCS outlines the Fund's view on climate change risks and opportunities, climate targets, how the Fund will integrate climate change into investment decisions and stewardship.

## Over £1billion invested in Climate Related Investments

Including a Legal and General Investment Management (LGIM) Low Carbon Transition Fund, the Climate Multi Factor Fund, a Net Zero Infrastructure fund and sustainable forestry.

2024

## 2030 Interim Targets Achieved

Early achievement of the Fund's interim targets mean the Fund is well on its way in achieving net zero by 2050.

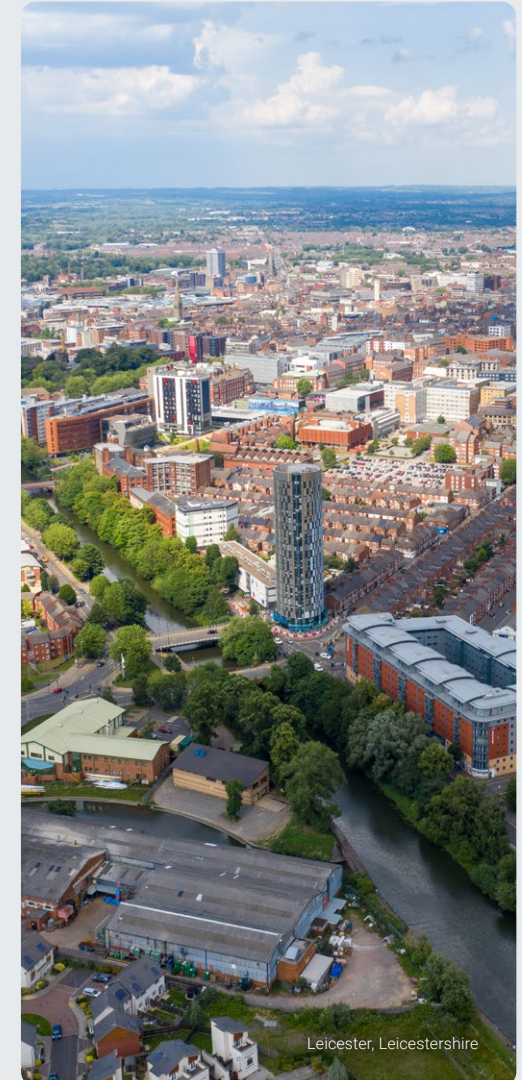
2025

## Responsible Investment Survey

Launched a responsible investment survey, which incorporated questions designed to gather scheme members' perspectives on climate risk.

## NZCS Review

Began reviewing current NZCS in preparation of 2026 updated.



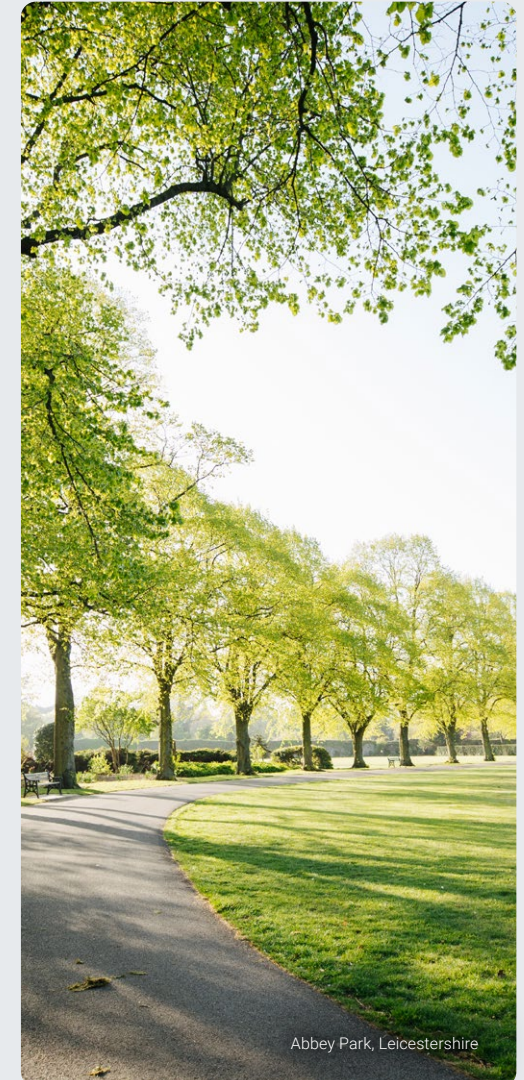
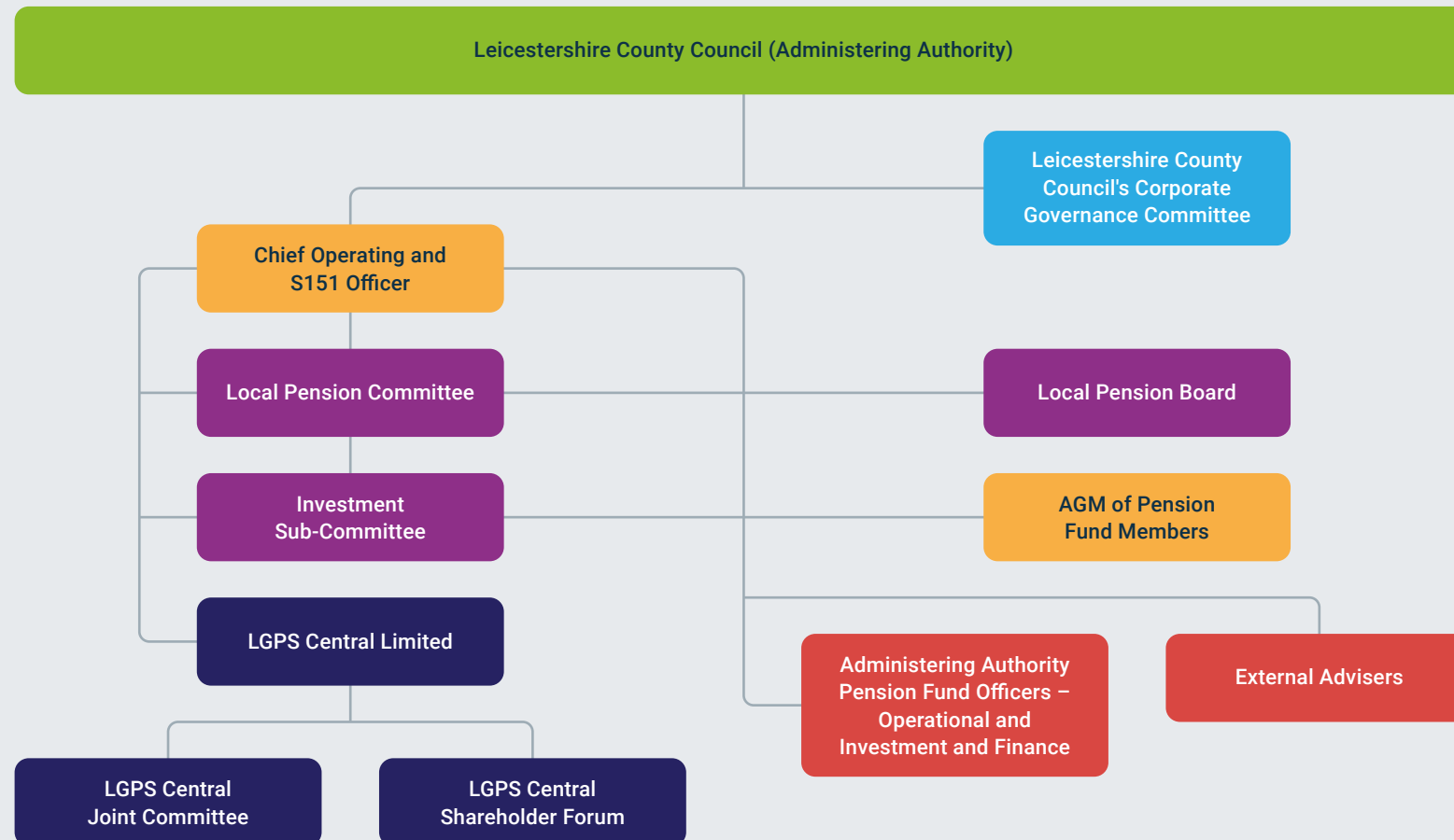




## Governance *(continued)*

Governance at the Fund follows the structures shown in the charts below.

FIGURE 2: THE FUND'S GOVERNANCE STRUCTURE



Abbey Park, Leicestershire



# Governance *(continued)*

## Board Oversight

Roles and responsibilities are set out clearly in the Governance Compliance Statement within the [Fund's Annual Report](#).

The Fund is administered by Leicestershire County Council, with responsibilities delegated to the Local Pension Committee (the Committee), which oversees all Fund matters, including climate-related risks and opportunities.

The Committee reviews and approves key documents, including the ISS, Funding Strategy Statement, Responsible Investment Plan, Net Zero Climate Strategy (NZCS), Risk Register, and other relevant policies. It receives quarterly reports on responsible investment, along with presentations from investment managers covering performance and responsible investment matters, including climate change. These materials support ongoing oversight and training on climate-related risks and opportunities. The Committee's recent activities, in relation to climate risks and opportunities, are outlined below, with further detail available [here](#).

**2024/25**

### Committee Activities Snapshot

**19 June 2024**

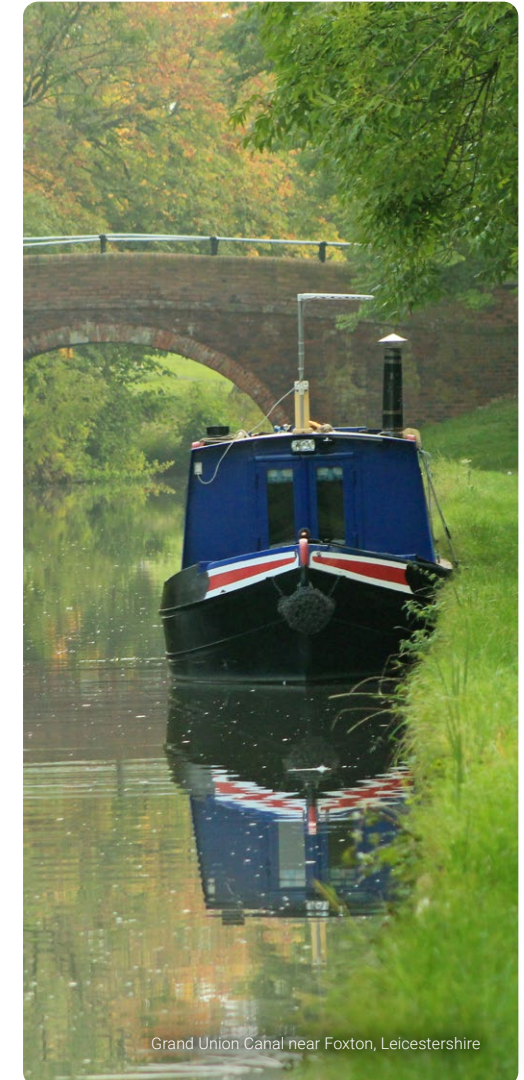
LGPS Central Limited (LGPSC) provided a presentation on their people strategy, investment overview and performance including detail on their responsible integrated status, and more detail on the Fund's infrastructure investments with Central.

Committee recognised that Central influenced and challenged investment managers for public markets through engagement and was able to use its size to work with managers to encourage more transparent reporting processes and encourage managers to make improvements. Examples were provided on how Central integrate factors, including environmental and how they monitor climate risk.

Committee scrutinised infrastructure challenges affecting renewables including grid delays and discussed emerging solutions like hydrogen and battery storage. The Committee also considered the resilience of renewable investments noting positive outlooks remained for the UK and U.S. market.

