



Cheshire
Pension Fund

Climate Risk Management Report

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

DECEMBER 2025

PREPARED BY LGPS CENTRAL LIMITED



LGPS Central Limited



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Images (Clockwise): River Dee, Cheshire Eastgate Clock, Chester, Cheshire Great Budworth, Cheshire



Introduction

This report constitutes the sixth edition of Cheshire Pension Fund's (CPF 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.



Grosvenor Park, Cheshire



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

Climate Multi Factor Fund Investment

Invested £500m in a multi-factor climate portfolio. The portfolio tilts away from companies that are carbon-intensive or own fossil fuel reserves, and tilts towards companies that generate green revenues.

2020

Climate Risk Report

Received its first Climate Risk Report which included the results of Carbon Risk Metrics analysis and Climate Scenario analysis. The Fund also publishes its first TCFD Report.

Climate Targets

Fund commits to reducing its carbon footprint by 7.6% per year and to 50% below the general equity market by the end of 2023. The Fund also commits to invest an increasing proportion of total Fund assets in low-carbon and sustainable assets.

2021

Climate Stewardship Plan

Commits to a Climate Stewardship plan, which includes a focus list of nine companies that the Fund will monitor.

Net Zero

Commits to achieving net zero emissions by 2050.

2022

Sustainable Investment Fund

Invests £360m in LGPS Central Limited (LGPSC)'s newly created Global Sustainable Equity fund, helping the Fund to make faster progress towards the achievement of its net zero targets.



Governance *(continued)*

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

2023

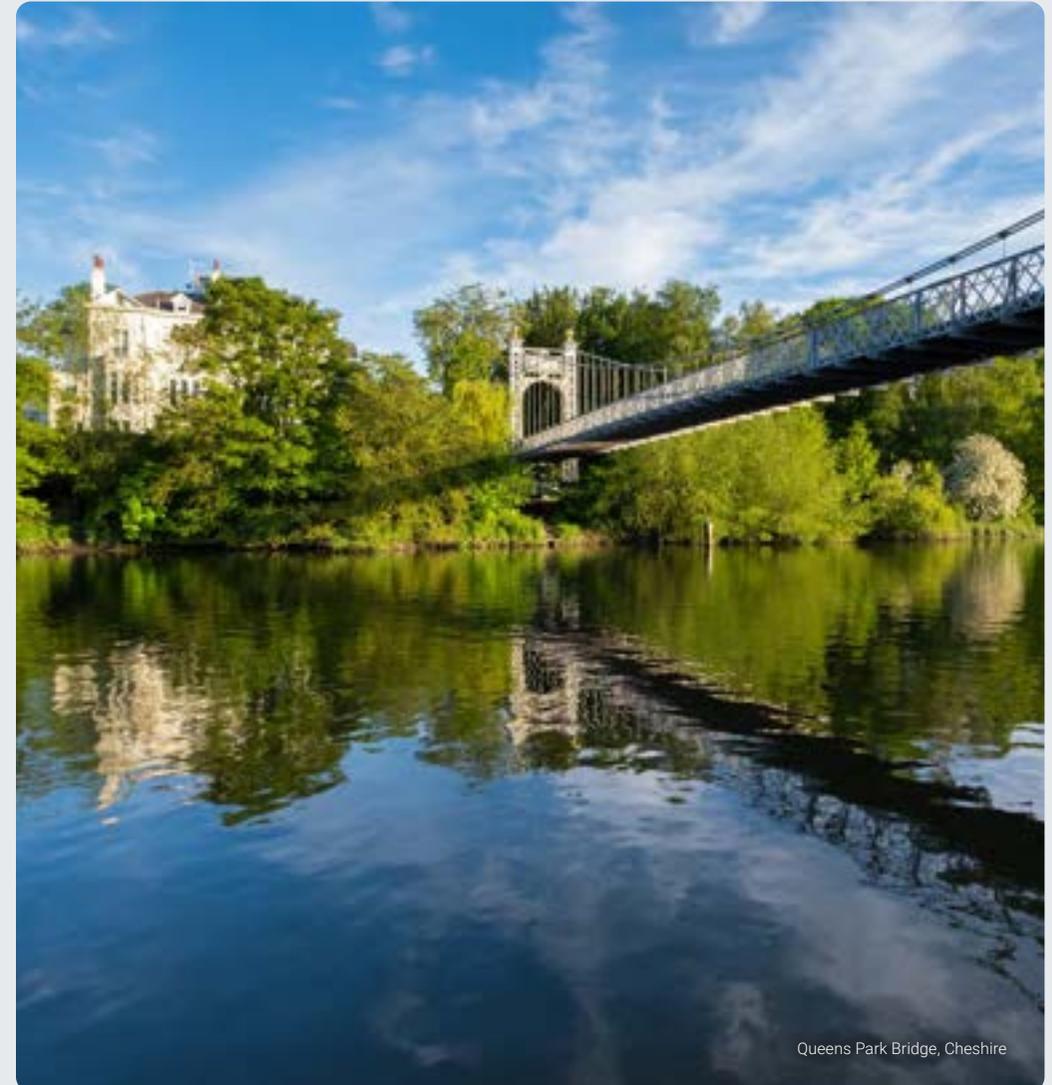
Climate Targets

Achieves its target to reduce its carbon footprint to 50% below the general equity market by 2023. The Fund continues to make good progress against its other targets, exemplified by a 38% reduction in the Fund's carbon intensity since 2019.

2024

Climate Strategy

Launches a consultation period on proposed updates to its climate strategy, including a new set of climate targets across the short- and medium-term.



Queens Park Bridge, Cheshire



Governance *(continued)*

The Fund's governance structure is illustrated below.

