Task Force on Climate-Related Financial Disclosure Entity Report

For the period 01 January to 31 December 2025

LPPI *Together,* let's do more

Contents

Introduction by the CEO

Welcome to our annual update on how LPPI is addressing climate-related risks and opportunities as an integral part of our fiduciary management approach.

LPPI's third Entity Report continues the approach taken in prior years, enabling readers to make straightforward comparisons and reflecting our commitment to transparency.

Chris Rule
Chief Executive Officer

In the 12 months this report covers, impending change was a predominant theme. Significant matters in market, regulatory and partner fund and client related spheres were afoot but still unfolding as 2025 came to a close. Examples include the domestic policy pivot towards fossil fuels and withdrawal from significant global climate commitments by the US, options to simplify existing EU sustainability rules (which culminated in the European Commission's omnibus package published in February 2026) and consultation on a framework to create UK Sustainability Reporting Standards based on IFRS Sustainability Disclosure Standards (concluded in UK FRS S1 and S2 standards published in February 2026).

These were changes affecting real world climate change and international efforts to address it, and corporate disclosure standards which furnish market information. LPPI welcomed both the consolidation of reporting standards and efforts to introduce proportionality to disclosure standards. Needs are multi-faceted, but consistent comparable information is a critical common foundation for a systemic understanding of climate change, portfolio centric analysis, and the evaluation of companies, asset managers, and investment products.

2025 saw a root and branch review of the Net Zero Asset Manager initiative with LPPI contributing detailed feedback as a signatory aiming to shape the commitment for a next stage of activity. The UK Government's priorities for UK pension schemes announced via its Fit for the Future consultation were significant throughout 2025. As a Local Government Pension Scheme pooling company, our approach to addressing climate-related risks and opportunities reflects the objectives of our collective partner funds and their operating context.

This report covers our last year of climate change stewardship on behalf of 3 partner funds, GLIL Infrastructure LLP (GLIL or GLIL Infrastructure) and London CIV (LCIV). Our next issue will reflect the coming together of 9 partner funds as a new collaborative partnership and how supporting them has involved adapting to address their priorities and the framing regulatory standards place on our partner funds and LPPI.

I hope you find this year's report an enjoyable and informative read.

About LPPI

Local Pensions Partnership Investments Ltd (LPPI) is a UK based wholly owned subsidiary of Local Pensions Partnership Ltd (LPP). LPP is jointly and equally owned by the Lancashire County Council and the London Pensions Fund Authority, who are also partner funds of LPPI. LPPI is incorporated in England and Wales and is authorised and regulated by the Financial Conduct Authority (FCA). We are an Alternative Investment Fund Manager (AIFM) and a MiFID investment firm with approximately £27.8 billion of assets under management (AUM) (as of 31 December 2025,) invested globally on behalf of Local Government Pension Scheme (LGPS) partner funds and a wider institutional client base who are invested in GLIL.

We employ 159 professionals with experience across asset management, pensions, banking, and professional services. We are primarily based in London with some of the team based in Preston.

LPPI's Services and Delegated Model

We are unique among the LGPS investment pools in that we provide whole scheme management, managing 100% of our partner fund assets. Whole scheme management means we strategically manage pension assets and monitor liabilities, helping our partner funds ensure sufficient funds are available to pay pensions as they fall due. Our partner funds retain responsibility for their strategic asset allocation but delegate fully to us the implementation of investment management activities.

The delegated model helps us achieve economies of scale from which our partner funds can benefit, both by consolidating third party fund managers and the use of internal investment management. Our scale provides our partner funds with access to a broad range of diversified investment opportunities implemented in a cost-effective and liability-aware manner.

Advisory services

We provide tailored advice to our partner funds to support them in setting their strategic asset allocation and making other strategic investment policy decisions. We assist our partner funds to target and deliver appropriate risk adjusted returns, taking their assets and liabilities into account.

159
professionals

Investment management

The delegated model includes all sub-strategy, manager selection, and asset selection decisions. We operate with a mix of direct investments and investments in third party funds, and we delegate parts of the portfolio to external managers.

We manage several in-house investment pooling vehicles (IPVs, or funds) that are aligned to defined asset classes: Global Equities, Fixed Income, Credit, Infrastructure, Private Equity, Real Estate, and Environmental Opportunities. These asset classes include the investments in our IPVs along with any assets held on our partner funds' balance sheets. Approximately 96% of our partner funds' assets are pooled within our IPVs.

All our IPVs, except for Private Equity, have been set up as alternative investment funds (AIFs) and we are the AIFM for these funds. Two AIFs have been set up as authorised contractual schemes (ACS), namely the LPPI Asset Pooling ACS and the LPPI Real Estate ACS. The LPPI Asset Pooling ACS has two sub-funds, the LPPI Global Equities Fund and the LPPI Fixed Income Fund.

The LPPI Credit Fund and the LPPI Infrastructure Fund have been set up as unauthorised AIFs in the form of limited partnerships. Our partner fund Private Equity assets are managed under separate unauthorised limited partnerships.

More information on our funds is available on our website.