**6 September 2024**

The Committee received an update from the Fund's Actuary on the changes to the funding environment since the 2022 valuation, the risks currently faced by the Fund and the actions to be taken to help manage those risks as part of the 2025 valuation. It was noted that climate risk was factored into the valuation model with over 5000 future economic scenarios, It was noted that funding plans could not be based on all worse case scenarios



Grand Union Canal near Foxton, Leicestershire



Governance *(continued)*

2024/25	Committee Activities Snapshot
	<p>occurring, but that these risks are regularly monitored through its Net Zero Climate Strategy and Climate Risk Management report.</p> <p>The Committee also received an update from a infrastructure manager Quinbrook, and further discussion was held on barriers to delivery of greener, growth projects and how they mitigated risk.</p>
29 November 2024	<p>Committee received the 2024 Climate Risk Management Report where Committee discussed political implications, It was recognised that the Fund holds exposure to fossil fuel companies and that LGPSC’s Climate Stewardship Plan required a check on a company’s contribution to finance emissions, upon which LGPSC would focus on engaging with them to encourage a reduction in emissions, and also encourage companies to put more capital into ESG factors, for example, clean technology. Members were reassured that LGPSC were engaging with companies to drive them forward to reduced emissions.</p>
9 December 2024 AGM	<p>The Annual General Meeting was held open to all scheme members and employers which included a presentation on the progress of the Fund’s net zero ambitions.</p>

2024/25	Committee Activities Snapshot
31 January 2025	<p>Consideration of the proposed Strategic Asset Allocation for 2054 included Fund specific net zero considerations.</p> <p>Approval of the 2024 Responsible Investment (RI) Plan RI 2025 with a focus on external managers stewardship process and targets was given.</p>
14 March 2025	<p>The Committee reviewed valuation risks, focusing on the prudence needed to avoid future corrective actions due to reduced employer contributions which may arise from uncertainty in the wider environment.</p> <p>Property manager DTZ outlined its ESG approach, including asset selection and tenant engagement to ensure that costs were built in as part of the business case for acquisition. Committee questioned the opportunity for rooftop solar installations and DTZ noted it formed part of its strategy with asset improvement plans where feasible.</p>





# Governance *(continued)*

The Committee is supported by Hymans Robertson LLP (Hymans Robertson), whose objectives are monitored and agreed annually, as set out in the Investment Advisor Objectives. Hymans aligns with the Committee’s policies and beliefs, including those on responsible investment and climate risk, which are reflected in investment recommendations and the Strategic Asset Allocation where relevant.

To support more technical investment discussions, the Committee has formed an Investment Sub-Committee (the Sub-Committee), which meets quarterly or as needed. It makes decisions in line with the Strategic Asset Allocation and ISS, with careful consideration of ESG factors. Hymans Robertson also supports the Sub-Committee.

The Local Pension Board (the Board) oversees governance and administration, ensuring compliance with LGPS regulations and related legislation. It reviews the risk register quarterly, including climate-related risks, and receives regular updates against the NZCS.

## Management’s Roles and Responsibilities

The Director of Corporate Resources at Leicestershire County Council, acting under Section 151 of the Local Government Act 1972, advises the Committee on financial management, compliance, budgeting and accounting. The Director also holds day-to-day responsibility for managing climate-related investment risks, supported where appropriate by LGPSC. As outlined in the NZCS, the Fund engages with partners and initiatives such as the IIGCC to identify and manage climate risk, with the Director accountable to the Committee for NZCS delivery.

As the Fund is primarily externally managed, climate risk implementation is delegated to portfolio managers, who are regularly monitored by the Committee and Sub-Committee. Since 2020, Fund Officers have received an annual Climate Risk Management Report, providing insight into climate risks across equities and fixed income.

## Roles of Advisors

In decision-making, the Fund takes advice from its officers and external advisors. Hymans Robertson, the chosen Investment Consultant, advises on the sustainable investment strategy, provides updates reflecting market changes, and actions to support net zero and responsible investment goals. They also guide the investment approach to meet cashflow needs, align with the Committee’s risk tolerance, and implement strategy cost-effectively. Hymans Robertson is regulated by the Financial Conduct Authority.

Advisors regularly attend Committee and Sub-Committee meetings. Performance against objectives is reported annually, reflecting Hymans Robertson’s role in developing the NZCS and incorporating net zero considerations into investment recommendations where possible.

## Role of Actuaries

The Committee has appointed Hymans Robertson as the actuarial advisor. In line with LGPS regulations, Hymans conducts a valuation every three years. For the 2022 valuation, climate scenario stress testing was incorporated into contribution modelling for local authority employers. The resulting report complies with Technical Actuarial Standards TAS100 and TAS300, issued by the Financial Reporting Council.

A mid-point valuation was presented to the Committee in December 2023. The Fund is in the process of completing the 2025 valuation, where the Fund aims to balance long-term security and stability with employer affordability, while considering risks such as inflation and climate change, and exploring prudent measures to guard against less quantifiable future risks.



# Governance *(continued)*

## Roles of Pooling Company

LGPSC operate as the pooling company for the Fund, from a climate perspective this includes producing annual Climate Risk Management Reports including the production of the Fund's climate metrics which help inform the NZCS and targets, as well as the tracking of these targets.

LGPSC also assist in the integration of responsible investment, including climate considerations, into investments during the selection and monitoring process as well as conducting engagement with companies and policy makers on behalf of the Fund.

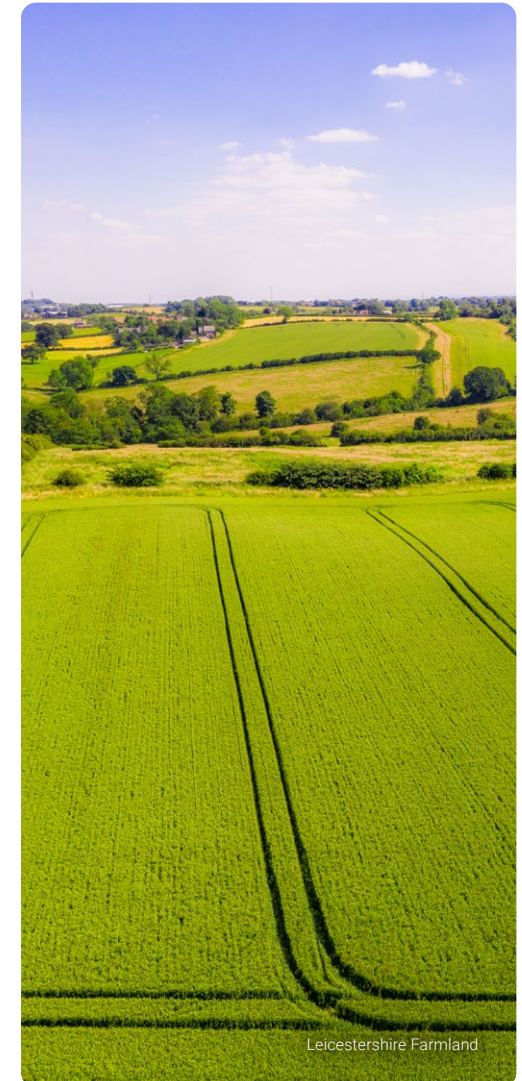
LGPSC announced their Net Zero Strategy in October 2023. Their own TCFD reporting can be found [here](#).

## Ongoing Education and Training

The Fund supports continuous improvement of knowledge and skills for governing bodies, in line with CIPFA's LGPS Knowledge and Skills 2021. Annual training needs assessments are carried out for Committee and Board members. As of the end of 2024, members reported being either fully conversant or reasonably familiar with the Fund's climate risk and opportunity management. In 2024/25, this was supported by induction training on responsible investment and climate matters, climate risk monitoring and metrics from LGPSC, the NZCS, and online Aspire Training, including TCFD and climate briefings from Hymans Robertson.

Committee members are invited to LGPSC's annual Responsible Investment Summit, featuring industry speakers and Q&A sessions to deepen understanding of emerging RI risks and opportunities.

Fund Officers also attend LGPSC's quarterly Responsible Investment Working Group meetings, which offer updates and training on ESG topics, including climate change. Past sessions have included speakers from EOS at Federated Hermes, discussions on net zero and FCA greenwashing regulations, and updates on the UK's climate transition post-election. These meetings bring together representatives from all eight LGPSC Partner Funds, fostering shared learning. Officers also attend LAPFF meetings and conferences to further support their development.







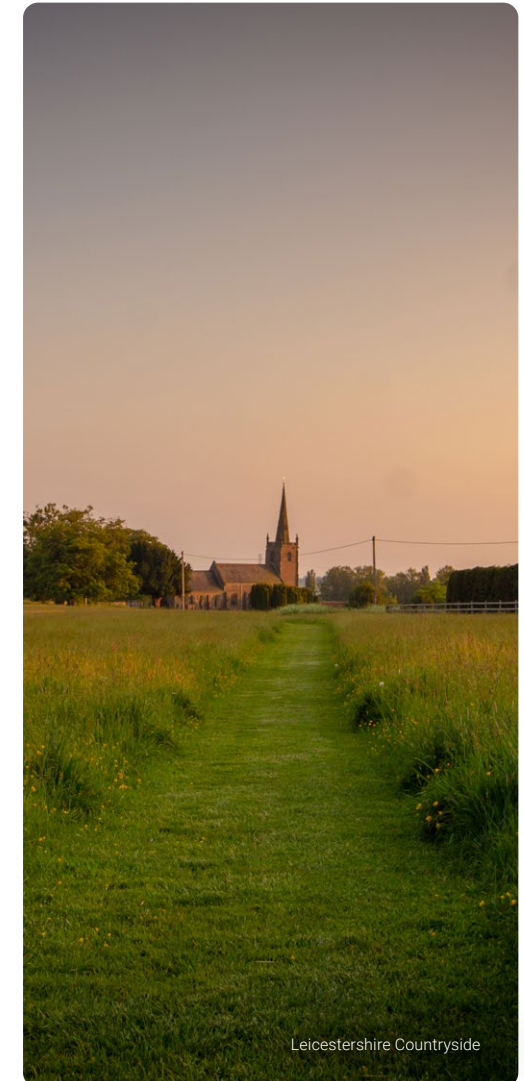
# Strategy

## Description of Climate-related Risks and Opportunities

As a diversified asset owner, the range of climate-related risks and opportunities is multifarious and constantly evolving. A subset of risk factors is presented in the table below.

TABLE 1: EXAMPLES OF SHORT-, MEDIUM-, AND LONG-TERM CLIMATE-RELATED RISKS AND OPPORTUNITIES

Source of Risk and Opportunities	Category	Risk or Opportunity	Time Horizon	Impact Area	Mitigation / Management Strategy
<b>Policy Changes (Including Carbon Pricing)</b>	Transition	Risk and Opportunity	<ul style="list-style-type: none"><li>• Short</li><li>• Medium</li><li>• Long</li></ul>	<ul style="list-style-type: none"><li>• Across investments and funding</li><li>• Investments in carbon-intensive and low-carbon industries</li><li>• Operational</li></ul>	<ul style="list-style-type: none"><li>• Monitor potential regulatory changes (domestic and international) and consider the impact of these changes on the Fund's approach to investments and its internal operations.</li><li>• The achievement of the Fund's climate targets will mitigate the impact of increasing carbon prices.</li><li>• Monitor manager preparedness and awareness of changing carbon prices across relevant markets, alongside their awareness of low-carbon alternatives which may benefit from rising carbon prices.</li><li>• Consider the impact of likely policy changes, including delayed or reversed climate policy action, in strategic decisions.</li><li>• Ensure the Fund maintains a balanced approach given the possible range of transition scenarios and associated implications, especially on holdings in hard to abate sectors.</li></ul>
<b>Technological Change</b>	Transition	Risk and Opportunity	<ul style="list-style-type: none"><li>• Short</li><li>• Medium</li><li>• Long</li></ul>	<ul style="list-style-type: none"><li>• Across Asset Classes</li></ul>	<ul style="list-style-type: none"><li>• Monitor manager awareness of emerging and disruptive technologies.</li><li>• Consider the impact of these changes in strategic decisions.</li></ul>



Leicestershire Countryside



# Strategy *(continued)*

Source of Risk and Opportunities	Category	Risk or Opportunity	Time Horizon	Impact Area	Mitigation / Management Strategy
<b>Changing Weather Systems and Climate Adaptation</b>	Physical	Risk and Opportunity	<ul style="list-style-type: none"><li>• Short</li><li>• Medium</li><li>• Long</li></ul>	<ul style="list-style-type: none"><li>• Physical Assets</li><li>• Corporate Holdings</li></ul>	<ul style="list-style-type: none"><li>• Carry out scenario analyses on various climate scenarios to assess impact.</li><li>• Ensure external managers maintain adequate consideration of both acute risks (floods, storms, etc) and chronic risks (damages associated with rising sea levels, global temperature increases, etc).</li><li>• Ensure managers monitor the market for investment opportunities in climate adaptation projects. These could include large-scale infrastructure projects such as floodwalls, alongside technological products such as AC units and other cooling systems.</li><li>• Ensure managers monitor portfolio company's assessments of extreme weather impacts on their operations.</li></ul>
<b>Resource Scarcity</b>	Physical	Risk	<ul style="list-style-type: none"><li>• Medium</li><li>• Long</li></ul>	<ul style="list-style-type: none"><li>• Physical Assets</li></ul>	<ul style="list-style-type: none"><li>• Monitor manager awareness of resource scarcity.</li><li>• Consider managers' awareness of agricultural holdings.</li></ul>

Short-, medium- and long-term time horizons have been broadly defined in Table 2.

