

- RI SURVEY LEICESTERSHIRE COUNTY COUNCIL PENSION FUND RESPONSIBLE INVESTMENT SURVEY OUTCOME REPORT

Introduction

Leicestershire County Council Pension Fund (the Fund) manages investments on behalf of over 100,000 scheme members and 200 employers to meet the costs of paying scheme member benefits in retirement.

The LGPS is a statutory public service scheme, meaning members are guaranteed their benefits by law. If investments do not perform well, it is the employers, not members that may have to pay more to cover the shortfall. To avoid any shortfall the Fund invests in lots of different types of assets with the aim to grow the pot of money over time to meet these benefit payments.

In September 2025 LPC agreed to seek views on the Pension Fund's approach to investment in relation to environmental, social and governance factors, and in particular how it manages climate risk as part of a review into the Fund's Net Zero Climate Strategy. These views will be used in the Fund's policies and engagement with our partners and investment managers.

Responses

2418 stakeholders participated during the formal consultation period, including members of the pension fund, employers, and members of the public.

The report analyses the consultation responses received from online survey. The consultation consisted of the following:

- Questionnaire developed in partnership with Leicestershire County Council's engagement and business intelligence team, and following comments from the Local Pension Committee in September 2025
- Emails to over 45,000 scheme members (who had previously signed up to Member Self Service)
- Employer Bulletin to circa 198 employers within the scheme, as well as follow up communications with key employers to ask that they advertise it internally and respond.
- Publication on the Member Self-Service Website on the front page, and news release.
- Presentation as part of the Fund's Annual General Meeting on 15 December.

Appendix C

Q1. In what role are you responding to this consultation?

	Respondents
Active Scheme Member	1010
Deferred	224
Pensioner	1130
Employer	25* It is noted that while respondents have chosen this option, these largely appear to be responses from employees (active scheme members) for example there are multiple responses in relation to Leicester City Council, LCC and Leicestershire County Council.
Other	29* Of these (9) also further specify that they are either active, deferred or a pensioner. Other respondents are related to being residents in Leicestershire and one district councillor or had not disclosed.

For those that responded as an Active, Deferred or Pensioner scheme member

Q.3a Did you know that your pension contributions are invested to grow the Pension Fund, and keep employer contributions manageable - without any risk to your benefits?

And for those that responded as an employer or other

Q3b Did you know that pension contributions are invested to grow the Pension Fund, and keep employer contributions manageable?

Yes	1893
No	355
Don't know	154

This question was used to support framing for the questions ahead. It is positive to see the majority of respondents understand it is not their benefits at risk as a result of any issues with investment performance. However, the members that don't know or are unsure, and some comments received in later portions of the survey reiterate the importance of reminding members as part of key communications that this is not a risk to them, though the Fund works actively to ensure employer contributions remain stable to limit any negative budgetary pressures from required uplifts due to poor investment performance.