GLIL Infrastructure Fund and the London Fund

We are the AIFM for GLIL Infrastructure, an AIF backed by six LGPS partner funds, including the Northern LGPS funds (Greater Manchester, Merseyside, and West Yorkshire) together with the LPPI Infrastructure Fund, which represents investments of Lancashire County Pension Fund, Royal County of Berkshire Pension Fund, and the London Pensions Fund Authority. GLIL operates as an open-ended fund structure, enabling the admission of new investors, and has continued to broaden its investor base through partnerships with leading UK pension schemes, including the National Employment Savings Trust (Nest).

We are also appointed by the London LGPS CIV Ltd as the investment manager to The London Fund Joint Committee (The London Fund). The London Fund seeks to deliver sustainable, long-term returns for pension scheme investors while generating positive social outcomes across Greater London. The London Fund focuses on investment opportunities in real estate, including build-to-rent and affordable housing, alongside community regeneration projects, infrastructure, and growth capital investments. Its strategy targets assets that support job creation, area regeneration and environmental improvement, with the majority of investments concentrated within the City of London and the 32 London boroughs. The London Fund is marketed to the LGPS of the London boroughs and the London Pensions Fund Authority.

Background to TCFD Requirements

The Financial Stability Board established the Task Force on Climate-Related Financial Disclosures (TCFD) in 2015 to improve the quality and consistency of climate-related financial reporting. The recommendations of the TCFD, structured around the four thematic pillars of Governance, Strategy, Risk Management, and Metrics and Targets, have been widely adopted across jurisdictions and sectors.

In 2023, the Financial Stability Board confirmed that the TCFD had completed its remit, with its recommendations fully incorporated into the International Sustainability Standards Board's (ISSB) IFRS S1 and IFRS S2 standards, which now form the global baseline for sustainability and climate-related financial disclosures.

The FCA currently requires us to prepare and publish TCFD-aligned disclosures at both entity level (TCFD Entity Report) and product level (TCFD Product Reports) by 30 June each year, covering a 12-month reporting period to 31 December, in accordance with the FCA's ESG Sourcebook.

While our reporting continues to be prepared on a TCFD-aligned basis, we have regard to the direction of travel towards ISSB- and UK Sustainability Reporting Standards-aligned disclosures, and we consider this report to be broadly interoperable with those emerging frameworks.

The TCFD Product Reports for our authorised funds: Global Equities Fund, Fixed Income Fund, and Real Estate Fund are located on our website.

This TCFD Entity Report has been structured to provide disclosures across the following TCFD Recommendations and Recommended Disclosures framework:

Governance

The governance around climate-related risks and opportunities, including our board's oversight and our management's role in assessing and managing climate-related risks and opportunities.

Strategy

The actual and potential impacts of climate-related risks and opportunities on our business, strategy, and financial planning where such information is material.

Risk management

Our processes for identifying, assessing, and managing climate-related risks and how they are integrated within our overall risk management.

Metrics and Targets

The metrics and targets we use to assess and manage relevant climate-related risks and opportunities where such information is material.

Governance

In this section we disclose our governance around climate-related risks and opportunities, including the role and oversight of our board and management.

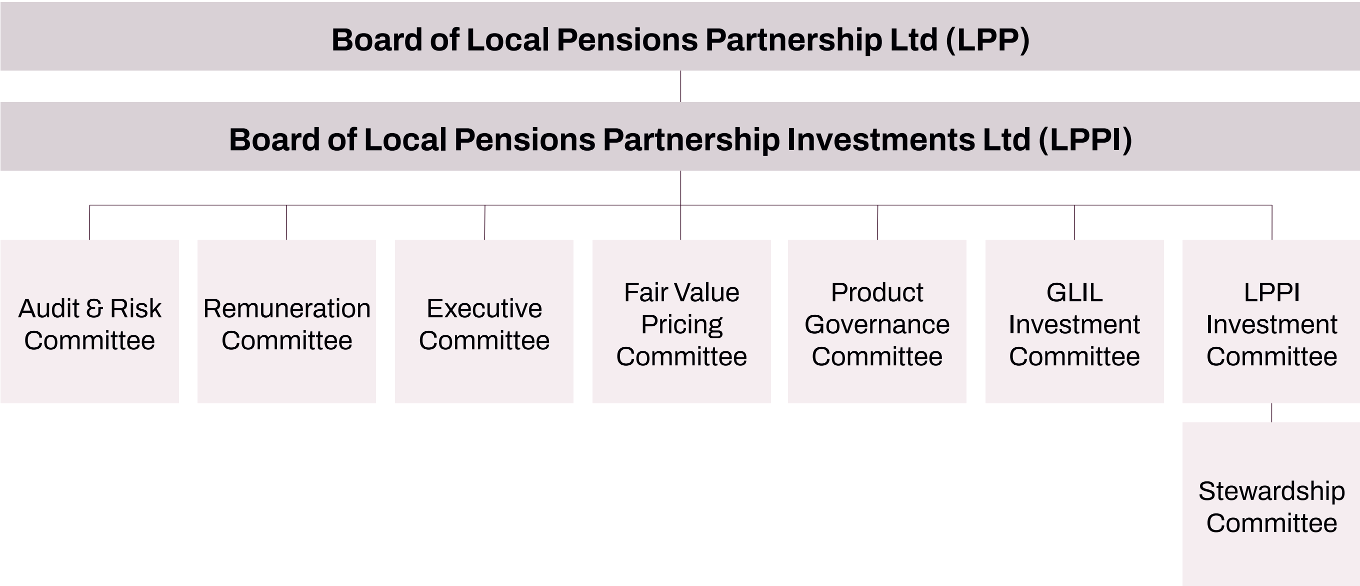
Oversight of climate-related risks and opportunities

We have well developed governance, risk management and internal control frameworks which have been designed and implemented in proportion to the nature, scale, and complexity of our business. Through these frameworks our board, committees and senior management integrate climate-related risks and opportunities into our strategy, decision-making and business processes. Our governance arrangements are summarised in this section.