TABLE 2: CLIMATE CONSIDERATIONS TIME HORIZONS

Short-term	Medium-term	Long-term
0-3 years	3-10 years	Up to and beyond 2050



Leicester Cathedral, Leicestershire





Strategy (continued)

As Part of the Fund’s Protection assets review in May 2024,<sup>1</sup> Hymans Robertson provided an assessment of the impact of climate change on gilts and investment grade corporate bonds as well as on equities and real assets, the asset classes from which any increase in protection assets would be funded.<sup>2</sup> The assessment considers the impact on each asset class as a whole, and over the long-term.<sup>3</sup> It is possible, and indeed the Fund already does, mitigate climate risk and increase its exposure to climate opportunities via its choice of manager/strategy.

Exposure to:	Transition risk	Physical risk	Climate opportunities
Gilts (Protection)	<div>LOW</div> <ul style="list-style-type: none"><li>Financing the transition may require more borrowing from the UK government, but we would expect some of this to be priced into markets already.</li></ul>	<div>LOW</div> <ul style="list-style-type: none"><li>There would be no direct impact, although serious damage to e.g. infrastructure may lead to additional borrowing being required, possibly pushing down gilt prices to some extent.</li></ul>	<div>LOW</div> <ul style="list-style-type: none"><li>Green gilts available, although limited ability to influence government through gilts purchase.</li><li>Opportunity to engage on climate risks/opportunities through ASCOR project.</li></ul>
Investment Grade Credit (Protection)	<div>MEDIUM</div> <ul style="list-style-type: none"><li>Companies who do not prepare adequately for the transition may suffer more than others, albeit the risks are less than with owning the equity due to position in the capital structure, fixed (often short to medium term) lending terms and re-pricing in of risks upon reinvestment (companies not aligned or aligning to the transition risk facing increased cost of capital/borrowing costs).</li></ul>	<div>MEDIUM</div> <ul style="list-style-type: none"><li>Possible direct impact in terms of disruption to business operations (e.g. through supply chains); companies in certain sectors or geographies may be more exposed. Bonds of a company expected to suffer less than equity.</li></ul>	<div>MEDIUM</div> <ul style="list-style-type: none"><li>Green bonds (use of proceeds to fund projects that have positive environmental and/or climate benefits) and Sustainability Linked Bonds (linked to climate KPIs) offer some ability for investors to gain exposure to decarbonisation opportunities and/or influence companies.</li><li>Opportunity to influence/engage for positive environmental outcomes at point of reissuance.</li></ul>

<sup>1</sup> Leicestershire County Council Pension Fund Protection assets review

<sup>2</sup> In the Hymans Robertson's assessment of climate change on the Fund's protection assets, Hyman Robertson highlights that quantifying the impact is challenging given the lack of available data across all asset classes and is outside the scope of the Protection assets review.

<sup>3</sup> This content is based on the Leicestershire County Council Pension Fund Protection assets review by Hymans Robertson. In this context, the term 'long-term' refers to Hymans Robertson's definition of the timeframe, rather than the definitions provided in Table 2.



Strategy (continued)

Exposure to:	Transition risk	Physical risk	Climate opportunities
Infrastructure / Property (Income)	<div>MEDIUM</div> <ul style="list-style-type: none"><li>Property which does not meet evolving standards may find itself obsolete, although we would expect most managers are preparing for this. Some assets in this class may see improvements in value e.g. renewable energy infrastructure.</li></ul>	<div>MEDIUM</div> <ul style="list-style-type: none"><li>Possibility of direct damage to assets depending on geographical location, though may be mitigated through insurance / avoiding assets in areas exposed to the worst physical impacts.</li></ul>	<div>HIGH</div> <ul style="list-style-type: none"><li>Ability to participate in the low carbon transition e.g. through building renewable infrastructure, retrofitting existing properties to highest standards etc.</li></ul>
Global Equities (Growth)	<div>HIGH</div> <ul style="list-style-type: none"><li>Companies who do not prepare adequately for the transition may suffer greater falls than others, though some may already be reflected in the current share price.</li></ul>	<div>HIGH</div> <ul style="list-style-type: none"><li>Possible direct impact in terms of disruption to business operations (e.g. through supply chains); companies in certain sectors or geographies may be more exposed. Equity of a company expected to suffer more than bonds.</li></ul>	<div>HIGH</div> <ul style="list-style-type: none"><li>High scope for investment in climate opportunities. Ability to engage where investing for impact or in private markets.</li></ul>





## Strategy *(continued)*

### Description of Impact of Climate-related Risks and Opportunities

While diversified across asset classes, regions, and sectors, the ISS recognises that “Financial markets could be materially impacted by climate change and by the response of climate policymakers” and that “environmental, social, and corporate governance (ESG) issues can affect the performance of investment portfolios”. It is also recognised that climate risk is systemic and is unlikely to be eliminated through diversification alone.

To support climate risk management, the NZCS aligns with the Net Zero Investment Framework developed by the IIGCC, structured around four pillars: (i) Climate Change Risk and Opportunities; (ii) Targets and Measures; (iii) Decision Making; and (iv) Stewardship, Engagement, and Divestment. The Responsible Investment Plan and NZCS performance are reviewed annually.

The NZCS outlines the Fund’s approach to managing climate-related risks through:

- Top-down analysis: Biennial climate scenario modelling to assess financial risks across transition and physical scenarios.
- Bottom-up analysis: Ongoing monitoring of climate-related risks and opportunities, including identifying high-carbon holdings for engagement via the Annual Stewardship Plan.
- Integration into asset allocation reviews.
- Incorporation of climate risks into manager selection, due diligence, and monitoring.
- Stewardship techniques to manage climate risks and opportunities within the portfolio.

Since 2019, this approach has led to over £1 billion invested in strategies that consider climate change factors.

To support its medium- and long-term net zero targets, the Fund has committed to reducing fossil fuel exposure and increasing investment in climate solutions. It reviews fossil fuel exposure in equity holdings and seeks to limit exposure in new mandates. In April 2023, the Investment Sub-Committee reviewed this in detail and agreed to invest in a low carbon transition fund.

The Fund also aims to increase exposure to climate solutions by considering specialised investment opportunities, such as the Quinbrook Infrastructure Partners Net Zero Infrastructure Power Fund. In July 2024 the Investment Subcommittee supported the proposal to convert existing forestry investments, into a continuation vehicle to enable the Fund to retain existing holdings which provide long-term, stable and inflation linked returns while also being supportive of the Fund’s approach to managing climate risk.



Bradgate Park, Leicestershire



# Strategy *(continued)*

## Description of Resilience of the Organisation's Strategy

To assess the resilience of its funding strategy, the Fund, via Hymans Robertson, conducted climate scenario stress testing as part of the 2022 valuation's contribution modelling for local authority employers. This helped evaluate how the strategy performs under different climate scenarios. Results are detailed in the Leicestershire County Council Pension Fund 2022 Actuarial Valuation Report and supported by Hymans Robertson's LGPS 2022 valuation toolkit. While some scenarios showed weaker risk metrics, this was expected given the stress-test nature of the modelling. No scenarios indicated material exposure to climate risk. The Fund will continue to monitor this as modelling evolves.

Additionally, in 2020 and 2022, the Fund engaged Mercer LLC (Mercer), via LGPSC, to assess how climate scenarios could affect risk and return. The 2022 analysis estimated annual climate-related return impacts across all asset classes under three scenarios: Rapid Transition, Orderly Transition, and Failed Transition, over 5-,

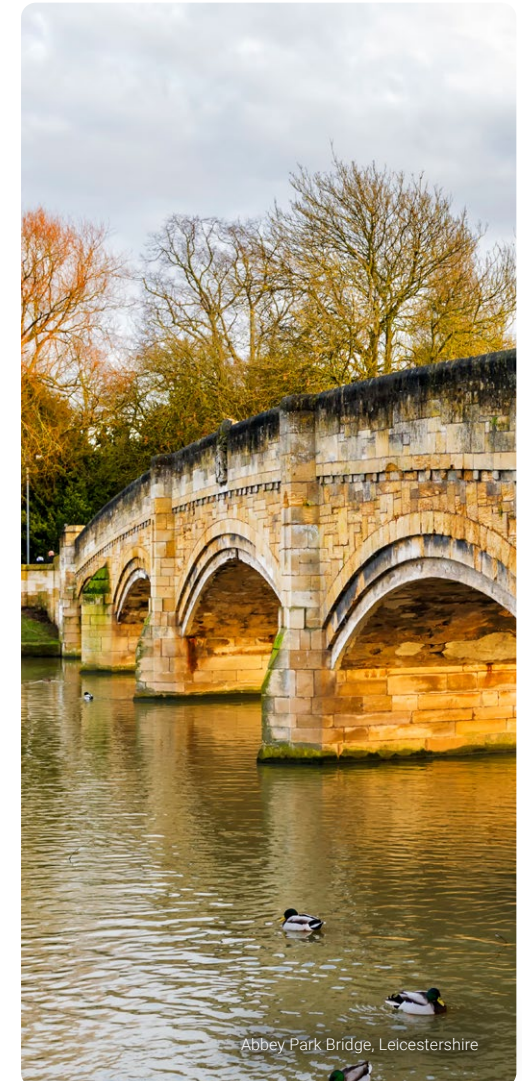
15-, and 40-year horizons. Key findings included: the importance of a successful transition, the protective role of sustainable allocations, the vulnerability of growth assets to physical risks, and the need to monitor sector and regional exposures. Following this, the Investment Sub-Committee reduced listed equity from 42% to 37.5%, invested in a low carbon transition fund, divested from an emerging market multi-manager fund, and increased allocation to climate-tilted passive equity.

Full results are available in the 2022 Climate Risk Report.

In July 2024 discussion was held as part of an Investment Subcommittee meeting asking Hymans Robertson, as to what degree climate risk as a threat multiplier (and recognised by the United Nations) formed part of the vocabulary or the discourse amongst its peers, when there were more likely to be global, significant events, such as drought, that would have an impact on markets.

Subcommittee noted that these risks were considered when setting assumptions and thinking about scenarios to best describe the range of things that could happen due to climate change and were conscious of inter-dependencies and multiplier effects. Hymans continued that, due to the way models were calibrated against historical experience, it could not explicitly model all of those inter-dependencies and how they played out.

Translating climate scenario analysis into investment strategy remains challenging due to the wide range of plausible scenarios, uncertainty over their likelihood, especially long-term, and the fact that sectors performing well in one scenario may underperform in another. Despite this, the Fund remains committed to using the best available climate research to strengthen portfolio resilience. Hymans Robertson will produce new stress testing as part of the ongoing 2025 valuation.