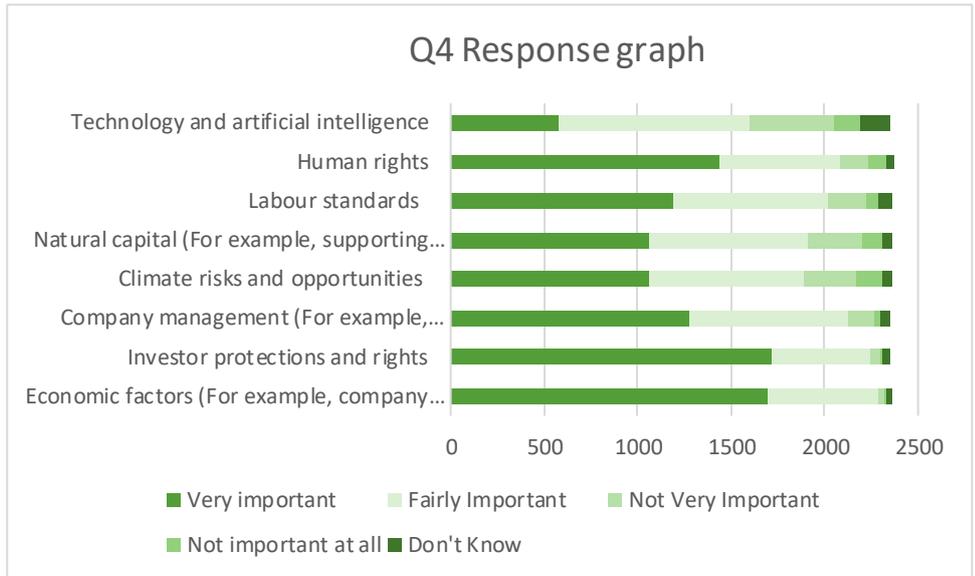
Appendix C

RI Survey Analysis

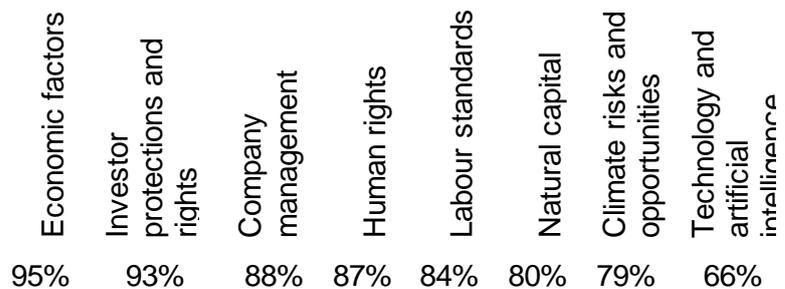
Analysis of the submissions are set out below alongside the questions as they are worded in full within the survey.

Q4: The Pension Fund spreads its investments across shares of publicly listed companies, property, forests, infrastructure, government bonds, among others. Investments are chosen by our specialist investment managers who will look at many factors, including Environmental, Social and Governance factors, which can cover a wide range of issues alongside financial considerations. How important, if at all, do you think the following issues are when discussing and considering investment decisions?

Respondents rated economic and governance issues as the most important considerations for investment considerations. There is a strong support for consideration of ESG factors, especially governance and rights-related considerations. Climate remains important but does not top the list signalling a broad preference for balancing ESG factors with core financial drivers.

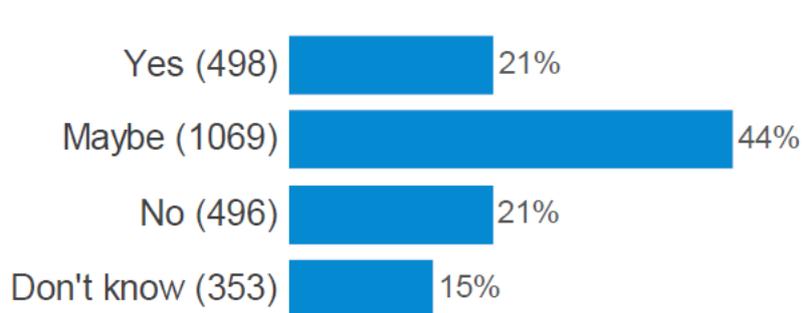


% of Respondents that feel issue is important (Very or Fairly)



Appendix C

5. Do you believe that companies with a focus on Environmental, Social and Governance (ESG) issues are more likely to be well run and deliver stronger financial returns for the pension fund?



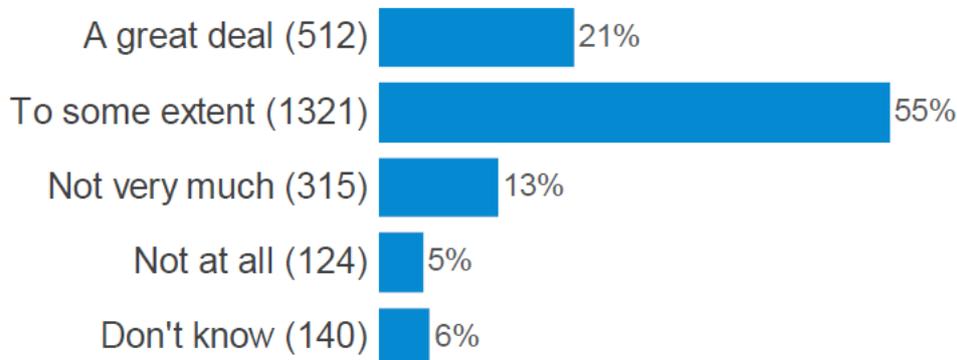
Despite the response to the previous question and strength of belief in considering certain ESG issues the response is more mixed. This could indicate that members feel some of the options previously should be considered as issues of importance, even if they are not confident in a

beneficial financial impact, or simply a view of the broadness of ESG factors and the different impact they may have.

6. Climate risk may impact the Pension Fund in different ways. For example:

- The physical impact of flooding may damage buildings or infrastructure we invest in.
- If consumer preferences or government policies change, companies that do not adapt may lose value. On the other hand, some sectors may perform well if regulations do not limit their activities and fossil fuels are expected to be used for several more decades.