The Board is comprised of Non-Executive and Executive Directors, led by a Non-Executive Chair. The Board has established several committees, to which it has delegated certain activities, as detailed in each committee's terms of reference.

The day to day running of the business is delegated to the Chief Executive Officer and the Executive Committee, whose members are the Chief Executive Officer, the Chief Investment Officer, the Chief Legal and Compliance Officer, the Chief Operating Officer, the Chief People and Culture Officer, the Chief Risk Officer, and the Chief Business Development Officer.

The chart below shows our governance structure as of 31 December 2025:

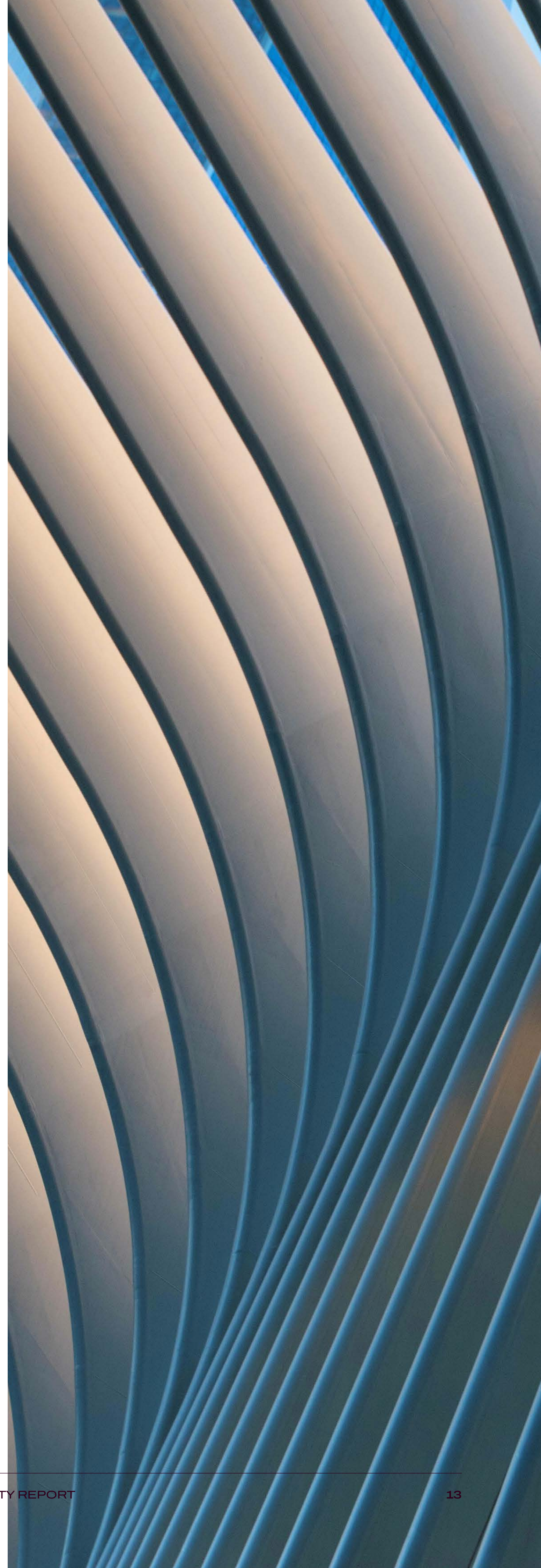


Directors' Skills and Experience

The Board has in place a skills and experience matrix which is reviewed annually to ensure that the required skills and experience remain appropriate.

Further to that review, each Director is required to populate the matrix, indicating their level of skill and experience against each area listed, including net zero, TCFD, alongside responsible investment. The Board has benefited from additional training and experience in these two key areas and, along with approval of papers and reports for submission, Directors' knowledge and experience has materially increased since this time.

The Board annually reviews its own performance and that of its committees. It also agrees an annual programme of deep dives, enabling Directors to remain informed of relevant portfolio, thematic, and industry developments.



Board Activity

The Board sets LPPI's overall direction and culture, overseeing performance against the business plan and monitoring risks and opportunities arising from our portfolio management activities, corporate operations, and the use of delegates and third-party service providers. The Board reviews all risks to LPPI, including those linked to outsourcing and investment management activities. The Board approves the annual business plan, including its key strategic initiatives, one of the initiatives being the ESG Programme – comprising net zero, TCFD and the FCA's Sustainability Disclosure Requirements. The Board receives status updates on the progress of all strategic initiatives at its quarterly meetings, with additional updates in the interim periods, as considered necessary or appropriate. Over the reporting period, the Board also received quarterly updates on the position of our funds against their net zero targets, where such targets have been approved.

While the Board delegates certain decisions, there are several matters which are reserved for the Board. This includes approval of the Responsible Investment Policy annexes, noting the inclusion of a specific Climate Change Annex.