Abbey Park Bridge, Leicestershire





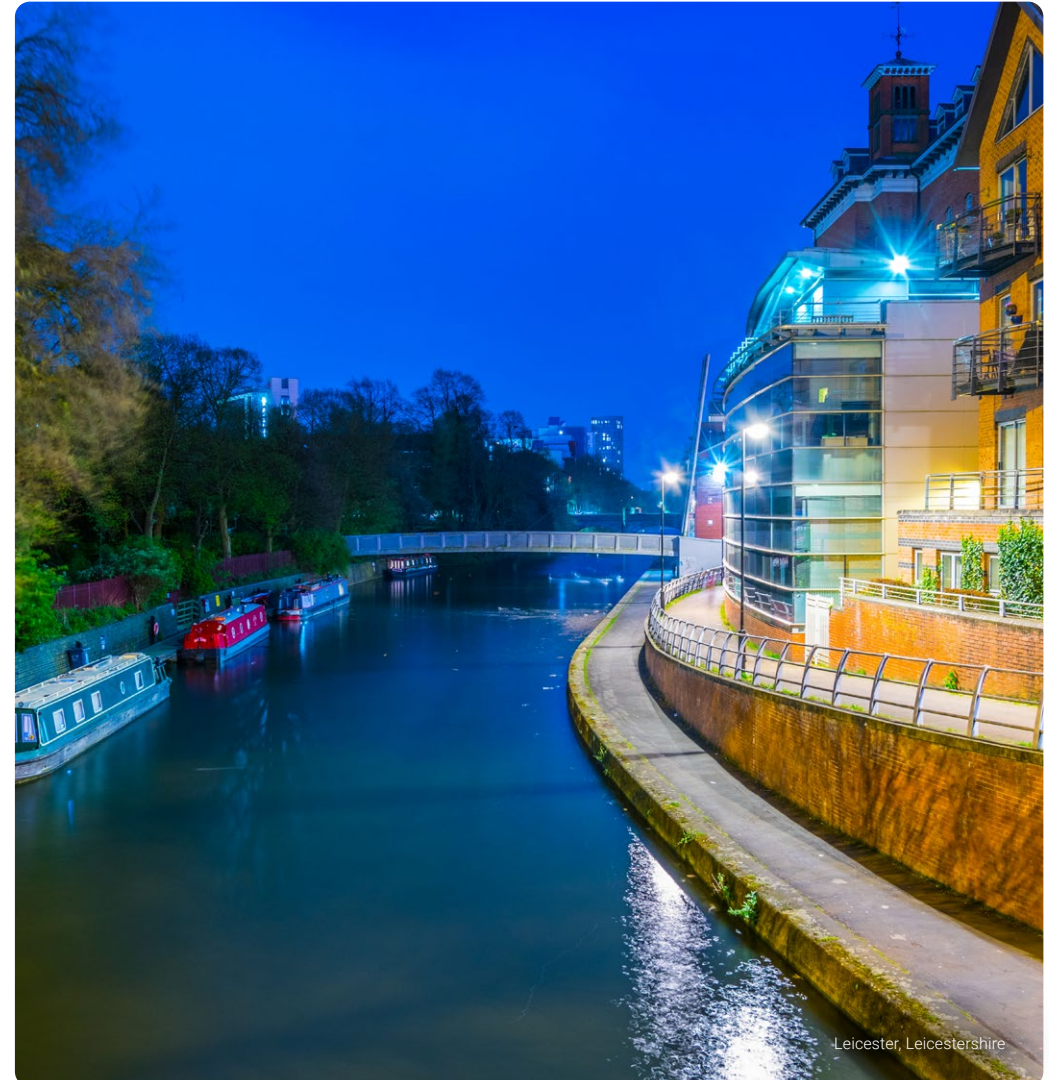
# Risk Management

## Identifying and Assessing Climate-Related Risks and Opportunities

Climate-related risks are identified and assessed by the Committee, Board, Pension Officers, LGPSC, external managers, and advisors. Climate Risk Management Reports include both top-down and bottom-up analyses. No single tool or metric can provide a complete climate profile, including both risks and opportunities associated with the Fund and therefore uses a combination of metrics and tools to monitor and manage climate risks. These tools and metrics as being an imperfect but evolving discipline and aims to use the best available information to assess climate-related threats to investment performance.

As a primarily externally managed fund, climate risk assessment is also the responsibility of appointed managers. RI capabilities are reviewed during manager selection by the Investment Advisor or LGPSC. Existing managers are regularly monitored and must complete an annual questionnaire on climate risk management and stewardship.

Engagement with investee companies is conducted via stewardship partners including LGPSC, EOS at Federated Hermes, and LAPFF. Based on Climate Risk Management Report findings, the Fund developed a Climate Stewardship Plan to focus engagement on high-risk holdings.



Leicester, Leicestershire



# Risk Management *(continued)*

## Managing Climate Risks and Opportunities

Climate risks are managed based on its nature, duration, magnitude, and time horizon, as outlined in the NZCS. Core techniques include top-down and bottom-up analysis, and investment manager monitoring. Engagement and shareholder voting are key to the Fund’s approach, with an expectation that investee companies manage material risks, including climate change. Where concerns persist, divestment may be considered.

Stewardship follows a four-step escalation process: (1) Evaluation, (2) Engagement, (3) Voting, and (4) Divestment. Holdings are assessed using LGPSC’s net zero alignment metric, built on MSCI data, to evaluate current climate risk management and forward-looking indicators.

Where the Fund holds material financial and risk concerns over either Investment Managers or underlying companies they are invested in, the Fund delegates decisions to divest individual portfolio companies to investment managers.

The Fund supports Climate Action 100+ objectives, encouraging companies to adopt appropriate governance, decarbonise in line with the Paris Agreement, and disclose using TCFD recommendations.

Shareholder voting is executed by LGPSC. LGPSC’s Voting Principles, reviewed annually with Fund input, include climate-related thresholds such as TPI scores and support climate-related resolutions. LGPSC has also co-filed climate-related shareholder proposals.

Through LGPSC, the Fund uses its voting rights to protect and enhance the long-term economic interests of its stakeholders by ensuring that investee companies are accountable and provide robust disclosure on how business risks and opportunities are successfully managed and capitalised.

Either through its own membership or through LGPSC’s membership, the Fund has several engagement partners that engage investee companies on climate risk which are described in Table 3.

TABLE 3: THE FUND'S STEWARDSHIP PARTNERS

Organisation	Remit
	<p>The Fund is a 1/8th owner of LGPSC.</p> <p>Climate change is one of LGPSC’s stewardship themes, with quarterly progress reporting available on the website.</p> <p>The Responsible Investment and Stewardship Team at LGPSC engages companies on the Fund’s behalf, including via the Climate Action 100+ initiative.</p>
	<p>EOS at Federated Hermes is engaged by LGPSC to expand the scope of the engagement programme, especially to reach non-UK companies.</p>
	<p>The Fund is a long-standing member of LAPFF. LAPFF conducts engagements with companies on behalf of local authority pension funds.</p>



# Risk Management *(continued)*

The results of engagement and voting activities are reviewed by the Pension Committee quarterly. LGPSC's activities are reported in Quarterly Stewardship Reports which are available on the LGPSC website.

Based on the findings of previous Climate Risk Management Reports, a priority list for climate engagements has been developed. This list is designed to identify the top contributors of financed emissions, as well as aligning with LGPSC's climate stewardship priority companies. This alignment of the Fund's climate stewardship plan and LGPSC's climate stewardship priority list is intended to support the delivery of meaningful portfolio company research and updates. These companies are chosen following an assessment of issuer contributions to financed emissions and the capacity to leverage change through engagement. Companies in bold are recommended new additions to the plan.

<sup>4</sup> This reflects the combined contribution to financed emissions from both listed equity and corporate fixed income holdings.

TABLE 4: THE FUND'S CLIMATE STEWARDSHIP PLAN

Company Name	Portfolio Weight	Financed Emissions	Contribution to Financed Emissions <sup>4</sup>
SHELL	0.49%	8,333	5.37%
<b>ARCELORMITTAL</b>	0.03%	5,401	3.48%
GLENCORE	0.19%	2,997	1.93%
BP	0.28%	2,818	1.82%
<b>RWE</b>	0.04%	2,558	1.64%
CEMEX	0.02%	1,890	1.22%
<b>RIO TINTO</b>	0.11%	1,551	1.00%
LINDE	0.18%	1,536	0.99%
HOLCIM	0.01%	838	0.54%
CRH	0.04%	686	0.45%

Taiwan Semiconductor Manufacturing Company has been recommended for removal from the Climate Stewardship list. While ArcelorMittal, RWE, Rio Tinto, have been recommended for inclusion.

These recommendations are based on two key factors:

1) Alignment with LGPSC's Stewardship Priorities: The removal of these companies allows for greater alignment with LGPSC's Stewardship Priority companies. This alignment is crucial for focused engagement efforts, providing

meaningful updates, and conducting thorough company research.

2) Financed Emissions Contribution: While being captured by LGPSC's Stewardship Priorities, all new additions represent top contributors to the Fund's financed emissions.





## Risk Management *(continued)*

Specifically, regarding Taiwan Semiconductor Manufacturing Company. While the company remains a significant contributor to the portfolio's financed emissions, this is primarily due to its substantial weighting within all world passive equity portfolios and benchmarks. This influence is not primarily driven by the company's own emissions, which are notably lower than those of the remaining constituents of the Fund's Climate Stewardship Plan.



COMPANY:  
**Shell plc**



### Objective

- Short-term: Build an effective engagement relationship with the company.
- Long term: ensure that Shell's net zero policy is aligned with a 1.5°C temperature increase.

### Engagement

Following LGPSC's vote against Shell's Energy Transition Strategy at the company's 2024 AGM, in September, LGPSC met with the Chair of the Board to discuss the strategy in more detail. Several topics were discussed, including the correlation between Shell's expansion of its gas business and the prospective disclosure of medium-term climate targets, as well as the company's confidence in its assumptions regarding global gas markets.

### Outcome

Clarified Shell's long-term business strategy and key future dates. This marks significant progress towards achieving the short-term objective of this engagement: to establish an effective engagement relationship with the company. Whilst LGPSC have established an active dialogue with the company, they expect further clarity on how Shell's net-zero commitment is resilient to economic scenarios, especially in relation to global liquified natural gas demand over the next few decades. LGPSC will discuss their thoughts with external managers and continue to engage with the company on aligning its decarbonisation strategy with the goals of the Paris Agreement.



# Metrics and Targets

## What We Measure

Over time, the scope of analysis and the metrics employed has expanded and evolved to keep abreast of the latest methodologies and available data. As of 31 March 2025, we measure the carbon footprints of the Fund's equities, corporate bonds, and sovereign debt.

The metrics utilised in this report are selected in consideration with the Fund's framework for managing climate risks and opportunities, regulatory requirements, including alignment with the DLUHC's consultation<sup>5</sup> and the FCA's requirements on climate reporting.<sup>6</sup> These requirements are largely in line with the TCFD's recommendations. Finally, metrics are selected in consideration with data and methodology availability, as we prioritise sourcing appropriate data from reputable sources and adhere to the methodology prescribed by the Partnership for Carbon Accounting Financials (PCAF).

As no single metric is sufficient in capturing the entire climate profile of a portfolio or issuer, we have therefore constructed a comprehensive suite of climate metrics, including headline metrics and additional metrics, these metrics include emissions, exposure to fossil fuels and clean tech, engagement, and alignment metrics.

The headline metrics contained within this report include:



**Absolute emissions metric –**  
financed emissions



**Emissions intensity metric –**  
normalised financed emissions  
and weighted average carbon  
intensity (WACI)



**LGPSC's net zero alignment  
metric**

The analysis in this report is based on a dataset provided by MSCI ESG Research LLC (MSCI). We utilised data that was downloaded from MSCI during July 2025. We gain comfort from the quality of MSCI's data through our own assessment of MSCI's methodology and our data validation processes. Data is sense-checked internally, and any anomalies are investigated in the underlying data to ensure inaccuracies are promptly identified and amended.



Leicestershire Farmland

<sup>5</sup> DLUHC, Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks. Consultation can be accessed on DLUHC's [website](#).

<sup>6</sup> FCA, Enhancing climate-related disclosures by asset managers, life insurers and FCA-regulated pension providers. Policy Statement can be accessed on FCA's [website](#).