FIGURE 2: THE FUND'S GOVERNANCE STRUCTURES

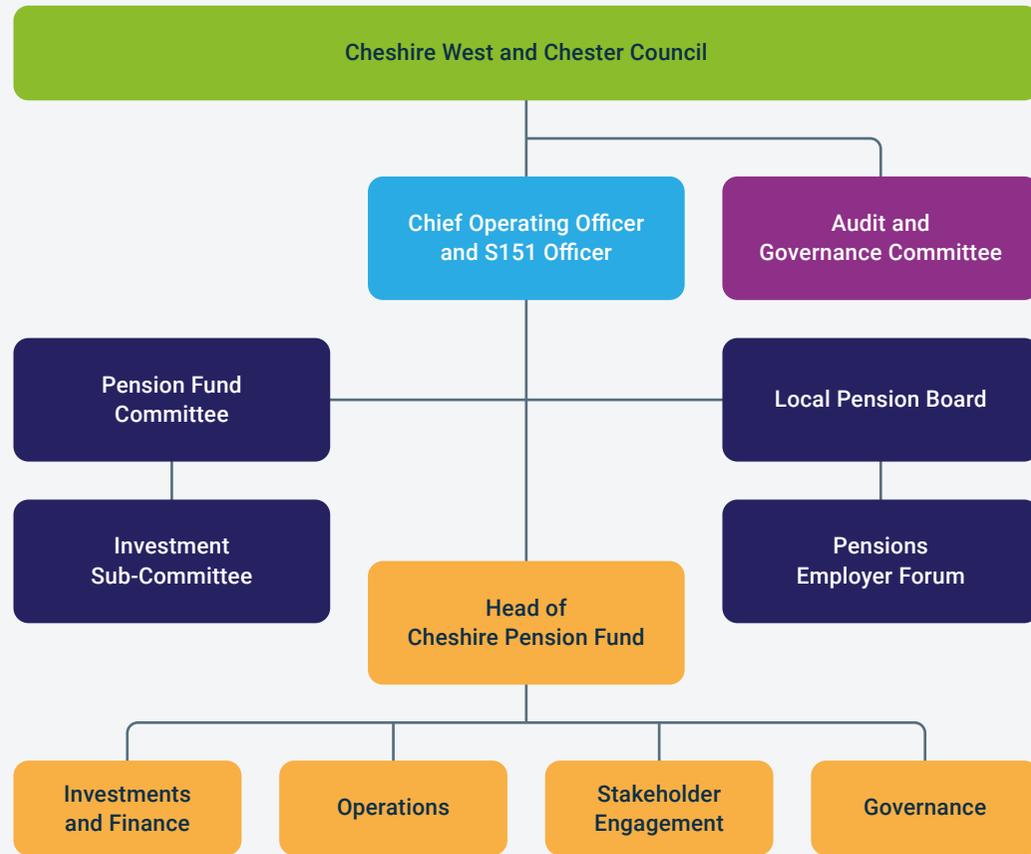
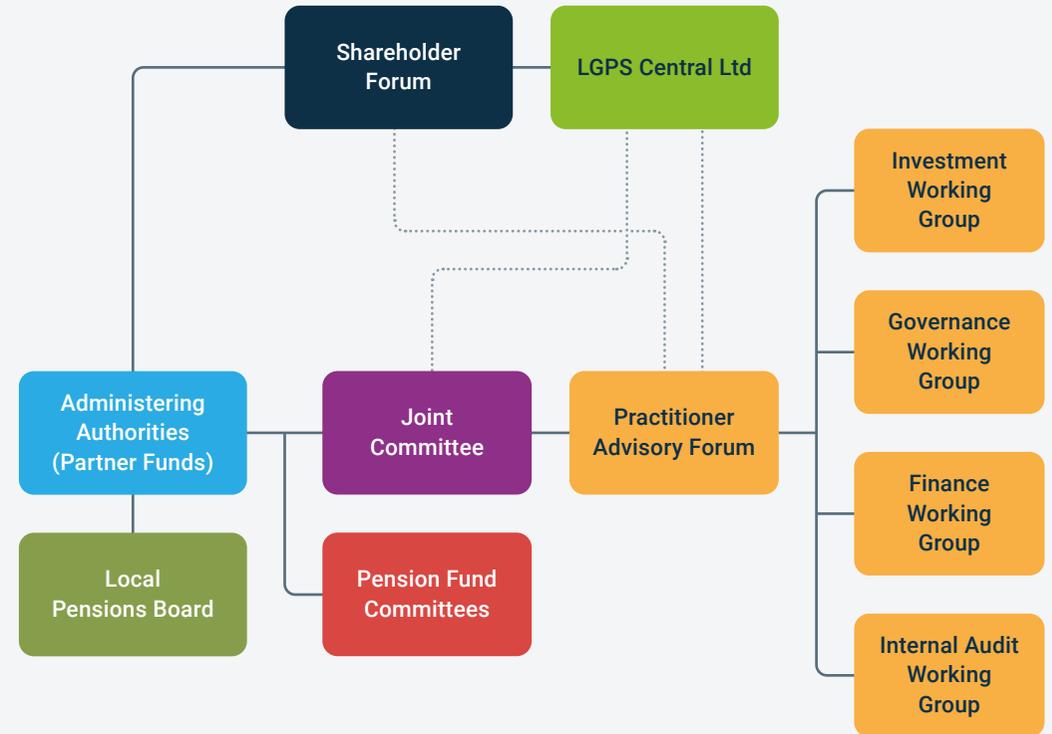


FIGURE 3: INVESTMENT POOLING GOVERNANCE STRUCTURE





Governance *(continued)*

Board Oversight

Roles and responsibilities are clearly defined in the Fund's Governance Compliance Statement. Overall responsibility lies with the Full Council of Cheshire West and Chester Council, which delegates management and administration to the Section 151 Officer. The Full Council monitors this through its Audit and Governance Committee. The Section 151 Officer is advised by the Pension Fund Committee (the Committee), the Council's Head of Governance, the Fund Actuary, and the strategic Investment Advisor.

The Committee is responsible for reviewing the Fund's Investment Strategy Statement (ISS), Responsible Investment Policy, and Climate Change Strategy. The ISS identifies climate change as a financially material risk to meeting long-term liabilities. The Climate Change Strategy is based on 10 evidence-based beliefs covering climate science, the energy transition, and stewardship. Both documents are reviewed annually.

Responsible investment, including climate change, is a standing item on Sub-Committee agendas, and investment managers' quarterly reports must include specific updates on these topics.

The Local Pensions Board oversees the Fund's governance and administration, ensuring compliance with LGPS Regulations and relevant legislation.

To support effective decision-making, the Fund applies the Myners Principles, with disclosures against these principles made annually (please see Appendix B of the ISS). It also uses the CIPFA/Solace "Delivering Good Governance Framework" (see pp. 65–67 of the Annual Report).





Governance *(continued)*

Management's Roles and Responsibilities

The Head of the Cheshire Pension Fund and the Finance and Investments Manager hold day-to-day responsibility for managing climate-related investment risks. Where appropriate, LGPSC supports the Fund in assessing and managing these risks. As outlined in the Climate Change Strategy, the Fund also leverages partnerships and initiatives, including the Institutional Investors Group on Climate Change (IIGCC), to identify and manage climate risk. The Head of the Fund is accountable to the Pensions Committee for delivering the Climate Change Strategy.

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 Report, providing insight into climate risks across equities and fixed income.

Roles of Advisors

The Fund receives advice from its Officers and external advisors to support decision-making. For asset allocation and risk mitigation, it

consults Mercer (Investment Consultant), with input shared with Hymans Robertson (Scheme Actuary).

Advisors regularly attend Pension Fund Committee and Investment Sub-Committee meetings, with other advisors joining for specific issues. For example, Hymans Robertson's climate scenario analysis is discussed in the Strategy section of this report.

Mercer also advises on the Fund's Responsible Investment and Stewardship policies, ensuring alignment with best practice in ESG integration, including climate change. They support in managing financially material climate risks and in developing a strategy to align the Fund's holdings with a net zero transition pathway.