Further to consideration by the Audit and Risk Committee (described below), the Board approves the LPPI Risk Policies and the Risk Appetite and Tolerances Schedule. This includes the definitions of the Principal Risks to which the company is exposed, risk management approach and risk appetite and tolerances. These Principal Risks, which include climate-related risk, have the potential to affect the company's cash flows, its access to finance or cost of capital over the short, medium, or long term.

Specific delegations and activity to support the management of all climate-related topics and appropriate reporting to the Board during the past year have been as follows.

Non-Executive Committees Activity

Audit and Risk Committee

This committee has a solely Non-Executive Director membership and assists the Board with its oversight responsibilities for current and emerging risks associated with LPPI's activities; and for the financial reporting process, the system of internal control, the audit process and LPPI's process for monitoring compliance with laws and regulations.

In relation to its risk related responsibilities, the Committee provides oversight of the enterprise-wide risk management and practices, the promotion of a sound risk culture with clear accountability and ownership, the review of strategic risks, and the assessment of the effectiveness and efficiency of the Risk function.

As part of carrying out these responsibilities, the Committee reviews the company's risk policies and the Risk Appetite and Tolerances Schedule which is used to define the Board's appetite and tolerance for risk. The position against this Schedule is reported quarterly to the Audit and Risk Committee and the Board and includes our position against the net zero targets for our funds, where applicable.

Remuneration Committee

This Committee meets to assist the Board in ensuring LPPI's remuneration policies and practices are not only aligned with regulatory requirements and promote sound risk management and financial stability but also support LPPI's broader sustainability objectives. In fulfilling its remit, the Remuneration Committee monitors key employee-related sustainability metrics.

Management's role

Executive Committee

The Executive Committee supports the Chief Executive Officer in overseeing the day-to-day operations of LPPI and in making key strategic and operational decisions under delegation from the Board. It provides executive leadership to the business, monitoring progress against strategic initiatives and acting as an escalation point for significant matters.

As part of its responsibilities, the Executive Committee provides oversight of climate-related risks and opportunities. It receives regular ESG Programme updates, quarterly risk reporting and engages in ongoing formal and informal discussions on emerging issues. The Committee, with ultimate accountability residing with the Board, also oversees the stress and scenario testing activity, which assesses the firm's resilience to risks that have the potential to impact its financial position, financial performance, and cash flows.

Product Governance Committee

The Product Governance Committee, acting under delegation from the Board following approval in principle, oversees the establishment of funds, and in doing so ensures that any new fund proposals include consideration of any impact on climate-related risk objectives. The Committee also ensures that environmental, social and governance (ESG) factors are appropriately integrated into product governance reviews.

In carrying out its role, the Committee also considers the commercial viability of products, including their ability to meet partner fund and client demand and capture relevant opportunities.

Fair Value Pricing Committee

The Fair Value Pricing Committee provides oversight and monitoring of compliance with LPPI's Valuation Policy and relevant aspects of regulation. It seeks to identify any risks related to the valuation activity, which could include climate-related risks.

LPPI Investment Committee

The LPPI Investment Committee acts under delegated authority from the Board and is responsible for monitoring investment performance and risk, investment proposals, ongoing asset management and investment strategy. This committee reviews proposals for fund specific targets and all investment proposals either submitted to the committee or approved under delegated authority from the committee must include consideration of ESG factors for informed decision-making. The investment process is managed by and reported on by the Investment function as the first line of defence, with oversight provided by Risk and Compliance as the second line of defence.

GLIL Investment Committee

The GLIL Investment Committee is a committee of the Board through which LPPI, as AIFM, executes investment decision-making for the GLIL Infrastructure Fund. This committee is responsible for the monitoring of investment performance and risk, investment proposals, ongoing asset management and compliance with GLIL's investment strategy.

All investment proposals submitted to the GLIL Investment Committee must include consideration of ESG factors, for informed decision-making.

Stewardship Committee

The Stewardship Committee operates under delegation from the LPPI Investment Committee, with the Board informed of the Stewardship Committee's activity. Its role is to monitor compliance with the UK Stewardship Code (and other related best practices), also to develop and deliver a co-ordinated approach to stewardship and engagement across LPPI's portfolio. Other responsibilities of this committee include reviewing and recommending policies on Responsible Investment and Stewardship and the consideration of emerging stewardship matters.

ESG Programme

Recognising that climate-related matters impact the breadth of our advisory and investment management activities, an ESG Programme operated during the period, sponsored by our Chief Legal and Compliance Officer. The programme was supported by a Steering Committee and multiple Working Groups bringing together staff with subject matter expertise, relevant delivery responsibilities together with project management. During the period, the scope of the ESG Programme was expanded to include the FCA's Sustainable Disclosure Requirements. The Steering Committee comprised the Chief Legal and Compliance Officer, Chief Investment Officer, Chief Risk Officer, Head of Enterprise Risk, and Head of Responsible Investment, ensuring senior management oversight and sponsorship.

Strategy

Our corporate purpose is to deliver first class, value for money investment outcomes aligned to the interests of our partner funds and clients. We achieve this by bringing our expertise and spirit of collaboration together to help our partner funds and clients invest in better futures.