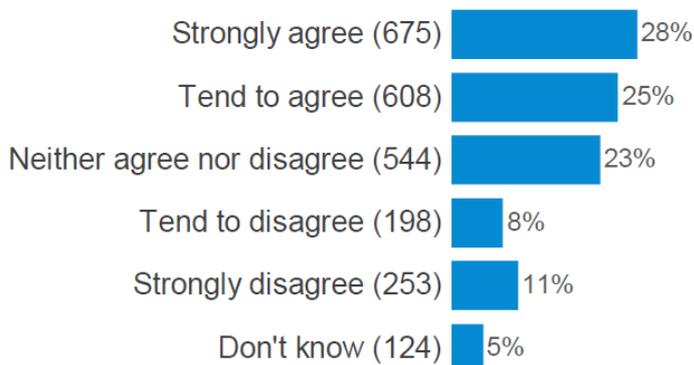
To what extent, if at all, do you feel climate change in particular presents a risk to the Pension Fund's investments?



The vast majority believe climate risk poses a risk to the Fund, only around 5% believe it does not at all. Stakeholders recognise climate risk as financially material, with a clear mandate for the Fund to monitor climate-related risks as part of the Fund's approach to managing investments.

Appendix C

7. To what extent do you agree or disagree with the Pension Fund's ambition to achieve net zero by 2050 with an ambition for sooner?



Despite the stronger views on climate risk impact within the previous question views on the Fund's existing net zero target were more mixed, reasons for this are set out in below in a thematic analysis of comments on this question.

Strongly agree	53.4%
Tend to agree	
Neither agree nor disagree	22.6%
Tend to disagree	20.9%
Strongly disagree	
Don't know	5.1%

Why do you say this?

1201 comments were received on this question. These can largely be grouped as follows.

Why do you say this – by theme.	Examples of responses
Supportive of net zero target (553)	<ul style="list-style-type: none"> • Because the risks that climate change brings to the planet are fundamental to all our futures • A target is required to achieve net zero - this is extremely important. I fully support anything that helps reduce climate change • I believe this to be an important and responsible investment goal. Not that this will be easy - but - to aim for this is the best choice, for the planet and its people.
Factors relating to realism of target (212) (Views that the target may not be achievable, other external factors limit the Fund, size of fund, UK limitations, geopolitical concerns)	<ul style="list-style-type: none"> • I agree that the Pension Fund should aim for net zero but this has to be balanced by returns for the Fund. Therefore, I think even 2050 is an ambitious target. The Fund should just aim to get to net zero gradually year by year. • Net Zero is in my opinion almost impossible to achieve as somewhere along the line either in production or capture/storage there is unlikely to ever be a perfect balance. i.e fossil fuels will be used, carbon storage capacity filled. • “Depends on how the companies being invested in are achieving net zero. Carbon offsetting for example, is not really going to achieve net zero.” • “Only fairly important due to UKs size and Emissions compared to the majority of the world, you may preach to others but those are not delivering the our example.” • International political factors will likely outweigh the effect of parochial decisions.