Role of Actuaries

As discussed above, the Committee has appointed Hymans Robertson as the Fund's 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

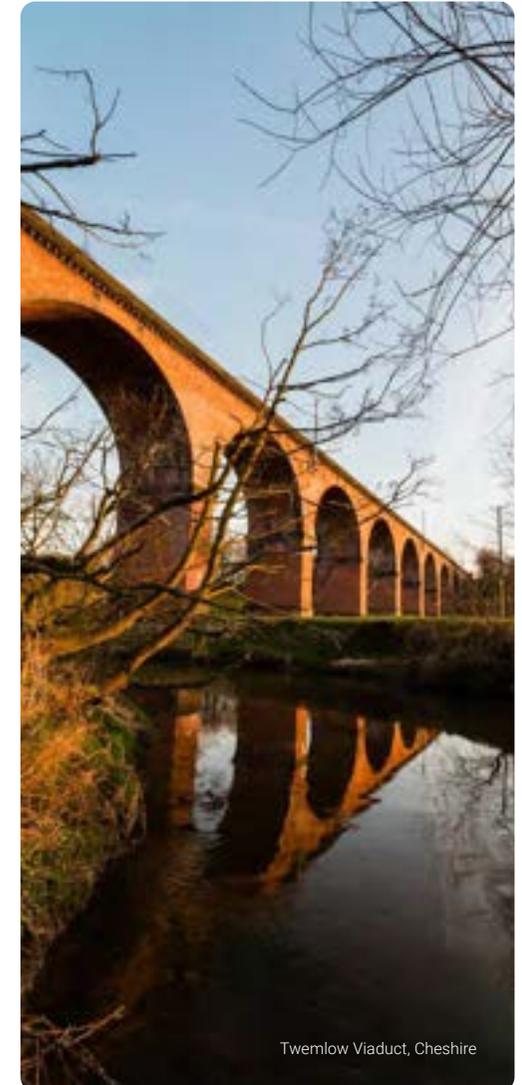
local authority employers. The resulting report complies with Technical Actuarial Standards TAS100 and TAS300, issued by the Financial Reporting Council.

Roles of Pooling Company

LGPSC operate as the pooling company for the Fund, from a climate perspective this includes producing annual Climate Risk Reports including the production of the Fund's climate metrics which help inform the establishment of the Climate Strategy 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](#).



Twemlow Viaduct, Cheshire



Governance *(continued)*

Ongoing Education and Training

The Committee receives regular training on climate-related matters. In the year to 31 March 2025, sessions included new member induction training, including a climate change module, climate metrics and targets, and Stewardship and Engagement themes.

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.



Jodrell Bank Observatory, Cheshire



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
Policy Changes (Including Carbon Pricing)	Transition	Risk and Opportunity	<ul style="list-style-type: none"> Short Medium Long 	<ul style="list-style-type: none"> Across investments and funding Investments in carbon-intensive and low-carbon industries Operational 	<ul style="list-style-type: none"> 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. The achievement of the Fund's climate targets will mitigate the impact of increasing carbon prices. 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. Consider the impact of likely policy changes in strategic decisions.
Technological Change	Transition	Risk and Opportunity	<ul style="list-style-type: none"> Short Medium Long 	<ul style="list-style-type: none"> Across Asset Classes 	<ul style="list-style-type: none"> Monitor manager awareness of emerging and disruptive technologies. Consider the impact of these changes in strategic decisions.
Changing Weather Systems and Climate Adaptation	Physical	Risk and Opportunity	<ul style="list-style-type: none"> Short Medium Long 	<ul style="list-style-type: none"> Physical Assets Corporate Holdings 	<ul style="list-style-type: none"> Carry out scenario analyses on various climate scenarios to assess impact. 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). 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. Ensure managers monitor portfolio company's assessments of extreme weather impacts on their operations.
Resource Scarcity	Physical	Risk	<ul style="list-style-type: none"> Medium Long 	<ul style="list-style-type: none"> Physical Assets 	<ul style="list-style-type: none"> Monitor manager awareness of resource scarcity. Consider managers' awareness of agricultural holdings.



Strategy *(continued)*

While diversified across asset classes, regions, and sectors, the ISS recognises that “there may be a significant risk from climate change which could impact the ability of the Fund to meet its long-term liabilities”. It is also recognised that climate risk is systemic and is unlikely to be eliminated through diversification alone.

The Fund’s Climate Change Strategy sets out the Fund’s approach to managing the impact of climate-related risks. The main management techniques within investment strategy are:

- Regular measurements and observations on the climate-related risks and opportunities relating to investment performance, including annual carbon risk metrics and at a minimum a triennial climate scenario analysis;
- Integration of climate change factors into asset allocation reviews;
- Integration of climate-related risks into the selection, due diligence and monitoring of investment managers; and
- The use of stewardship techniques to manage the risks and opportunities within the Fund’s investment portfolio.

The Fund has reviewed several climate opportunities with the aim of investing where positive environmental outcomes are expected to correlate with positive financial performance. The Fund has also committed to invest an increasing proportion of total assets in low carbon and sustainable assets, and to enable the delivery of this target, has started to invest in infrastructure assets, with a significant degree of exposure to renewables.



Lyme Hall, Cheshire



Strategy *(continued)*

Description of Resilience of the Organisation's Strategy

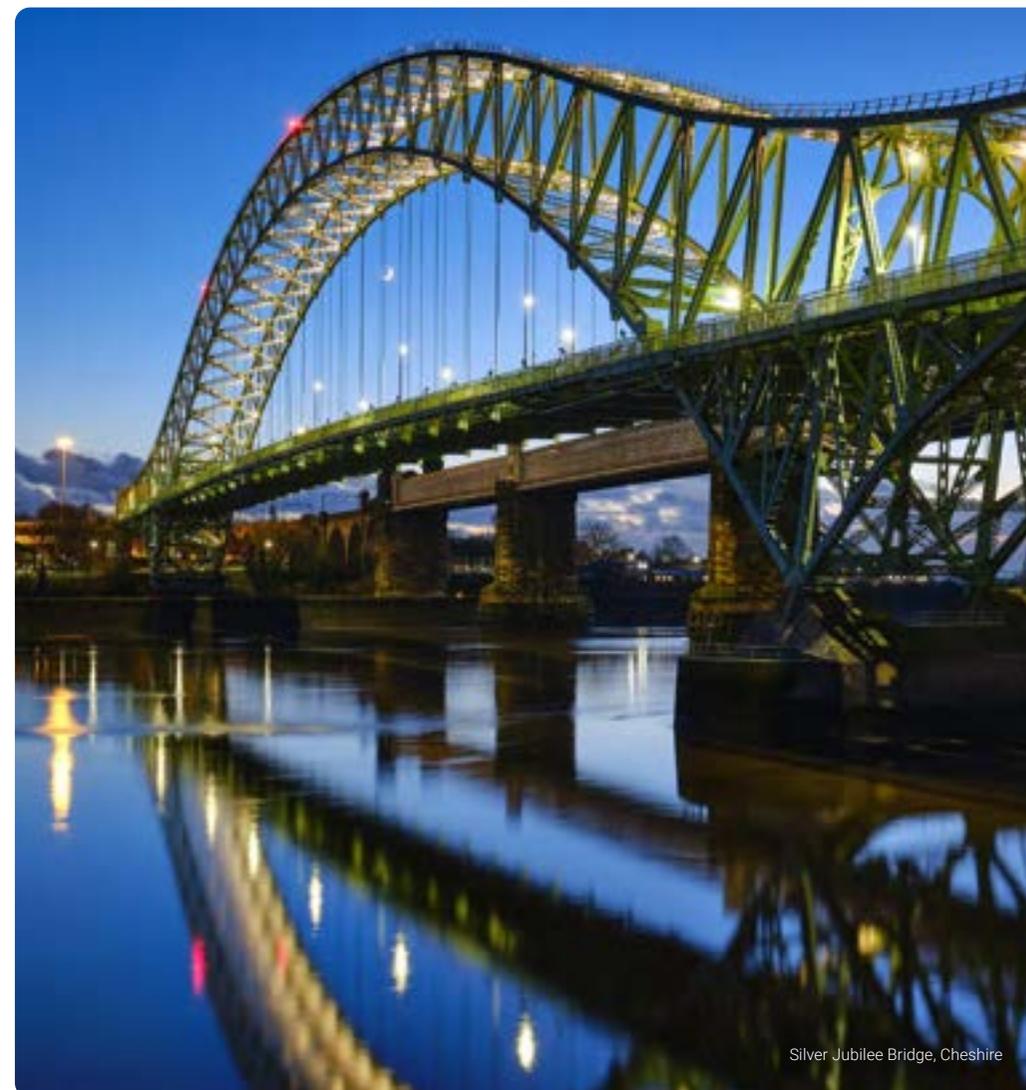
Hymans Robertson, as the Fund's actuary, conducted climate scenario stress testing in the contribution modelling exercise for the local authority employers as part of the 2022 valuation.