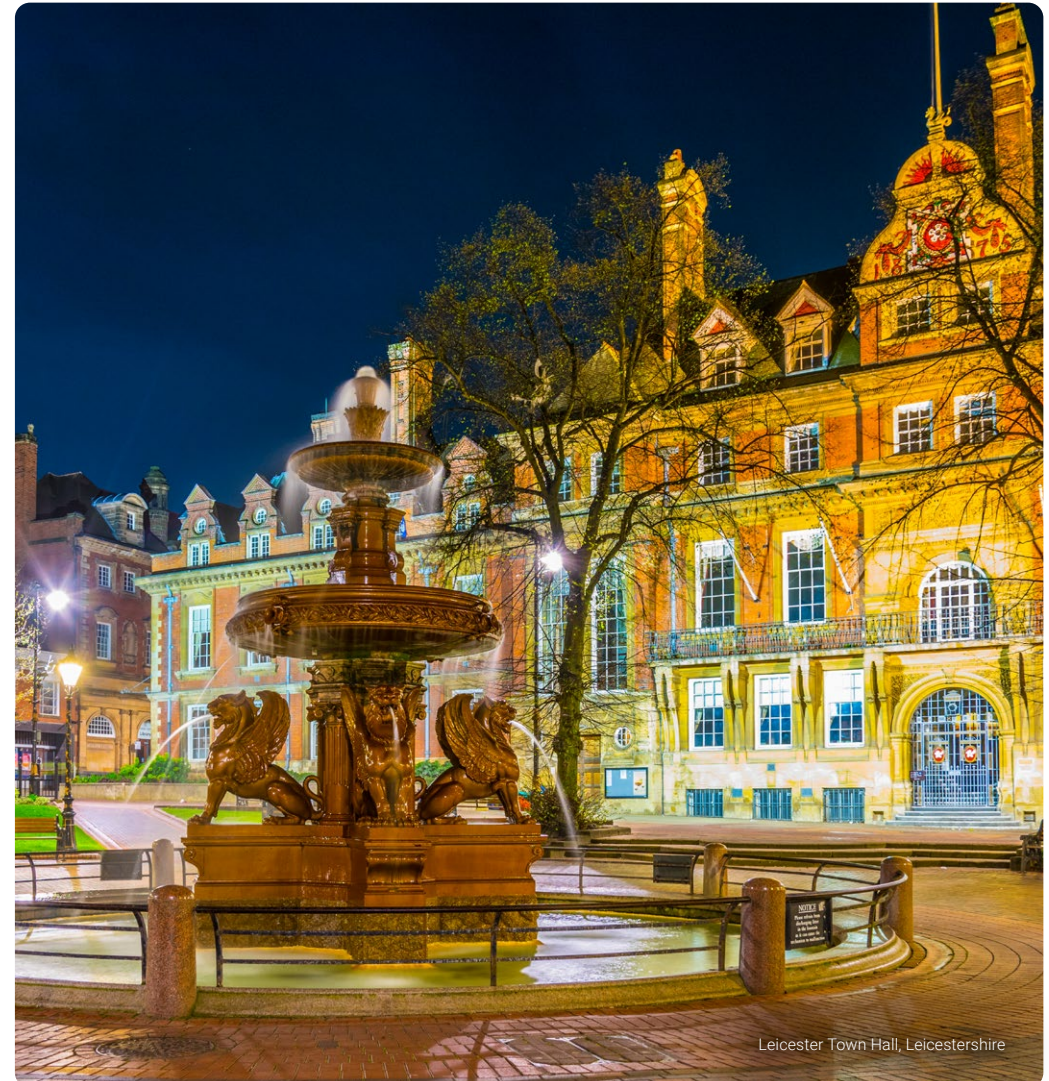


## Metrics and Targets *(continued)*

We utilise a selection of headline metrics and other metrics to measure the Fund's exposure to financially material climate risks and opportunities, such as those identified in Table 1. The below table illustrates how we can utilise climate metrics to provide an indication of the risks and opportunities in our portfolios.

TABLE 5: CLIMATE METRICS AND ASSOCIATED RISKS AND OPPORTUNITIES

Climate Metric	Risk or opportunity indication
<b>Scope 1 and 2 emissions</b>	These measures indicate exposure to carbon-intensive companies, which would be negatively impacted by the transition risks outlined in Table 1. These risks are direct, and typically attributable to government policy.
<b>Scope 3 emissions</b>	Companies with high scope 3 emissions would face similar challenges to those with high scope 1 and 2 emissions. These risks are indirect and are typically attributable across the value chain.
<b>Exposure to fossil fuels</b>	Provides an indication of a portfolio's exposure to stranded asset risks.
<b>Exposure to clean technology</b>	Conversely to the above, exposure to clean technology indicates how well a company is positioned to benefit from a transition to a low carbon economy.
<b>Net zero alignment</b>	Net zero alignment is a proprietary metric developed by LGPSC. It incorporates the Low Carbon Transition score, Implied Temperature Rise, and Science-Based Target to assess both a company's past climate performance and its future trajectory.



Leicester Town Hall, Leicestershire





# Metrics and Targets *(continued)*

## Headline Metrics

The headline metrics below detail the absolute emissions and carbon intensity metrics utilised to analyse the Fund’s climate risks and opportunities.

TABLE 6: HEADLINE METRICS

Metrics	Financed Emissions	Normalised Financed Emissions	Weighted Average Carbon Intensity (WACI)
Absolute / Intensity	Absolute	Intensity	Intensity
Definition	Financed emissions calculates the absolute tonnes of CO <sub>2</sub> equivalent for which an investor is responsible.	This metric measures the Financed Emissions for every £1 million invested.	WACI measures a fund’s exposure to carbon-intensive companies.
Question answered	What is my fund’s total carbon footprint?	What is my fund’s normalised carbon footprint per million GBP invested?	What is my fund’s exposure to carbon-intensive companies?
Unit	tCO <sub>2</sub> e	tCO <sub>2</sub> e / £m invested <sup>7</sup>	tCO <sub>2</sub> e / \$m sales <sup>8</sup>
Comparability	No; does not take size into account	Yes; adjusts for fund size	Yes

<sup>7</sup> Normalised financed emissions uses GBP as the base currency as this is the currency used for the Fund’s investments.  
<sup>8</sup> WACI uses USD as the base currency due to USD’s prevalence in global corporate reporting.



## Metrics and Targets *(continued)*

### Net Zero Alignment Metric

LGPSC's net zero alignment Metric is a proprietary metric constructed using several MSCI data points. It provides an insight into how portfolio companies are currently managing their climate risks, as well as incorporating forward looking metrics.

A company will be considered aligned/aligning to the Paris Agreement if:

The company scores above **Median** in **Low Carbon Transition score**

+ and it meets **one** of the following criteria: +

The company has a  
**science-based target**

or

The company has  
an **ITR rating** of  
2.0°C or lower



Wilton Park, Leicestershire



# Metrics and Targets *(continued)*

## The Fund’s Climate Targets

In the below table, the Fund’s climate targets are provided alongside the progress which has been made to achieve those targets.

TABLE 7: THE FUND'S CLIMATE TARGETS

Target	Progress as of 31st March 2045		
PRIMARY TARGETS			
Net zero by 2050, with an ambition for sooner.	See below.		
Reduce absolute carbon emissions of the equity portfolio by 40% by 2030.	Financed emissions have decreased by 42.2%.		
		2019 (restated)	2025
	Financed Emissions	190,595 tCO <sub>2</sub> e	110,250 tCO <sub>2</sub> e
Reduce carbon intensity of the equity portfolio by 50% by 2030.	Weighted Average Carbon Intensity has declined by 55.6%.		
		2019 (restated)	2025
	WACI	162.84 tCO <sub>2</sub> e/\$m sales	72.2 tCO <sub>2</sub> e/\$m sales





Metrics and Targets *(continued)*

Target	Progress as of 31st March 2025			
SECONDARY TARGETS				
90% coverage of assets measured by 2030.	56.0% of total NAV is covered within this report. Upon the distribution of the Fund's pooled private market climate metrics, this figure will be placed at 71.8%.			
90% assets under management in material sectors to be classified as net zero, aligned or aligning by 2030.		2023	2024	2025
	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%
Increase allocation to climate solutions.			2019	2025
	Listed equity exposure to clean tech apportioned by revenue		3.8%	6.0%
90% of the Fund’s financed emissions to have net zero targets, alignment pathway or subject to engagement by 2030. <sup>9</sup>	Proportion of financed emissions considered to be Paris aligning/aligned by LGPSC’s net zero alignment metric or under engagement. <sup>10</sup>			
		2023	2024	2025
	Equity	80.7%	75.7%	75.8%
Reduce the proportion of the Fund with fossil fuel exposure.			2019	2025
	Listed equity exposure to fossil fuel apportioned by revenue		3.13%	2.19%

<sup>9</sup> Please note that engagement data is not restated, historic engagement metrics are therefore reflective of previously reported values. In addition to this, LGPS Central's methodology to determine if a portfolio company has been engaged has been improved to for 2024 reporting apply a stricter definition of engagement.

<sup>10</sup> Please see page 24 for further details of LGPS Central's Net Zero alignment metric.



# Metrics and Targets *(continued)*

## The Fund's Climate Metrics

### Scope of Analysis

The following Climate Metrics offer a detailed, bottom-up analysis with the following objectives:

- Observing climate transition risks and opportunities within the portfolio.
- Identifying opportunities for engagement with companies.
- Facilitating the monitoring of climate risk management by managers.

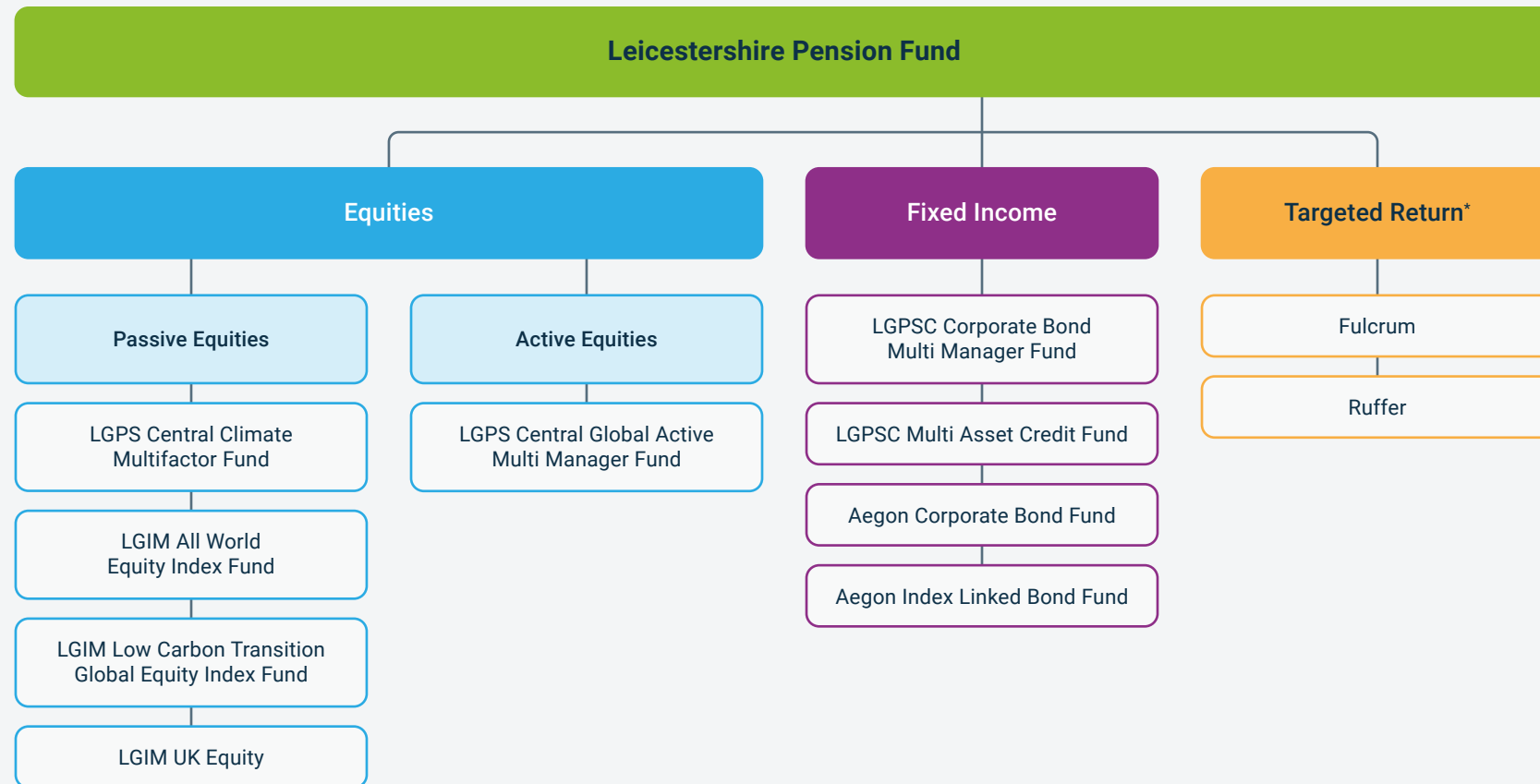
This analysis encompasses public market investments reported as of 31 March 2025. It includes holdings in listed equity and fixed income funds including government debt, with the Fund's pooled private market data to be distributed once available.