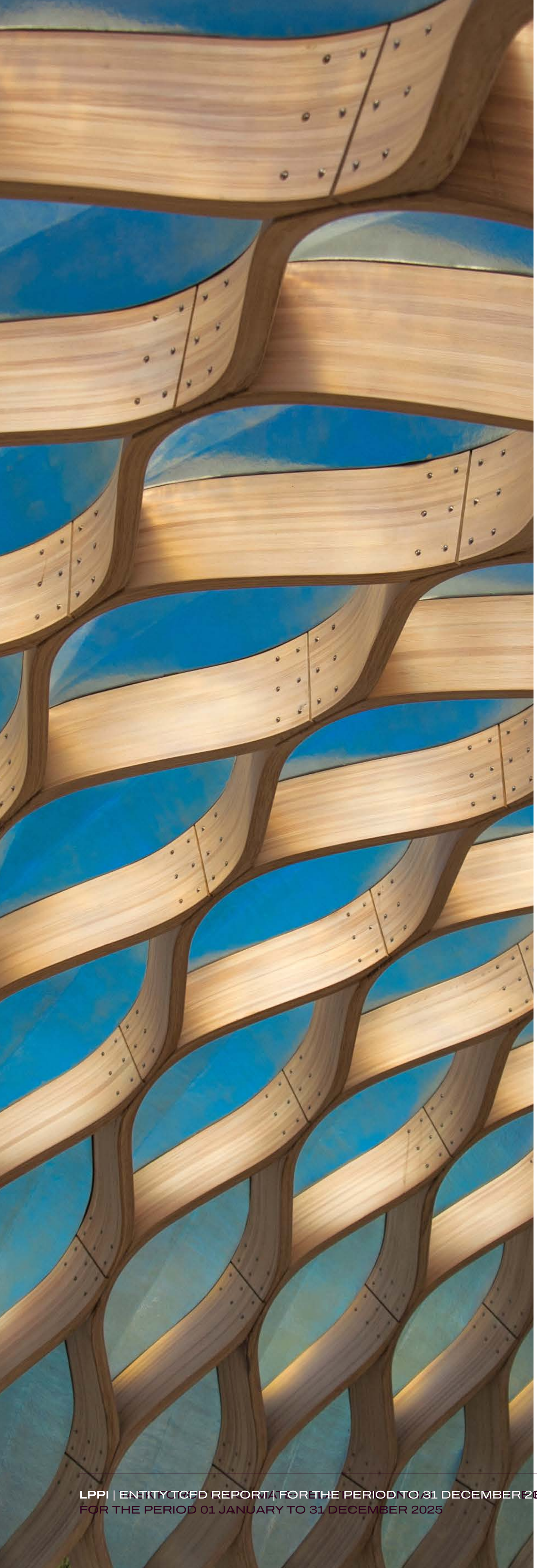
We are a responsible steward of the capital and reputations of our partner funds and clients. We understand, articulate and report the social and environmental impact of the portfolios we manage for our partner funds and clients, and of our own business. We are active investment managers and incorporate ESG factors in our investment decisions. Through good investment outcomes we help our partner funds maintain stable scheme funding and contributions, ultimately protecting local services.

We are alive to and actively engaged in understanding a new investment context – one which is dynamic and changing under the stimulus of regulation, public sentiment, technological advance, and increasing demand and stipulation for corporate disclosure focused on emissions management and decarbonisation. Our commitment to managing climate-related risks and opportunities is demonstrated through our strategic initiatives, which include a dedicated ESG Programme. This programme ensures a coordinated approach to the various regulatory and voluntary initiatives we are working on as an organisation.

Furthermore, our Technology and Data Roadmap strategic initiative, sponsored and led by our Chief Operating Officer, is a multi-year plan designed to strengthen LPPI's core data and technology capabilities across the business. A key objective of this initiative is to enhance our ability to consistently identify, monitor and manage climate-related risks and opportunities across the business, supporting more informed investment decision-making and risk oversight, ultimately providing better service for our partner funds and clients. As part of this work, we are assessing ESG-related data requirements across our business to improve the quality, coverage and usability of climate data. These enhancements also support our delivery of net zero commitments and climate-related disclosures, including alignment with relevant regulatory and disclosure frameworks. Overall, the initiative underpins our broader approach to effective climate risk management while ensuring we meet evolving regulatory expectations.

We have voluntarily made a public commitment to the goal of aligning our portfolio with net zero emissions by 2050. We have re-confirmed our signatory status of the Net Zero Asset Managers (NZAM) commitment and selected the IIGCC Net Zero Investment Framework 2.0 ("NZIF 2.0") as our guide to ensure we are following a market standard. We have applied the guidance in a way that works for our context, taking a phased, asset class specific approach to target setting which fits our asset management model and stewardship approach.

We use net zero targets to help us identify climate-related risks and opportunities and monitor their trajectory over time. Our net zero commitment is approved by our Board and is a priority objective identified in our business plan. As part of our ESG Programme we continue to evolve our approach and update and implement net zero targets for our asset classes.



Climate-related risks and opportunities

We define climate-related risk as the potential adverse impact on our ability to deliver our strategic objectives resulting from changes in the global climate. The adverse impacts could be financial, operational, or reputational and have the potential to arise from:

Physical Risk

The risk of adverse changes in values of assets or income streams because of climate change, such as flooding or weather events, directly on physical assets (for example property) or indirectly (for example business disruption, resource availability, or disruption to supply chains or service providers). Physical risks can be acute, which are event driven, and chronic, which are longer-term shifts in climate patterns.