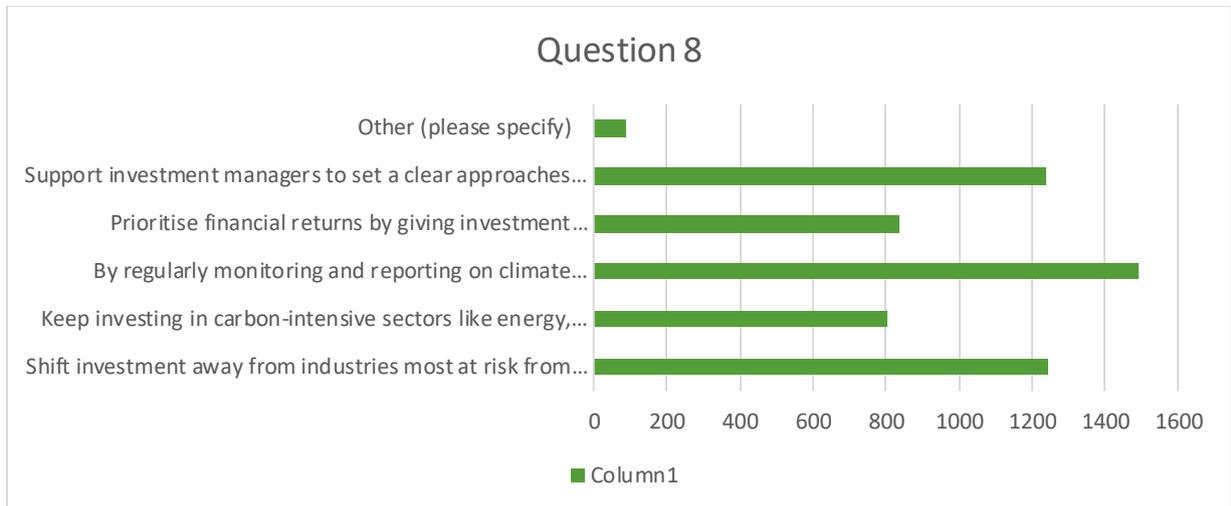
Appendix C

Financial factors are most important to the Fund (161)	<ul style="list-style-type: none"> • I think arbitrary goals such as this miss the point of the pension - to be as effective as possible in growing the investments of the funds. Should growth be possible AND meet this goal, I have no objections, but if targets like this affect the capacity of the fund to pay benefits and rely on employers to add more, I think this is an unnecessary risk • Although net zero might be seen as a collective responsibility for society, it is very much a secondary or tertiary objective and purpose for a pension fund, so attention upon this should not distort the primary functions and operations of the fund managers. • It is unrealistic and the costs will be borne by those least able to afford them, including pensioners.
Comments on the target date <ul style="list-style-type: none"> • That the target needs to be sooner (70) • That the target needs to be flexible (20) 	<ul style="list-style-type: none"> • 2050 is far too late; 2030 is the furthest away that should be aimed for • Need to be flexible re the date. The Pension Fund cannot be responsible for the worlds transition to net zero. The primary goal of the Pension Fund cannot be compromised which is to pay and secure pensions for members.
Disagree with climate change or net zero (55)	<ul style="list-style-type: none"> • Any climate change is a natural process that has ran its course for millennia, carbon is not a factor in this.
Other comments	
Ethical/Divestment (17)	<ul style="list-style-type: none"> • The climate threat is a danger to life and is serious and so are wars and weapons which help to create it. The pension fund should end its investment in Thalix Elbit and BAE systems as well as fossil fuels.
Don't know (74)	<ul style="list-style-type: none"> • Don't understand enough about it
Other comments, either political, specific to pension queries or statements (39)	<ul style="list-style-type: none"> • I don't think a pension provider should be more responsible than those that contribute to climate change

Appendix C

Q8. The Fund does not directly choose which individual companies to invest in. Instead, it appoints professional investment managers that take decisions on what to invest in.

Managing climate risk can involve a range of different actions, depending on the type of investment and the specific risks or opportunities involved. Which approaches do you believe are most important to be considered when forming policy and to focus on when engaging with investment managers? Please select **up to three**.



Selections ranked:

1. By regularly monitoring and reporting on climate related risks and opportunities that the Fund can take account of in its investment strategy (1492, 63%)
2. Shift investment away from industries most at risk from climate change, and towards solutions like renewable energy, sustainable forestry, and green technology (1346, 56%)
3. Support investment managers to set a clear approaches to managing climate risk and climate targets (1240, 52%)
4. Prioritise financial returns by giving investment managers the freedom to manage risks as they see fit (840, 35%)
5. Keep investing in carbon-intensive sectors like energy, construction, and agriculture but engage alongside partners to encourage change to support real-world impacts (806, 34%)
6. Other (91, 4%)

Overall respondents favoured practical and transparent climate risk management. Members' strongest preference is for the Fund to regularly monitor and report on climate related risks and opportunities, reflecting a clear desire for transparency and data driven governance. Shifting investments away from industries most exposed to climate risk is also strongly supported, demonstrating that members still favour tangible portfolio actions once robust oversight is in place.

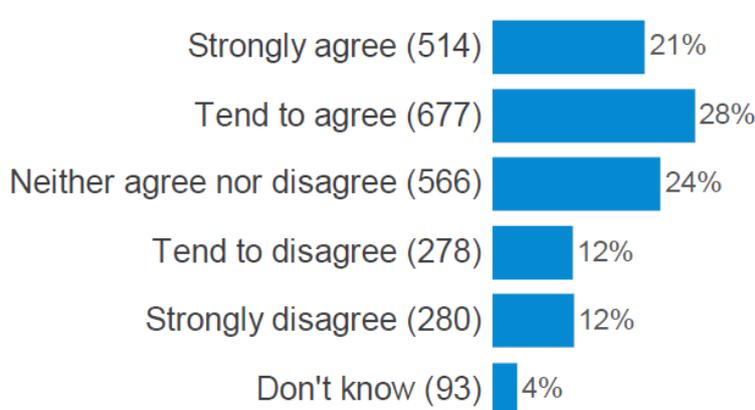
Support for investment managers in developing clearer climate-risk approaches sits at a mid-level, while options emphasising continued investment in carbon-intensive sectors or prioritising financial returns above climate-risk management received notably lower support.