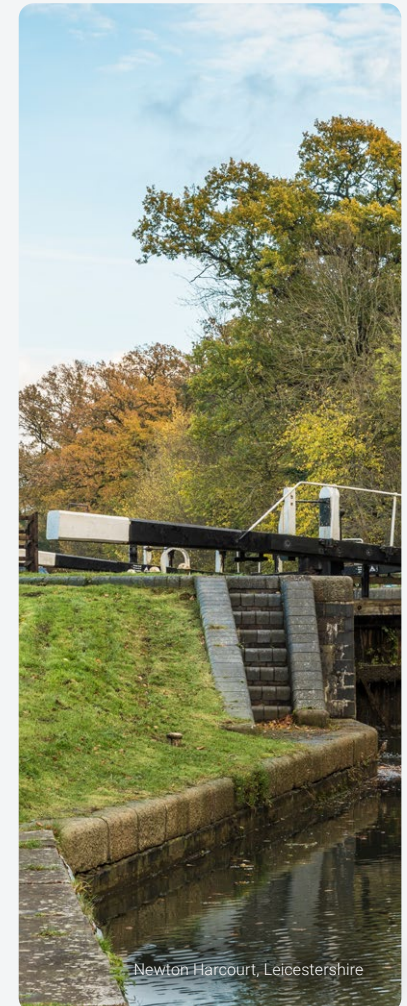


# Metrics and Targets *(continued)*

FIGURE 3: BREAKDOWN OF FUNDS INCLUDED IN THE ANALYSIS



\* Portfolio does not meet 60% corporate data coverage threshold.



Newton Harcourt, Leicestershire





# Metrics and Targets *(continued)*

## Restated Data

Climate data is an evolving field, and methodologies are continuously updated by governments, data providers, and companies. The data accessible through our data provider (MSCI) undergoes frequent revisions as estimated data gets replaced by reported data, estimations are refined for greater precision, and data coverage expands.

We recalculate our emissions annually and may revise previously reported greenhouse gas (GHG) data to incorporate the most current information. When possible, we align our holding period with the period in which emissions from the underlying issuer occurred. Consequently, there may be variations between the data reported in previous documents and the figures presented in this report due to these restatements. Our metrics employ methodologies aligned with those used by the Partnership for Carbon Accounting Financials (PCAF) and MSCI.

TABLE 8: RESTATEMENTS

Data for	Asset class	Metric	Portfolio Value Reported in 2024	Reference Index Value Reported in 2024	Portfolio Value Restated in 2025	Reference Index Value Restated in 2025	Change from Restatement (Portfolio)	Change from Restatement (Benchmark)
Q1 2024	Listed Equity	Financed Emissions	112,811	185,619	110,305	176,881	-2.2%	-4.7%
		WACI	76.7	140.5	76.4	139.9	-0.4%	-0.4%
	Corporate Fixed Income	Financed Emissions	27,708	11,557	34,048	21,979	22.9%	90.2%
		WACI	146.3	191.5	142.9	185.1	-2.3%	-3.3%
	Sovereign Debt	Production	70,709	54,143	60,544	45,921	-14.4%	-15.2%
		Consumption	9.9	9.0	9.2	8.2	-7.1%	-8.9%

The financed emissions associated with corporate fixed income holdings in Q1 2024, as well as those associated with the respective reference index, have been significantly restated in 2025 reporting, 22.9% and 90.2% higher respectively than previously reported in 2024. This increase follows a marked improvement in the availability of financed emissions data for Q1 2024, as coverage increased from 68.8% and 72.5%, as reported in 2024, to 83.2% and 93.4% in 2025 for the portfolio and reference index respectively.

This enhanced data coverage spans all four corporate fixed income portfolios. Upon investigation the greater data coverage is primarily attributable to improved mapping of assets to climate data.

In addition, sovereign debt restatements are associated with restatements of the underlying holdings.



# Metrics and Targets *(continued)*

## Data Quality

TABLE 9: DATA QUALITY OF PUBLIC ASSETS

Asset Class	Missing/Unavailable	Reported	Estimated
Listed Equity	1.8%	90.4%	7.8%
Corporate Fixed Income	32.2%	58.9%	8.9%

Table 7 illustrates the overall data quality of the Fund’s list assets reported on within this report.

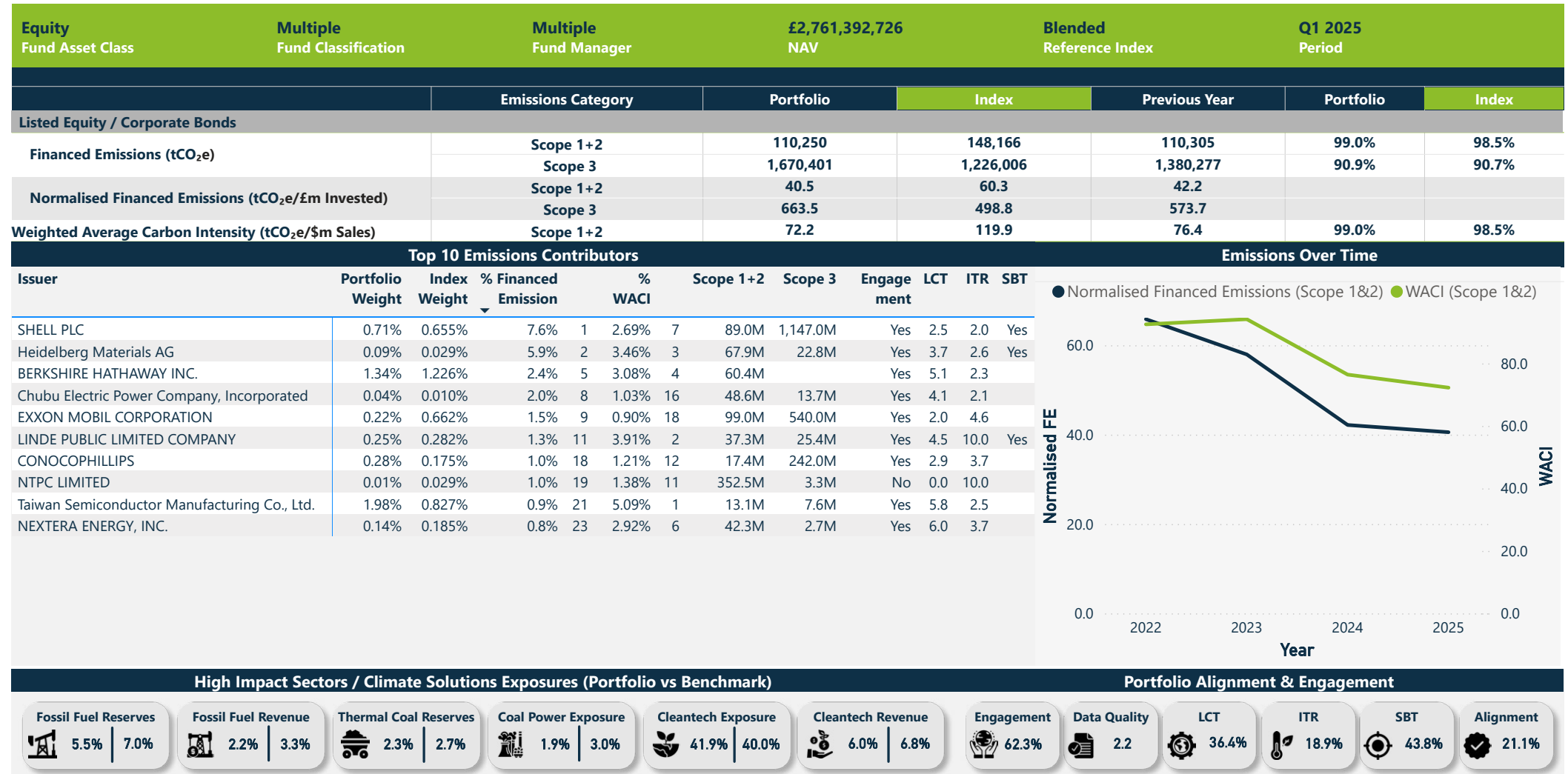




# Metrics and Targets *(continued)*

## Listed Equity

The below dashboard shows the Fund's aggregated climate risk metrics for each portfolio in the listed equity asset class.







Metrics and Targets *(continued)*

We analysed 5 equity portfolios totalling approximately £2.8 billion as of 31 March 2025.

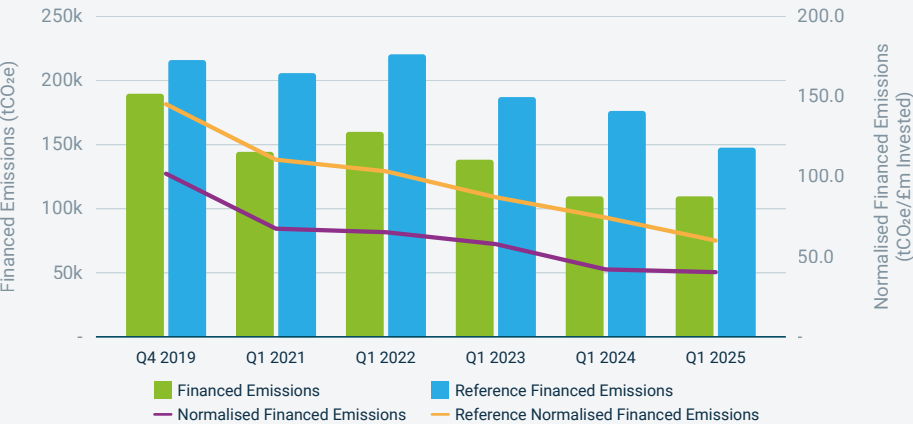
Each fund’s carbon footprint is evaluated in comparison to the primary market index in which it predominantly invests. The table below summarises the reference indices that we utilised.

TABLE 10: REFERENCE INDICES

Investment Universe (Most Predominant)	Reference Index
UK Equities	FTSE UK All Share Index
Developed Markets	FTSE All-World Index
Emerging Markets	FTSE Emerging Index

Carbon Footprint Metrics

GRAPH 1: EQUITY FINANCED EMISSIONS OVER TIME



GRAPH 2: EQUITY WACI OVER TIME



As shown in Graph 1, the listed equity portfolio’s financed emissions decreased by 42.2% from 2019, alongside a 32.3% increase in NAV over the same period. Accounting for fluctuations in NAV, the portfolio’s normalised financed emissions decreased by 60.5% from 2019.

The decrease in financed emissions and normalised financed emissions is partially driven by asset allocation decisions. Most recently, prior to Q1 2024 the Fund exited five passive investments, two of which had a WACI and normalised financed emissions notably higher than that of the listed equity reference index. During the same time frame, the Fund invested in the LGIM Low Carbon Transition Global Equity Index Fund. In addition, prior to Q1 2025, the Fund exited an actively managed emerging market fund, where emerging market portfolios tend to have higher carbon metrics reflective of the investment regions decarbonisation progression.

The decrease in normalised financed emissions can be attributed to a lower exposure to carbon-intensive companies, illustrated by the 55.6% decrease in WACI since 2019 (Graph 2). During 2019 the greatest level of the WACI within the