Transition Risk

The risk of adverse changes in the value of assets or income streams arising from the nature and speed of mitigation and adaptation to climate change resulting from policies and requirements by governments, influential global bodies, and regulators.

Climate-related risks and opportunities for our partner funds' and clients' assets

Our revenue is derived from the market values of the assets we manage for our partner funds and clients, and therefore we consider our main exposure to climate-related risks and opportunities to be through the £27.8 billion (31 December 2025) of assets under management. Therefore, it is necessary for us to continually consider how transition risks and physical risks could affect the value of the assets already within the portfolio, and potential impact on the values of the universe of assets we could select from when implementing the investment strategies for our partner funds and clients.

The actual and potential impacts of climate-related risks and opportunities will have negative and positive influences on the value of our assets under management and the resilience of investment returns from our investment management activities. This includes the costs associated with the mitigation and adaptation to climate change, or the impact of physical climate events on the value of our assets under management. We also acknowledge that we cannot predict or control all the factors that may affect our investments and operations in a changing climate, and that we may face trade-offs and challenges in balancing our short-term and long-term objectives. Therefore, we aim to be flexible and responsive to the evolving climate landscape, and to seek out new opportunities and solutions that can enhance our resilience and value creation in a low-carbon and climate-resilient future.

The table on the following page summarises the climate-related risks and opportunities we have identified across our assets under management over the short, medium, and long term. Our approach for the identification of these risks and opportunities was based on the categories defined by the TCFD Recommendations and adapted for our business model.

Our short-term horizon looks at a three-year period, which aligns with our business plan horizon and the triennial valuations of our pension scheme clients. Our medium-term horizon looks forward up to 10 years, which includes our interim investment net zero commitments. Our long-term horizon looks forward to 2050, the target net zero time horizon for our investment portfolios. Many of these risks can be relevant across the short, medium, and long-term time horizons. These risks have been identified to support investment decision-making, and we continue to integrate this activity more fully into our decision-making and our regular risk management activity, as described in the Risk Management section of this report.

We have considered how climate-related risks and opportunities could impact the value of our assets under management if they materialise and have provided illustrative insights below including the potential impact on income streams and costs, including write-offs and early retirement of existing assets. Because our revenue is derived from the value of these assets, we also summarise the consequent impact on our revenue.

Risks

Category	Description	Illustrative impacts	Timeframe	Impact on LPPI
Transition: Technology	Changes in technology, obsolescence, or new technology failure	• Obsolescence of existing technology or new technology failure leading to investment write-offs and early retirement of assets	Medium term	Decreased AUM and revenue
Transition: Policy and legal	Changes in laws, regulations, or policy guidance	• Increased capital expenditure to comply with regulation such as those requiring more energy efficient assets or to alleviate GHG emissions	Short term	Decreased AUM and revenue
		• Increased regulatory and legal costs to comply with changing regulation and laws	Short to Medium term	
Transition: Market & Reputation	Changing demand for and supply of investee company assets and products	• Reduced consumer demand for the assets or products of investee companies due to higher input costs or reputation concerns	Short to Medium term	Decreased AUM and revenue
Physical: Operational	Acute and chronic climate impact on physical operations	• Increased recovery costs, insurance costs and capital expenditure of investee companies affected by physical effects of climate change	Long term	Decreased AUM and revenue
		• Physical damage to investee company operations or assets resulting in investment write-offs and early retirement of assets	Long term	

Opportunities

Category	Description	Illustrative impacts	Timeframe	Impact on LPPI
Resource Efficiency, Energy Source	Investment in more energy efficient companies or assets or those that shift towards low emission energy sources	• Investing in companies that are positioned to benefit from a global transition to lower carbon could improve investment performance	Short term	Increased AUM and revenue
		• Investing in companies using technologies to improve energy efficiency and sources could lead to increased income streams	Medium term	
Markets, Products and Services	Access to new markets, products and services, and enhanced portfolio diversification	• Access to new and emerging markets could increase investment returns	Short to Medium term	Increased AUM and revenue
		• Portfolio diversification by investing in new assets with superior emissions profiles and returns	Medium term	
Resilience	Investment in resilience to acute and chronic climate impacts	• Investing in companies that are financing and supporting the development of resilient and sustainable solutions.	Medium to Long term	Increased AUM and revenue

The following table includes commentary on climate-related risks and opportunities for each asset class:

Asset Class	Commentary on Risks and Opportunities
Global Equities	Climate-related impacts can affect an investee company's future cash flows and overall value. For instance, new or more stringent regulations that limit carbon emissions pose transition risks for companies with high emissions, leading to increased operational costs. Additionally, shifts in consumer choices and demand can impact company revenue. However, the transition to net zero also presents opportunities for companies developing new technologies, such as renewable energy assets, which can replace traditional, more carbon-intensive solutions. Companies may also face physical risks with financial implications, such as damage to property and equipment from stronger storms and cyclones, or reduced access to essential inputs like water due to decreased rainfall. These risks can result in higher insurance premiums and capital costs, or even an inability to secure insurance coverage. These risks could also impact investee company supply chains resulting in business disruption, stock outages, and contribute to a higher market risk premium.
Fixed Income & Credit	The impact of climate change on fixed-income investments, such as corporate and government-issued bonds, differs from its impact on shares. The primary risk in fixed-income investments is the default risk of the issuer – the possibility that they will be unable to repay the principal or make the promised interest payments. This risk can be significantly increased by climate change, with physical impacts and transition risks creating more vulnerable businesses, damaging profitability and the ability to meet obligations. Real estate and infrastructure investments have relatively greater exposure to the physical impacts of climate change than other asset classes. For example, the growing frequency and severity of extreme weather events leave assets in certain geographies increasingly exposed to the physical impacts of climate change, such as flooding. Given that fixed-income investments typically have a fixed term, climate-related risks are present over the term of the issue. Additionally, climate-related opportunities have emerged through green bonds and climate bonds, which finance low-carbon and renewable energy projects. Issuers can leverage the growing investor interest in these bonds to diversify their investor base.
Real Estate & Infrastructure	Real estate and infrastructure investors may also be exposed to regulatory actions designed to reduce carbon emissions and influence consumer behaviour. They may also face user and public pressure to take a clear and systematic approach to emissions reductions and resilience preparedness. In transitioning the global economy toward net zero, investment themes in lower carbon transportation, energy, electrification and climate resilient real estate may bring opportunities.

Asset Class	Commentary on Risks and Opportunities
Private Equity	Private equity investments can face heightened exposure to climate-related risks relative to many listed asset classes, reflecting their concentration in smaller and mid-sized companies and longer holding periods. Portfolio companies may have fewer resources to identify, assess, and manage climate-related physical and transition risks, increasing vulnerability to regulatory change, market pressures, and extreme weather events. Transition risks including evolving regulation, carbon pricing, changes in consumer preferences, and technological disruption can affect business models, operating costs, and exit valuations. These factors may also contribute to longer exit timelines where climate-related risks are not adequately managed or mitigated. Physical climate risks, such as heatwaves, flooding, droughts, and supply-chain disruptions, can impact assets, operations, and input availability, particularly for companies with geographically concentrated activities or limited resilience planning. While exposure varies by sector and geography, such risks have the potential to affect productivity, capital expenditure requirements, and insurance availability. At the same time, private equity's long-term ownership horizon can enable active engagement with portfolio companies to support climate-risk mitigation, operational efficiency, and adaptation measures. The asset class may also benefit from transition opportunities arising from investments in businesses supporting decarbonisation, resource efficiency, and climate-resilient solutions.
Environmental Opportunities	Environmental opportunity investments are closely linked to the structural transition toward a low carbon and more resource efficient global economy, including climate-related opportunities associated with renewable energy, energy efficiency, low carbon transport, sustainable materials, circular economy solutions, and climate resilient infrastructure. Demand growth in these areas may support revenue expansion, innovation, and long term value creation. However, investments in environmental solutions may also face elevated transition risks. These include sensitivity to changes in climate policy, regulatory frameworks, carbon pricing mechanisms, and government incentives that influence the commercial viability of low carbon technologies. Market risks may arise from rapid technological evolution, competitive pressures, or slower than expected adoption of emerging solutions, which can affect valuations and growth expectations. Physical climate risks can also be relevant, particularly for assets exposed to extreme weather events, water stress, or disruption to critical infrastructure. Such impacts may affect operational resilience, supply chains, and long term performance, depending on sector and geography.

Climate-related risks and opportunities for our business

In addition to our exposure to climate-related risks and opportunities through our assets under management, LPPI is also exposed to business, operational, and reputational risks arising from climate change. These risks may affect our business and operations, IT systems, and the third parties on whom we rely on and have the potential to affect LPPI's cash flows, its access to finance or cost of capital over the short, medium, or long term.

Business risks may arise if we are unable to offer investment solutions that remain competitive, cost-efficient, or aligned with evolving partner fund and client expectations and regulatory standards in a net-zero transition. Failure to adapt our products or capabilities could impact our ability to attract and retain business.

Operational risks include disruption to our offices, systems, and outsourced service providers because of acute or chronic physical climate impacts, as well as increased costs associated with resilience measures, remediation, or insurance.

Reputational risks may arise if stakeholders perceive that we are not managing climate-related factors effectively – for example, if our approach to stewardship, emissions reduction, or climate resilience is seen as inadequate. Poorly managed reputational issues could erode partner fund and client trust.

Risks

Category	Description	Illustrative impacts	Primary timeframe	Impact on LPPI
Business risk	Changing demand for our products and services	• Inability to provide products and services meeting partner fund and clients' climate-related demands leading to loss of business	Medium term	Reduced AUM and revenue
		• Inability to meet differing partner fund climate-related demands under a pooling model leading to loss of business	Medium term	Reduced AUM and revenue
		• Low availability of investment opportunities leading to overpriced assets and reduced income streams	Short term	Lower revenue
Reputation risk	Negative perceptions of actions or inactions could impact client relationships	• Redemptions if our approach to management of corporate climate-related risks do not reconcile with partner fund and client expectations	Medium term	Reduced AUM and revenue
		• Legal and reputational risks in supply chains and delegated managers	Medium term	
Operational risks	Acute and chronic climate impact on physical operations	• Business disruption for LPPI or our suppliers resulting in poor delivery of products and services to partner funds and clients	Medium term	Increased costs
		• Operations affected by physical effects of climate change requiring increased recovery costs, insurance costs and capital expenditure.	Medium to Long term	
		• Failure to meet regulatory requirements	Short term	