The results of Hymans Robertsons sensitivity of funding position to climate change risk assessment can be found in the Fund's 2022 Actuarial Valuation Report.¹

Additionally, in 2020 and 2022, via LGPSC, the Fund engaged the expertise of Mercer LLC (Mercer, to better understand the extent to which the Fund's risk and return characteristics could come to be affected by a set of plausible climate scenarios.

In the 2022 iteration, this included an estimation of the annual climate-related impact on returns (at the Fund and asset-class level) across three different climate scenarios including all asset classes. The three climate scenarios considered were Rapid Transition, Orderly Transition and Failed Transition. In the analysis, Mercer focused on short-, medium- and long-term time frames of 5, 15 and 40 years.

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.



Silver Jubilee Bridge, Cheshire

¹ Cheshire Pension Fund Report on the actuarial valuation at 31 March 2022



Risk Management

Identifying and Assessing Climate-Related Risks and Opportunities

The Fund seeks to identify and assess climate-related risks at the total Fund level and the individual asset level. Climate Risk 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. The Fund recognises 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 far as possible climate risks are assessed in units relevant to investment, in order to compare with other investment risk factors.

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 Report findings, the Fund developed a Climate Stewardship Plan to focus engagement on high-risk holdings.



Marbury Country Park, Cheshire



Risk Management *(continued)*

Managing Climate Risks and Opportunities

The Fund manages climate risk in different ways according to the nature, duration, magnitude and time horizon of the risk itself. As set out in the Fund's Climate Change Strategy, the main management techniques are: measurement and observation; policy review; asset allocation; selection and due diligence; purposeful stewardship; and transparency and disclosure.

Engagement and shareholder voting are an important aspect of the Fund's approach to managing climate risk. The Fund expects all investee companies to manage material risks, including climate change, and believes that climate risk management can be meaningfully improved through focussed stewardship activities by investors.

The Fund supports the engagement objectives of the Climate Action 100+ initiative, which state that companies: adopt the appropriate governance structures to effectively manage climate risk; decarbonise in line with the Paris Agreement; and disclose effectively using the TCFD recommendations.

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 the following table.

TABLE 2: THE FUND'S STEWARDSHIP PARTNERS

Organisation	Remit
	<p>The Fund is a 1/8th owner of LGPSC.</p> <p>Climate change is one of LGPS Central's stewardship themes, with quarterly progress reporting available on the website.</p> <p>The Responsible Investment and Engagement Team at LGPSC engages companies on the CPF'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>CPF is a long-standing member of LAPFF. LAPFF conducts engagements with companies on behalf of local authority pension funds.</p>



Risk Management *(continued)*

The instruction of shareholder voting opportunities is an important part of climate stewardship. The Fund's votes are executed by LGPSC according to a set of Voting Principles, to which the Fund contributes during the annual review process. LGPSC's Voting Principles incorporate climate change. In addition, LGPSC has co-filed shareholder resolutions in relation to climate change.

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

Based on the findings of previous Climate Reports, the Fund has developed a priority list for climate engagements. These companies are chosen following an assessment of issuer contributions to financed emissions and the Fund's capacity to leverage change through engagement.

The companies in the Fund's priority list are as follows:

TABLE 3: CLIMATE STEWARDSHIP PLAN

Company Name	Weight in Listed Holdings	Financed Emissions	Contribution to Financed Emissions
SHELL	0.22%	3,072	2.66%
GLENCORE	0.08%	1,013	0.88%
CEMEX	0.01%	752	0.65%
ARCELORMITTAL	<0.01%	695	0.60%
BP	0.05%	412	0.36%
HOLCIM	0.00%	205	0.18%

CRH, Nextera Energy, Taiwan Semiconductor Manufacturing Co, and Exxon Mobil have been recommended for removal from the list.

This decision is based on two key factors:

1) **Financed Emissions Contribution:** These companies no longer rank among the Fund's top contributors to financed emissions.

2) **Alignment with LGPS Central'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.



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, sovereign debt, and private market investments.²

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 consultation³ and the FCA's requirements on climate reporting.⁴ 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)



LGPS Central'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.



Queens Park Bridge, Cheshire

² Private market carbon metrics to follow report once available.

³ DLUHC, Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks. Consultation can be accessed on DLUHC's [website](#).

⁴ 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)*

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 4: 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 ₂ e 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 ₂ e	tCO ₂ e / £m invested ⁵	tCO ₂ e / \$m sales ⁶
Comparability	No; does not take size into account	Yes; adjusts for fund size	Yes

⁵ Normalised financed emissions uses GBP as the base currency as this is the currency used for the Fund’s investments.

⁶ 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 net zero if:

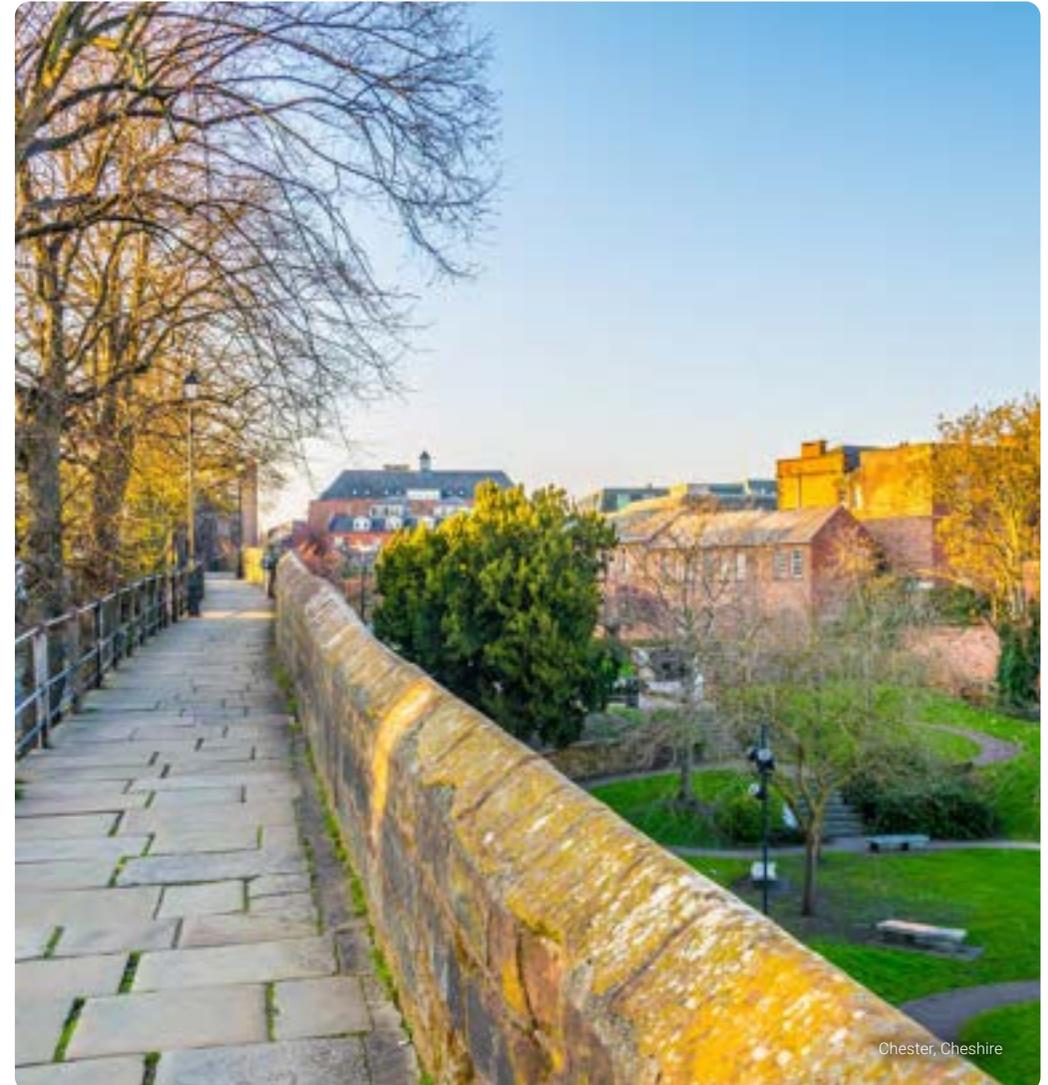
The company scores above **Median** in **Low Carbon Transition score**

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

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

or

The company has an **implied temperature rise rating** of 2.0°C or lower



Chester, Cheshire



Metrics and Targets *(continued)*

The Fund's Climate Targets

Table 4 outlines the Fund's climate targets and the Fund's progress against these targets.

TABLE 5: THE FUND'S CLIMATE TARGETS

Target	Progress						
42% reduction in the carbon footprint of the Fund's equity portfolio (scope 1 and 2 emissions) by 2025 increasing to 50% by 2030.	<p>Since 2019 the WACI of the Fund's equity portfolio has decreased by 42.6%. This is ahead of the Fund's target for 2025 and well on track to achieve a 50% reduction by 2030.</p> <table border="1"> <thead> <tr> <th></th> <th>2019 (restated)</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>WACI (Equity)</td> <td>111.1 tCO₂e/\$ sales</td> <td>65.6 tCO₂e/\$ sales</td> </tr> </tbody> </table>		2019 (restated)	2025	WACI (Equity)	111.1 tCO ₂ e/\$ sales	65.6 tCO ₂ e/\$ sales
	2019 (restated)	2025					
WACI (Equity)	111.1 tCO ₂ e/\$ sales	65.6 tCO ₂ e/\$ sales					
Engagement target of at least 90% of financed emissions in material sectors assessed as net zero, aligned, aligning, or the subject of direct or collective engagement and stewardship actions, by 2030.	58.3% of the Fund's financed emissions which arise from Material Sectors are currently either classified as net zero, aligned, or aligning, ⁷ or are the subject of an engagement.						
50% of assets under management in material sectors that are achieving net zero, 'aligned' or 'aligning' to net zero by 2030.	59.2% of the Fund's AUM (within material sectors) is currently classified as net zero, aligned, or aligning, as per LGPSC's methodology. ⁸ The Fund is therefore well placed to achieve this target by 2030.						
25% of total Fund assets invested in low carbon and sustainable assets by 2026.	<p>As of 2024, 21.6% of the Fund's total investments in were in low carbon and sustainable portfolios.⁹</p> <table border="1"> <thead> <tr> <th></th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Investments in Sustainable Portfolios (percentage of total fund assets)</td> <td>33.5%</td> </tr> </tbody> </table>		2025	Investments in Sustainable Portfolios (percentage of total fund assets)	33.5%		
	2025						
Investments in Sustainable Portfolios (percentage of total fund assets)	33.5%						

⁷ Alignment calculated as per LGPS Central's alignment methodology. See page 18 for more details.

⁸ See page 18 for more information.

⁹ This is calculated as the share of the Fund's total AUM in funds which sustainable low carbon assets



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.