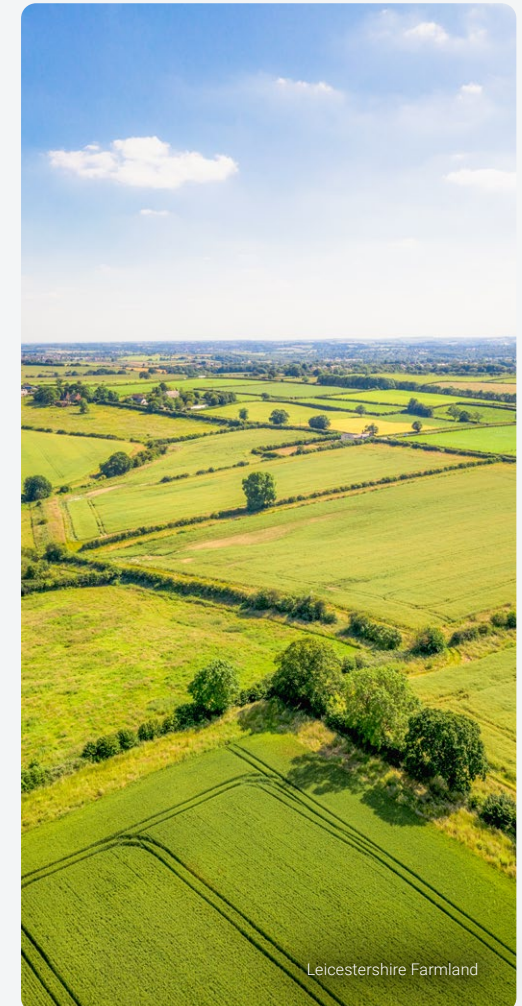
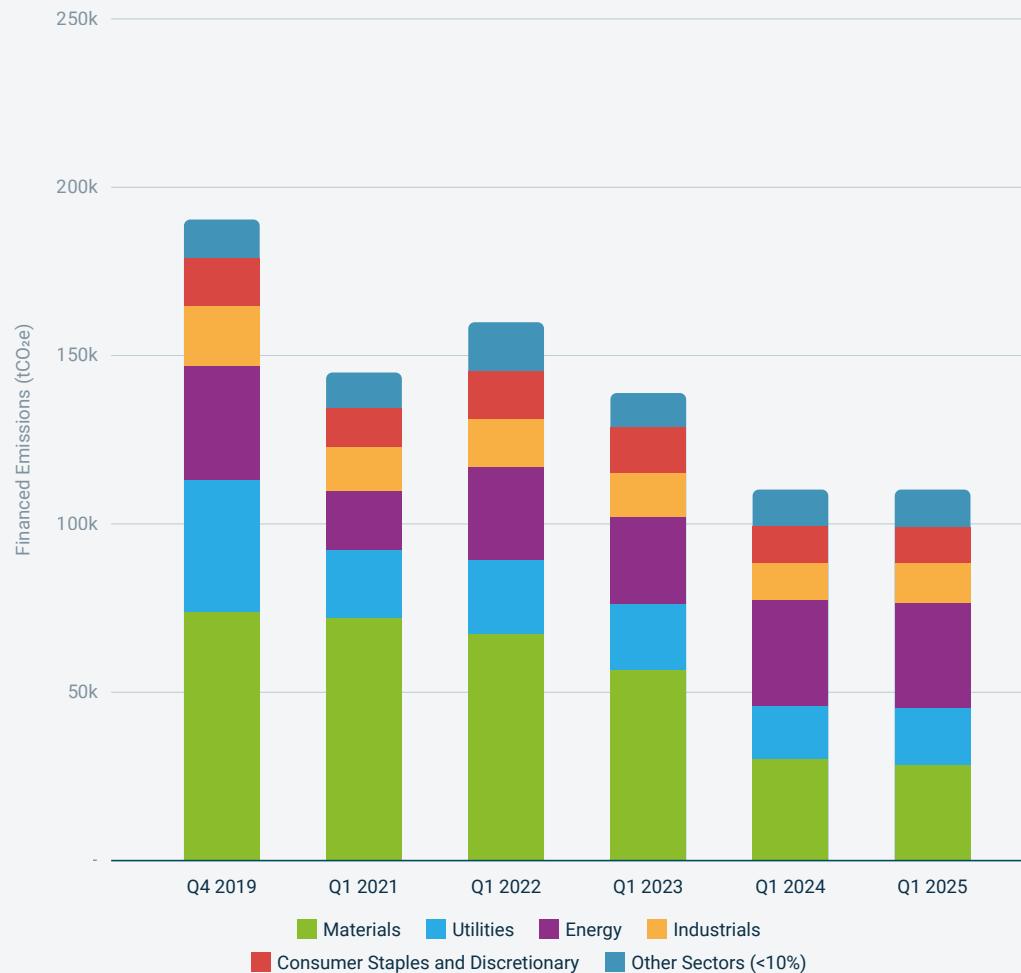
## Metrics and Targets *(continued)*

listed equity holdings was associated with the utilities and materials sectors, which from 2019 has decreased by 41.8% and 34.9% respectively.

As of 2025, the normalised financed emissions and WACI are 32.8% and 39.8% lower than that of the reference index, respectively. This can be associated with a slight underweight exposure to the materials sector and a more notable underweight to the utilities sector.

The above analysis reflects the Fund's effective efforts to manage climate-related risks, indicating reduced exposure to financially material risks, including those outlined in Table 1, within the listed equity holdings. This is demonstrated both over time, through the decline in climate metrics from 2019 to 2025, and relative to an appropriate reference index.

GRAPH 3: LISTED EQUITY FINANCED EMISSIONS OVER TIME BY SECTOR



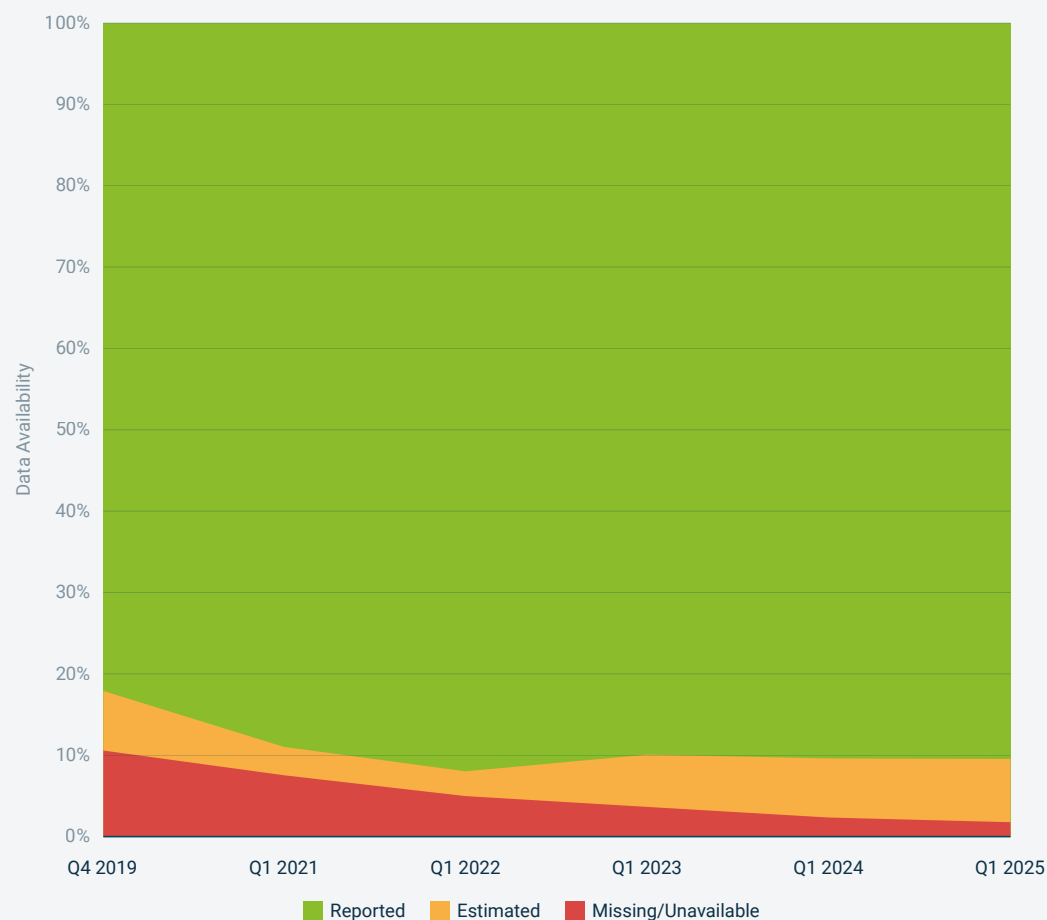
Leicestershire Farmland



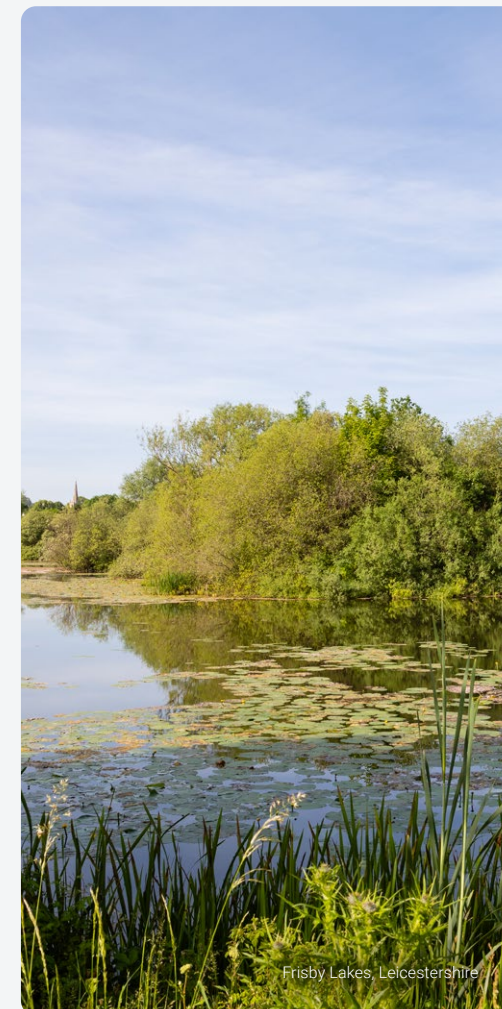
## Metrics and Targets *(continued)*

### Data

GRAPH 4: LISTED EQUITY DATA AVAILABILITY OVER TIME



While data availability for equities has been relatively strong since the Fund's carbon footprinting began, the graph above illustrates an improving trend as the data availability of portfolio companies improves. A high level of data availability implies the aggregated carbon metrics are more reflective of the portfolio's overall carbon emissions profile. Where data availability is lower, aggregated carbon metrics are more likely to be skewed and therefore less reflective of the actual portfolio emissions as a whole.







# Metrics and Targets *(continued)*

## Fixed Income

The below table shows the Fund's aggregated climate risk metrics for each portfolio in the Fixed Income asset class.

Fixed Income Fund Asset Class	Multiple Fund Classification	Multiple Fund Manager	£895,236,700 NAV				Blended Reference Index				Q1 2025 Period																
		Emissions Category	Portfolio		Previous Year				Portfolio	Index																	
Listed Equity / Corporate Bonds																											
Financed Emissions (tCO <sub>2</sub> e)		Scope 1+2	33,041		18,154		34,048		77.6%		93.4%																
		Scope 3	120,495		98,422		128,720		70.7%		85.1%																
Normalised Financed Emissions (tCO <sub>2</sub> e/£m Invested)		Scope 1+2	72.6		81.5		85.1																				
		Scope 3	308.5		441.9		372.1																				
Weighted Average Carbon Intensity (tCO <sub>2</sub> e/\$m Sales)		Scope 1+2	131.7		152.6		142.9		80.2%		94.5%																
Sovereign Debt																											
Financed Emissions (tCO <sub>2</sub> e)		Production	41,642.6		27,532.3		60,544.2		99.9%		100.0%																
		Consumption	54,158.0		38,605.2		72,354.4		99.9%		100.0%																
Weighted Average Carbon Intensity (various)		Production	119.9		99.0		142.2		99.9%		100.0%																
		Consumption	9.4		8.1		9.2		99.9%		100.0%																
Top 10 Emissions Contributors																											
Issuer	Portfolio Weight	Index Weight	% Financed Emission	% WACI	Scope 1+2	Scope 3	Engagement	LCT	ITR	SBT	Emissions Over Time																
RWE FINANCE US, LLC	0.12%	0.005%	6.2% 1	1.72%	4	62.1M	21.6M	No	3.7	10.0	Yes	<div>● Normalised Financed Emissions (Scope 1&amp;2) ● WACI (Scope 1&amp;2)</div> <table border="1"><caption>Emissions Over Time Data</caption><thead><tr><th>Year</th><th>Normalised FE (Scope 1&amp;2)</th><th>WACI (Scope 1&amp;2)</th></tr></thead><tbody><tr><td>2022</td><td>110</td><td>130</td></tr><tr><td>2023</td><td>100</td><td>140</td></tr><tr><td>2024</td><td>75</td><td>110</td></tr><tr><td>2025</td><td>70</td><td>105</td></tr></tbody></table>	Year	Normalised FE (Scope 1&2)	WACI (Scope 1&2)	2022	110	130	2023	100	140	2024	75	110	2025	70	105
Year	Normalised FE (Scope 1&2)	WACI (Scope 1&2)																									
2022	110	130																									
2023	100	140																									
2024	75	110																									
2025	70	105																									
SASOL FINANCING USA LLC	0.03%		5.5% 2	0.97%	8	64.4M	36.7M	No	1.4	10.0																	
Cemex, S.A.B. de C.V.	0.06%	0.003%	5.0% 3	0.90%	10	36.2M	16.5M	Yes	4.4	1.7	Yes																
AMERICAN AIRLINES, INC.	0.15%		4.0% 4	0.80%	14	37.7M	14.3M	No	5.5	2.1	Yes																
THE SOUTHERN COMPANY	0.17%	0.041%	3.0% 5	4.15%	1	79.6M	35.8M	Yes	3.4	4.0	Yes																
CLECO CORPORATE HOLDINGS LLC	0.06%	0.002%	3.0% 6	2.37%	2	9.2M		No		7.8																	
WESTERN MIDSTREAM OPERATING, LP	0.18%	0.018%	2.8% 7	2.08%	3	4.9M		No	1.5	3.2																	
MEGLOBAL CANADA ULC	0.05%	0.001%	2.0% 10	0.58%	17	6.8M		No	3.9	10.0																	
OCCIDENTAL PETROLEUM CORPORATION	0.18%	0.049%	1.7% 11	1.06%	7	21.9M	234.0M	Yes	1.8	10.0																	
PERMIAN RESOURCES OPERATING, LLC	0.25%		1.3% 16	1.40%	5	2.3M		No	1.7	10.0																	
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		Engagement															
2.6%   3.0%		1.9%   1.6%		0.6%   0.8%		1.5%   3.3%		13.7%   17.0%		2.1%   2.5%		23.4%															
Data Quality		LCT		ITR		SBT		Alignment																			
2.3		36.4%		26.5%		45.3%		28.0%																			



## Metrics and Targets *(continued)*

We analysed four fixed income portfolios totalling approximately £895.2 million, including one sovereign debt fund, accounting for £215.5 million, as of 31 March 2025.