Appendix C

For respondents that indicated 'other' their responses are summarised below.

Other (please specify):	
Theme	
Divestment	<ul style="list-style-type: none"> Arms manufacture (2) Don't invest in companies with climate ambitions (3) Divest companies contributing to climate change ie. fossil fuel (15) Ethical investment (8)
Investment	<ul style="list-style-type: none"> Focus on financial factors (16) Oil, gas coal (3) Individual comments (15) including investments that support human rights, passive equity funds, supporting the local economy, having a say on how funds are invested, geothermal sources, alternative investment strategies, diversification, growth markets, bitcoin, diversify, renewable energy, ESG factors alongside financial return, agriculture.
Other	<ul style="list-style-type: none"> Against climate change consideration (5) Emphasis on other response (13) Did not respond or did not know (11)

Q9 At the moment, the Pension Fund's climate targets apply to only half of its investments. To what extent do you agree or disagree that the Pension Fund should apply these targets to more of its investments, in line with best practice guidance as it develops?



Responses are varied with 49% expressing a positive view of the statement in support of extending the Fund's climate target.

However, there is a large neutral response which may be due to the requirement for the Fund to be flexible in its approach and maintain financial factors as its managing climate risk, not just targets for targets sake.

It is appropriate to ensure any targets set are clear in their use case and link with fiduciary duty.

Q10 – Any other comments?

Comments largely reflected earlier themes and are highlighted below (745 responses)

Why do you say this – by theme.	Comment examples
141 - Financial factors first	<ul style="list-style-type: none"> Its best to invest in who is doing well, environmentally or not.

Appendix C

	<ul style="list-style-type: none"> • I'd like the pension fund managers to be free to invest in what they see as getting the best returns from the investments and not have to consider any other factors in their decision making process.
<p>75 - Managing climate risk and other long-term risks important</p>	<ul style="list-style-type: none"> • As long as the investment managers the council are using are keeping the best financial interests in focus whilst still addressing climate concerns. • Good governance is needed to support climate change - quick action on quick fixes first and then a measurable and tangible course of action in place
<p>95 - Ethical and Divestment Some comments cut across different ethical areas, but broadly can be categorised as follows:</p> <ul style="list-style-type: none"> • AI (2) • Animal Rights (2) • Arms/companies linked to conflicts (13) • Companies that have poor human rights, and labour standards(9) • Ethical investment policy (25) • Fossil fuel/climate damaging investments (14) • Specific comments on investment related to Israeli Palestinian conflict (29) • Tobacco (1) 	<ul style="list-style-type: none"> • Do not invest in companies funding war. • i would not like to see funds invested into companies/ countries with poor human rights EG Isreal and it's treatment of Palestinians • The fund should stop investing in fossil fuel producing companies • It is crucial that net zero and human rights are the most important factors when determining where my pension is invested. • All investments should be ethical and support both the environment and human rights.
<p>46 - Investment comments</p> <ul style="list-style-type: none"> • Climate solutions (3) • Commodities (ie. fossil fuel, gold) (4) • Diversification (27) • UK (3) • Tech/AI/Space/Bitcoin (3) • Other: Companies with responsible tax policies, the Council should manage their own investments, Shariah compliance, infrastructure long-term. 	<ul style="list-style-type: none"> • Make it a priority to invest in low carbon related industries and real estate • Make sure you have a large enough proportion invested in commodities and precious metals. • There should be a mix of different types of investments. You cant just have one type of investment as this will affect the pension if markets crash or there are global/ local disasters • Invest in government bond so income remains in country • Look at funds that use AI to maximise returns to the pension fund

Appendix C

16 - Disagree with climate change or net zero	<ul style="list-style-type: none"> • Net zero is a waste of time and climate change is a woke ideology
73- Other comments, specific pension queries or statements on: <ul style="list-style-type: none"> • World/National/Local Government comment (11) • Concern for greenwashing (3) • Limit targets to 50% of Fund assets • Act sooner with net zero (4) 	<ul style="list-style-type: none"> • While the UK targets on climate change are impressive, other world countries are either not interested in climate change or just choose to ignore it, until to late. • There are possibly world major conflicts ahead . Every one then will soon have a new set of priorities. • I just want my pension safe.
297 - Nothing further	<ul style="list-style-type: none"> • None