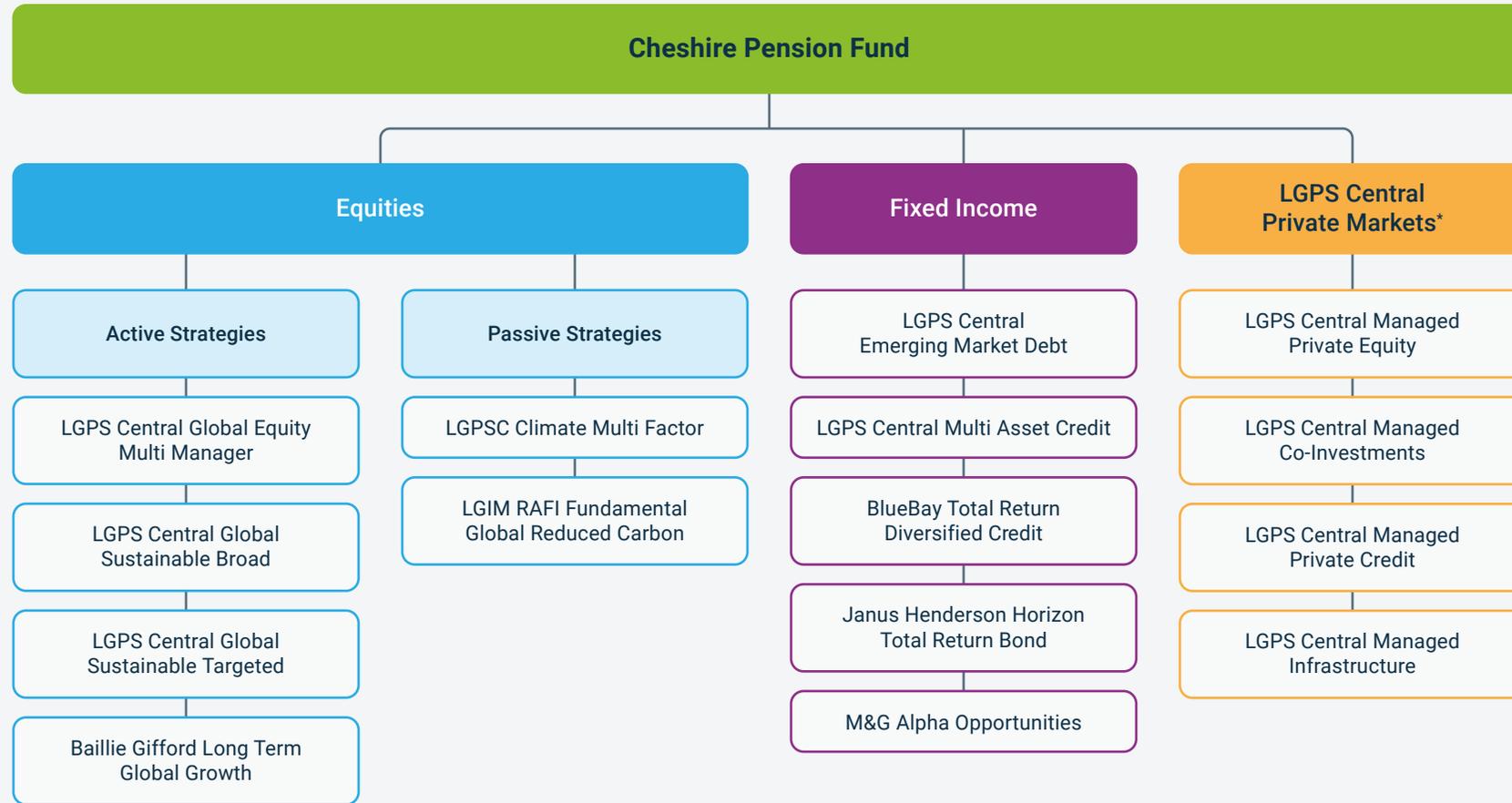
This analysis encompasses public market investments reported as of 31 March 2025. It includes holdings in listed equity, fixed income funds including government debt, and the Fund's private market holdings managed by LGPSC. Private market holdings were first incorporated into this analysis in the 2024 report. Where available, reported data for private market holdings has been utilised. Where unavailable, estimations have been constructed using the portfolio holdings value, revenue, sector and attributed ownership. Due to the current non-uniformity of private market data, it has not been possible to extend this coverage to the Fund's non-pooled private market investments.





Metrics and Targets *(continued)*

FIGURE 4: BREAKDOWN OF FUNDS INCLUDED IN THE ANALYSIS



* Private markets data to be distributed once available.





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 6: 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
Q1 2024	Listed Equity	Financed Emissions	70,148	119,006	68,752	112,677
		WACI	62.8	122.0	65.7	121.6
	Corporate Fixed Income	Financed Emissions	10,080	101	51,010	113,696
		WACI	114.4	149.3	119.2	230.1
	Sovereign Debt	Production	43,797	41,451	83,882	37,105
		Consumption	8.0	8.3	9.0	9.0



Metrics and Targets *(continued)*

Notable restatements within corporate fixed income are primarily linked to changes in corporate data coverage. In the 2024 reporting cycle, the LGPS Central Emerging Market Debt Fund and the LGPS Central Multi Asset Credit Fund were the only two portfolios with corporate data coverage exceeding our inclusion threshold of 60%. However, in the 2025 reporting, none of the Fund's corporate fixed income portfolios meet this threshold. Therefore, rather than excluding all holdings, for informational purposes, we have included all portfolios, as was done in the 2023 reporting. However, it is important to acknowledge the data limitations which these metrics are subject to.

Changes in the portfolios included in the analysis will be more pronounced in absolute measures, such as financed emissions, where additional values are simply aggregated within the total. In contrast, relative measures such as WACI will be less affected, as new values are weighted during aggregation.

When focusing specifically on the LGPS Central Emerging Market Debt Fund and the LGPS Central Multi Asset Credit Fund, we continue to observe a significant increase in Q1 2024 financed emissions for both the holdings and the reference index. This increase follows a 13.1 percentage point and, more notably, a 44.7 percentage point increase in the availability of financed emissions data for Q1 2024 for these two portfolios and the reference index, respectively. The rise in financed emissions is primarily attributable to this enhanced data coverage, which stems from improved mapping of assets to climate data.

Restatements in sovereign debt production are also largely due to the inclusion of additional holdings. Additionally, though to a lesser extent, there have been restatements of the emissions associated with the underlying sovereign holdings.



Chester, Cheshire



Metrics and Targets *(continued)*

Listed Equity

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





Metrics and Targets *(continued)*

We analysed five listed equity portfolios totalling approximately £1.9 billion as of 31 March 2025.

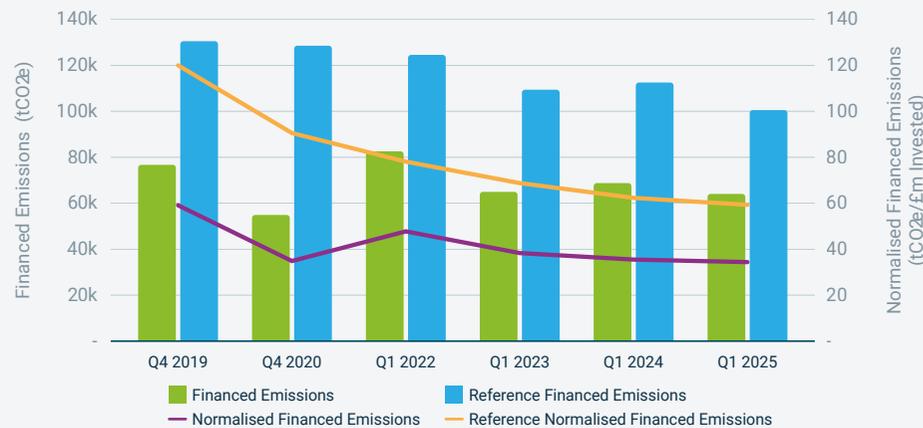
Each fund's carbon footprint is evaluated in comparison to the primary market index in which it predominantly invests. The table below summarises the reference indices that we utilised.

TABLE 7: 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 Fund's listed equity financed emissions decreased by 16.4% from 2019, despite NAV increasing by 33.9% over the same period. Accounting for fluctuations in NAV, the portfolio's normalised financed emissions decreased by 42.0% from 2019. A notable decrease occurred during Q1 2023, with a significant decrease (19.9%), as the Fund invested in two of LGPS Central's Global Sustainable Equity Funds.

The decrease in normalised financed emissions can also be attributed to a lower exposure to carbon-intensive companies, illustrated by the 42.6% decrease in WACI since 2019 (graph 2).

During 2019 the utilities and materials sectors were the greatest contributors of WACI within the Fund's listed equity holdings. By 2025, WACI dropped by 51.7% in utilities and 52.9% in materials. Similarly, the normalised financed emissions associated with these sectors within the Fund's listed equity holdings decreased by 48.8% and 51.2%, for the utilities and materials sectors respectively.