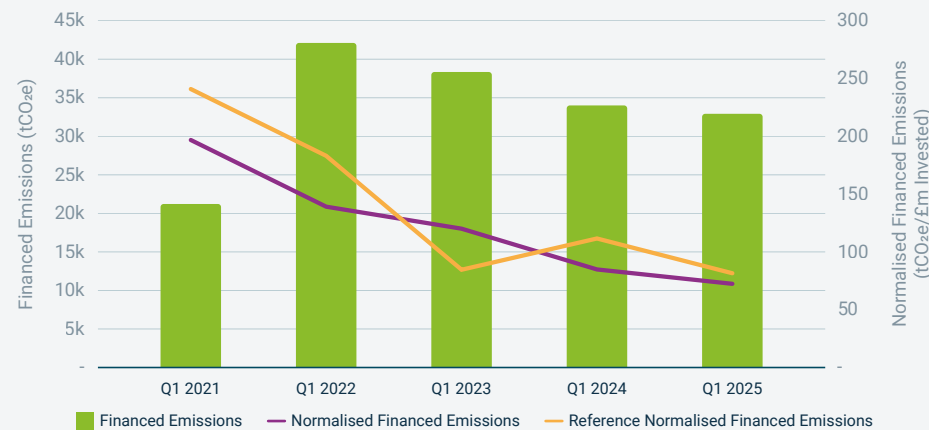
The reference indices we use to measure the fund's relative performances are as follows:

TABLE 11: REFERENCE INDICES

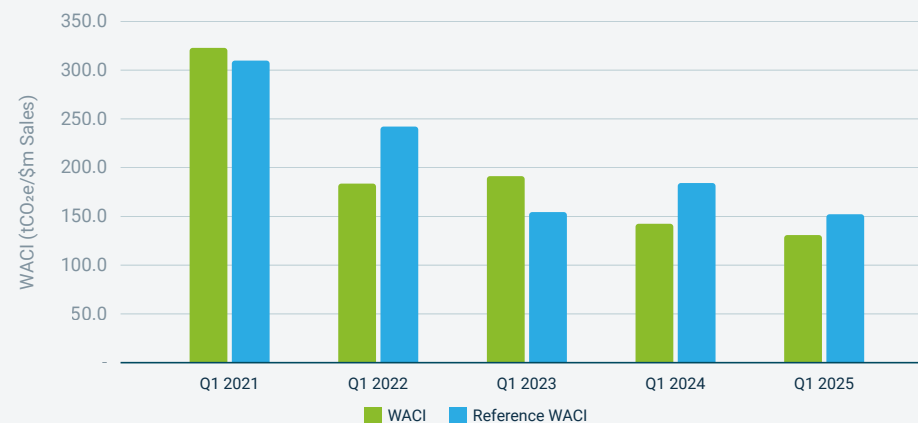
Fund	Reference Index
LGPS Central Multi Asset Credit Fund	N/A
LGPS Central Global Active Investment Grade Corporate Bond Fund	50% Global Investment Grade + 50% Sterling
LGPS Central Global Active Emerging Market Bond Fund	Emerging Market Bond Index
Aegon Short Dated Climate Transition Fund	Global Corporate
Aegon Index Linked	UK Gilts

### Carbon Footprint Metrics

GRAPH 5: FIXED INCOME FINANCED EMISSIONS OVER TIME



GRAPH 6: FIXED INCOME WACI OVER TIME



Please note that for graph 5 reference financed emissions have been excluded as LGPSC Multi Asset Credit Fund accounts for approximately 47.6% of the Corporate holdings, but does not have a reference index, and there are therefore no reference financed emissions associated with these holdings. It is therefore inappropriate to provide a comparison of the aggregated corporate fixed income financed emissions to that of the reference index.

Corporate fixed income financed emissions have increased by 55.5% from 2021. However, this is alongside an increase in NAV of over 2x over the same timeframe. When we normalise for NAV fluctuations, we observe a decrease of 63.2%.

Similarly, we observe a 59.3% decrease in WACI from 2021, implying a decreased exposure to carbon intensive companies.

Decreased normalised financed emissions and WACI are both associated with the Fund's asset allocation decisions. Notably, the Fund invested in the Aegon Short Dated Climate Transition Fund prior to Q1 2022 and has more recently exited an actively managed emerging



# Metrics and Targets *(continued)*

market bond fund, where the climate metrics were reflective of the investment regions decarbonisation progression.

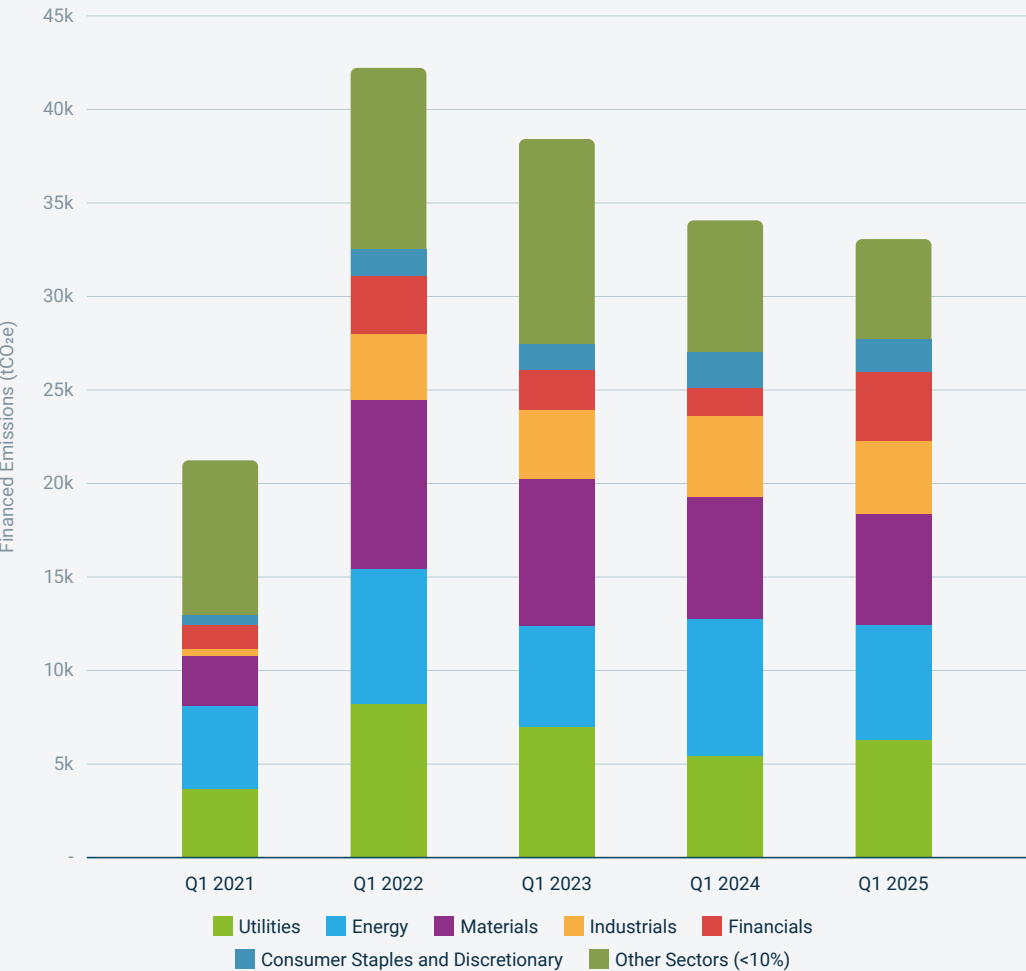
In Q1 2021 the energy, utilities and materials sector were the greatest contributor if financed emissions, with the utilities sector being the greatest contributor of WACI. While these sectors remain the greatest contributors to the corporate fixed income’s financed emissions, since 2021, the normalised financed emissions associated with these sectors have decreased by 35.2%, 57.3% and 43.1% respectively. While the WACI associated with the utilities sector has decreased by 55.6%.

Similar to listed equities, the portfolio’s declining normalised financed emissions and WACI illustrated in the above graphs climate metrics reflect the Fund’s and the underlying

manager’s effective approach to integrating financially material climate-related risks, thereby reducing the Fund’s exposure to such risks. However, it should be noted that these risks have a different financial impact on fixed income assets compared to equity assets, and their management therefore requires a distinct approach.

For example, an equity position typically represents an asset that can be held indefinitely, whereas fixed income assets usually have a defined maturity date. As a result, they may be insulated from longer-term risks that materialise after the asset has matured. Furthermore, equity holdings are generally more exposed to upside opportunities, while debt instruments are primarily concerned with the issuer’s ability to repay. Consequently, fixed income strategies tend to focus more on mitigating downside risk.

GRAPH 7: CORPORATE FINANCED EMISSIONS OVER TIME BY SECTOR



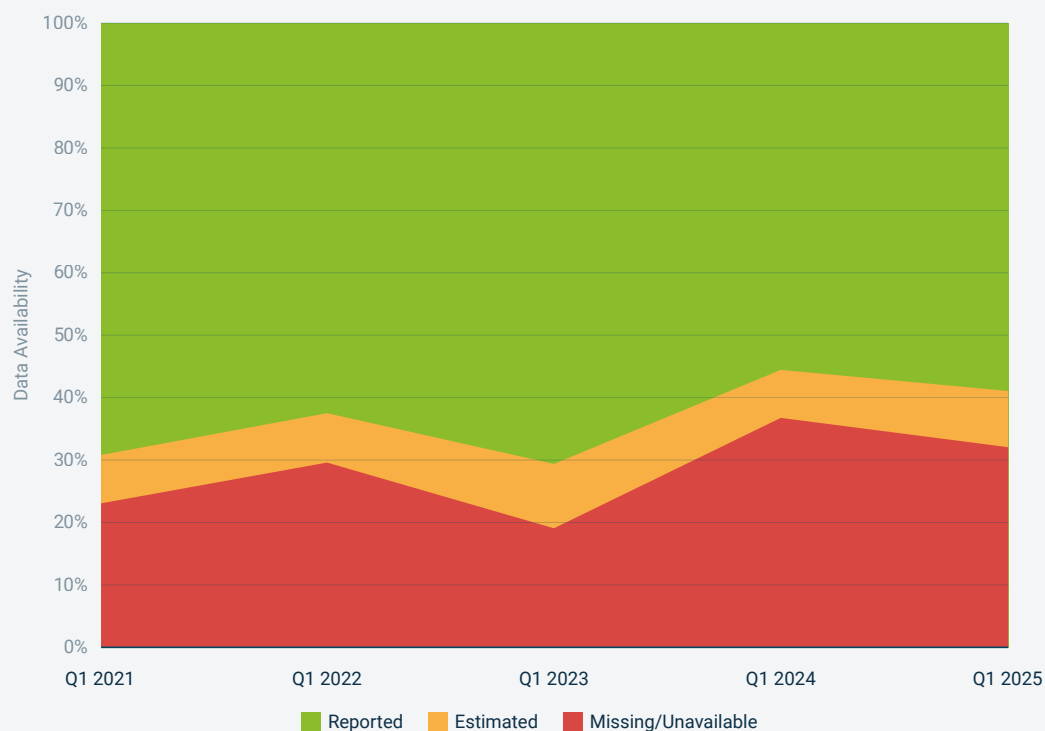




## Metrics and Targets *(continued)*

### Data

GRAPH 8: CORPORATE FIXED INCOME DATA AVAILABILITY OVER TIME



The graph above shows data availability for the corporate fixed income investments which fall within the scope of analysis.

Data availability and data quality for fixed income assets have traditionally been notably lower than listed equity.





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