The Fund's listed equity normalised financed emissions and WACI is 36.3% and 46.3%,

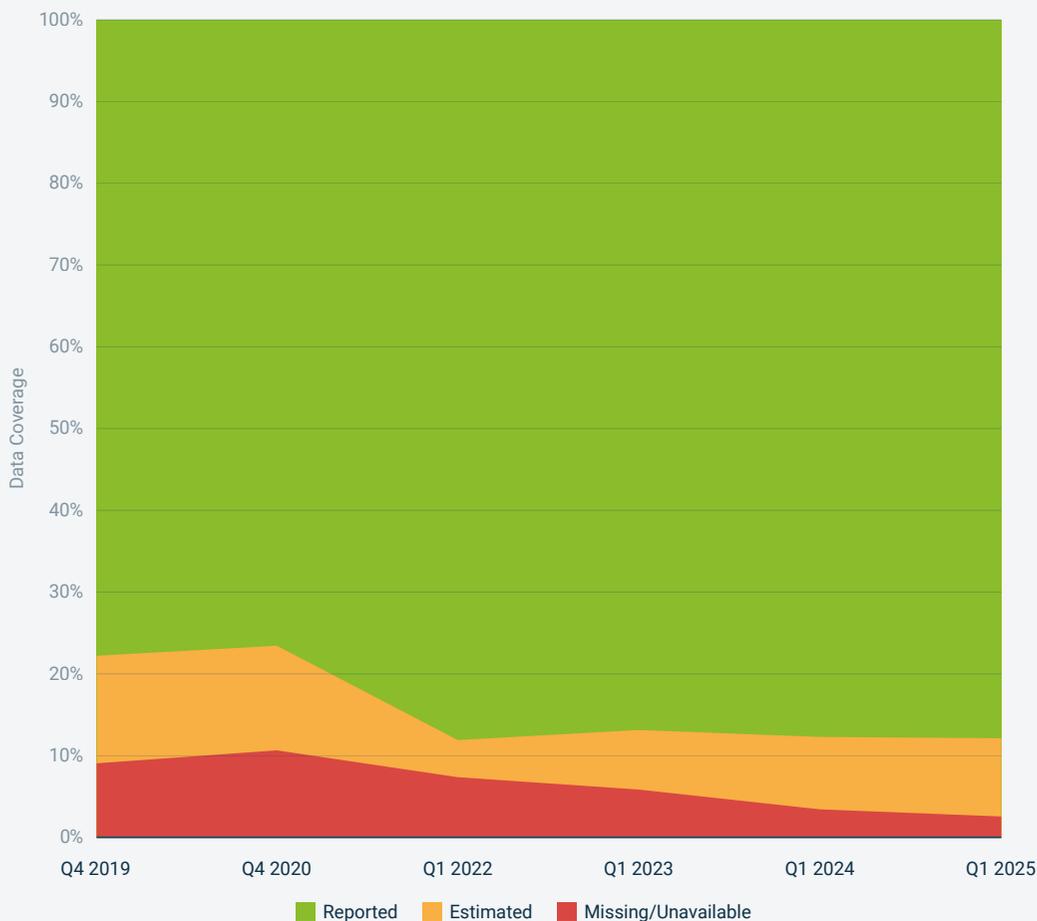


Metrics and Targets *(continued)*

respectively, lower than that of the reference index. This is again primarily associated with the Fund’s listed equity exposure to the materials and utility sectors. For materials, the Fund has an overweight exposure to the reference index, thus, lower WACI and normalised financed emissions within this sector will be associated with stock selection, with underweight exposure to companies such as Holcim AG, and overweight exposure to companies such as Ecolab and Novozyme, which have notably lower scope 1 and 2 emissions relative to peers. The Fund has an underweight exposure to the utilities sector relative to the reference index.

Data

GRAPH 3: EQUITY DATA AVAILABILITY OVER TIME



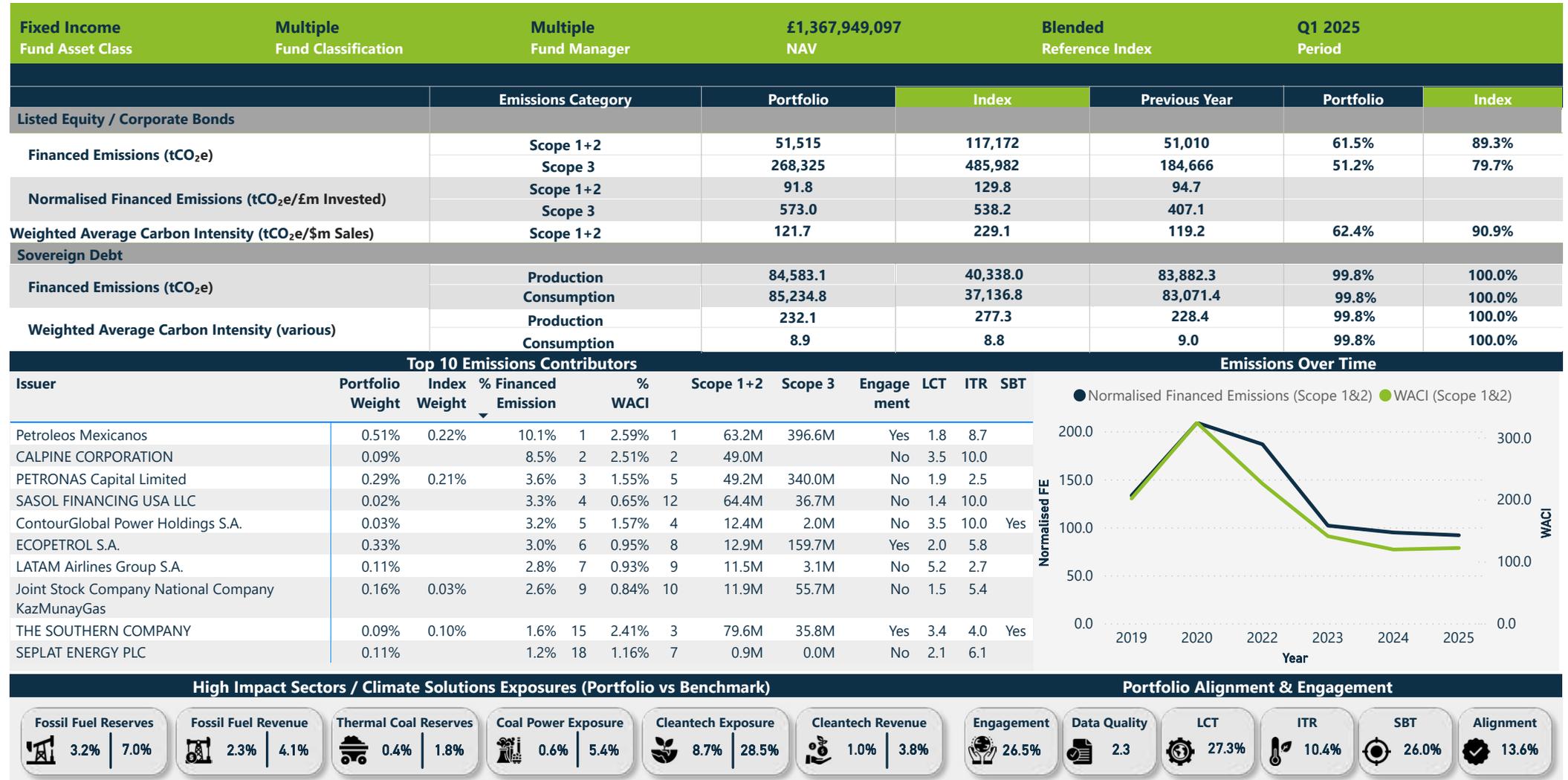
While data availability for equities has been relatively strong since we began carbon footprinting on behalf of the Fund, the graph above illustrates an improving trend as the data availability of portfolio companies improves. A high level of data availability implies the aggregated carbon metrics are 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 dashboard shows the Fund's aggregated climate risk metrics for each portfolio in the Fixed Income asset class.





Metrics and Targets *(continued)*

Our analysis covers five listed fixed income portfolios accounting for £1.3 billion in NAV. However, it's crucial to acknowledge that these funds do not meet our 60% data coverage threshold for inclusion. Nonetheless, we present these metrics for informational purposes. Supplementing these metrics with fund-level analysis is of paramount importance.

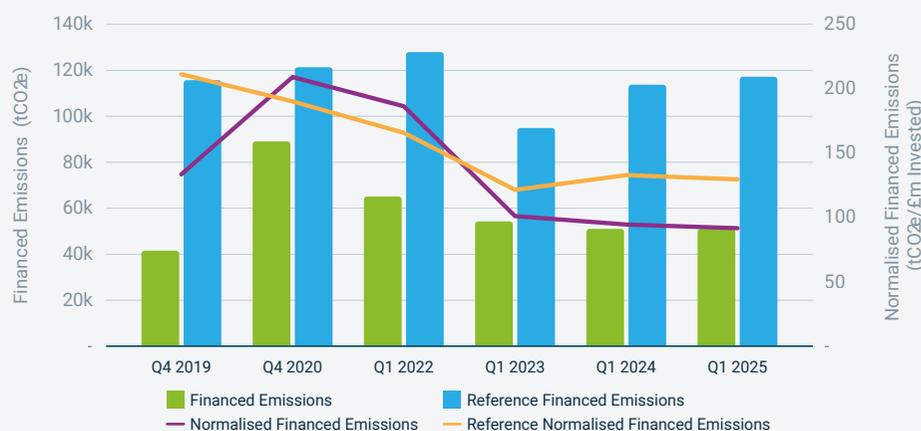
The reference indices we use to measure the funds' relative performances are as follows:

TABLE 8: REFERENCE INDICES

Fund	Reference Index
LGPS Central Multi Asset Credit	N/A
Corporate Debt	ICE BofA Global Corporate Index
Emerging Market Debt	JPMorgan EMBI Global Diversified Index

Carbon Footprint Metrics

GRAPH 4: LISTED FIXED INCOME FINANCED EMISSIONS OVER TIME



GRAPH 5: LISTED FIXED INCOME WACI OVER TIME



As illustrated in Graph 4, we observe a significant increase in financed emissions during Q4 2020, as the Fund invests in the LGPS Central Emerging Market Debt Fund, which is associated with notably higher normalised financed emissions and WACI, reflective of the investment regions decarbonisation progression. From Q4 2020, the Fund's corporate fixed income financed emissions, and normalised financed emissions have both decreased by 42.2% and 56.1% respectively. Similarly, as illustrated in graph 5, the Fund's corporate fixed income exposure to carbon intensive issuers has decreased, demonstrated by the 62.4% decrease in WACI.

From a sector perspective, in 2019, the utilities sector was the largest contributor to WACI within the fund's listed corporate fixed income holdings. As of 2025, the WACI associated with this sector has decreased by 34.7%.

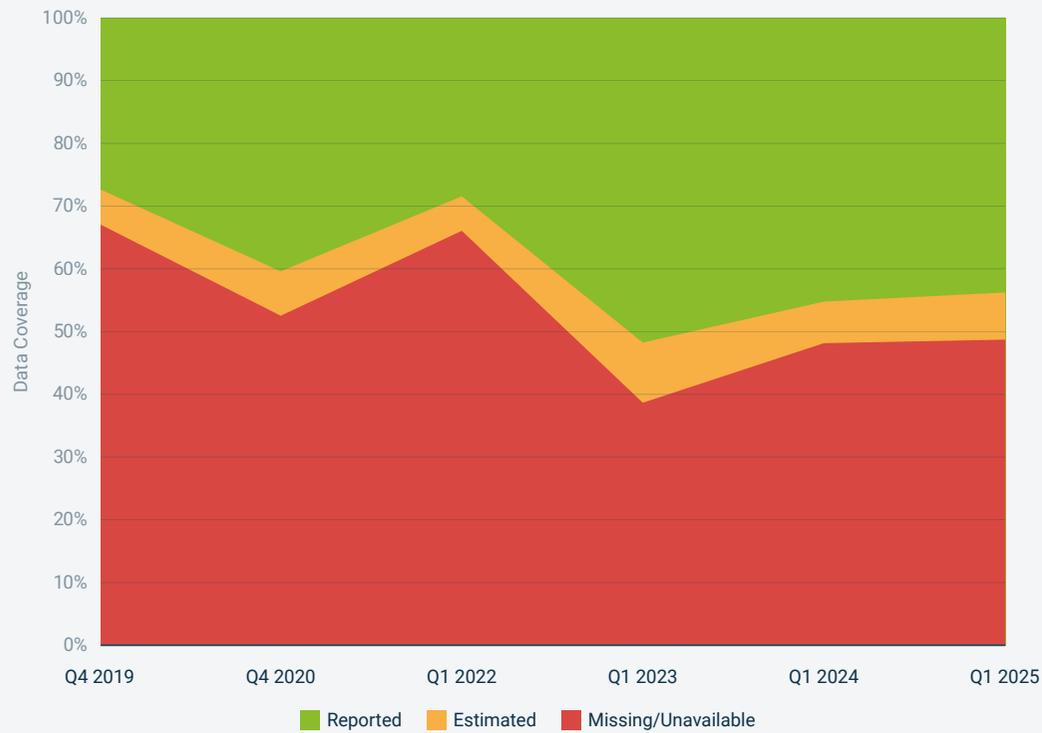
Notably, the Fund's corporate fixed income most carbon intensive sectors, during 2020, utilities, materials and energy, experienced decreases of 57.2%, 54.1% and 32.1%, respectively, to their associated WACI from 2020.



Metrics and Targets *(continued)*

Data

GRAPH 6: CORPORATE FIXED INCOME DATA AVAILABILITY OVER TIME



The graph above shows data availability for CPF's corporate fixed income investments.

Data availability and data quality for fixed income assets have traditionally been notably lower than listed equity. However, from Q4 2019 to Q1 2025, there has been an upward trend in reported and estimated data availability for the fixed income asset class over recent years.



Chester, Cheshire