Opportunities

Category	Description	Illustrative impacts	Primary timeframe	Impact on LPPI
Business	Increased demand for our products and services	• Developing products and services that meet partner fund and client expectations around managing climate-related risks and opportunities	Short term	Increased AUM and revenue
Reputation	Positive perceptions of actions may positively influence current and potential partner fund and client relationships	• Potential to attract new business if approach to management of corporate climate-related risks aligns with partner fund and client expectations	Medium term	Increased AUM and revenue

Regarding developing products and services in consultation with our partner funds, in April 2025, LPPI launched the Environmental Opportunities Fund (EOF), a thematic investment vehicle designed to meet growing partner fund demand for climate-aligned strategies and to advance LPPI's Net Zero commitment.

The EOF has an explicit mandate to target positive environmental outcomes in the themes of climate change and nature. The EOF invests thematically in assets which currently contribute towards a positive environmental outcome or have the potential to do so over time. With over £500 million in initial partner fund commitments, the fund targets investments that contribute to one or more of three core environmental objectives: climate mitigation, climate adaptation, and the protection or restoration of nature. The fund spans multiple asset classes and aims to deliver attractive risk-adjusted returns while supporting the transition to a low-carbon economy. The foundations of the EOF have been built to align with the regulatory landscape emerging around sustainability products, such as the Sustainability Disclosure Requirements and Anti-Greenwashing Regulation.

Resilience of our strategy

In our context, evaluating resilience to climate-related risks involves considering how climate change could affect markets and the value of assets and liabilities so we can consider our ability to withstand and adapt. Climate change is complex in its causes and its effects which makes it a challenging subject to model, particularly for a large, global, diversified portfolio. We are continuing to explore methods which can assist qualitative and quantitative evaluation and provide insights which are directly assistive to our advice and investment decision-making.

Climate scenarios are tools to help understand the potential risks and opportunities associated with different climate futures. We recognise that undertaking climate scenario analysis may assist us in understanding the impact of climate-related risks and opportunities on our business, strategy, and financial planning, with a view to better managing our outcomes. We also recognise that climate scenarios may help understanding and assessing the risks posed to the funding goals of our partner funds under different circumstances and the impact on their strategic asset allocations. It is important to note that scenarios are not predictions but rather are a dynamic iterative process for exploring what might happen under different conditions, allowing for more informed decision-making.

As is inherent to all scenarios, climate scenario modelling involves significant assumptions and limitations, particularly with reference to the impact of physical risks and tipping points. Scenario analysis and modelling is challenging and has limitations because the outcomes are highly uncertain, particularly over the longer term and the modelling and interactions between variables is complex. For these reasons, we have continued not to use results from any quantitative climate scenario analysis for investment, risk, or decision-making processes.

We are continuing to explore methods which can assist qualitative and quantitative evaluation and provide insights which are directly assistive to our advice and investment decision-making. The strategic ambition is to fully integrate scenarios into decision-making and financial planning to identify vulnerabilities and enhance long-term resilience, though current use of quantitative results is cautious due to complexity and limitations.

We have considered proactive and responsible actions that we could take under climate scenarios that would ensure the resilience of our business, strategy, and financial planning. We continue to plan to undertake further work in this area and recognise there are opportunities for further integrating climate scenarios into our decision-making. Some of the actions that we have considered include:

- Monitor and evaluate our exposure to sectors highly susceptible to transition and physical risks.
- Engage with companies, policymakers, and other stakeholders to encourage and support the orderly transition to a low-carbon economy and to enhance climate resilience and adaptation.
- Where there is strong evidence that a particular climate scenario is likely to materialise, adjust our portfolios to optimise the changing risk-return profile of different assets and sectors, and to capture the opportunities arising from the green transition.

Risk Management

In this section we disclose how we identify, assess, and manage climate-related risks for the portfolio of assets we manage on behalf of our partner fund pension funds and for our business.

Assets we manage

Our management of climate-related risks for our partner fund and client assets is based on incorporating climate-related considerations into investment decision-making as part of our core processes of underwriting, asset management, and stewardship. Our approach to systematically integrating ESG considerations accommodates a specific focus on climate change.

Identifying and assessing climate-related risks

Each of our asset classes is governed by an investment mandate and statement of investment guidelines. These include a requirement for our portfolio managers to consider ESG issues, including climate-related risks, in their investment analysis and decision-making processes. Investments are approved by our Investment Committee or by our Chief Investment Officer under delegation from that Committee, in accordance with our investment governance framework. As part of that investment governance framework, input is obtained from key business areas including our dedicated Responsible Investment and Investment Risk teams on proposed investments.

Where we delegate the management of our partner fund assets to external managers, our External Manager ESG Rating Framework includes a detailed due diligence questionnaire which informs our detailed selection, appointment and evaluation of external managers.

The questionnaire includes specific questions on:

i) how external managers assess, monitor, and report on climate-related risks and opportunities,

ii) their approach to responsible investment, and

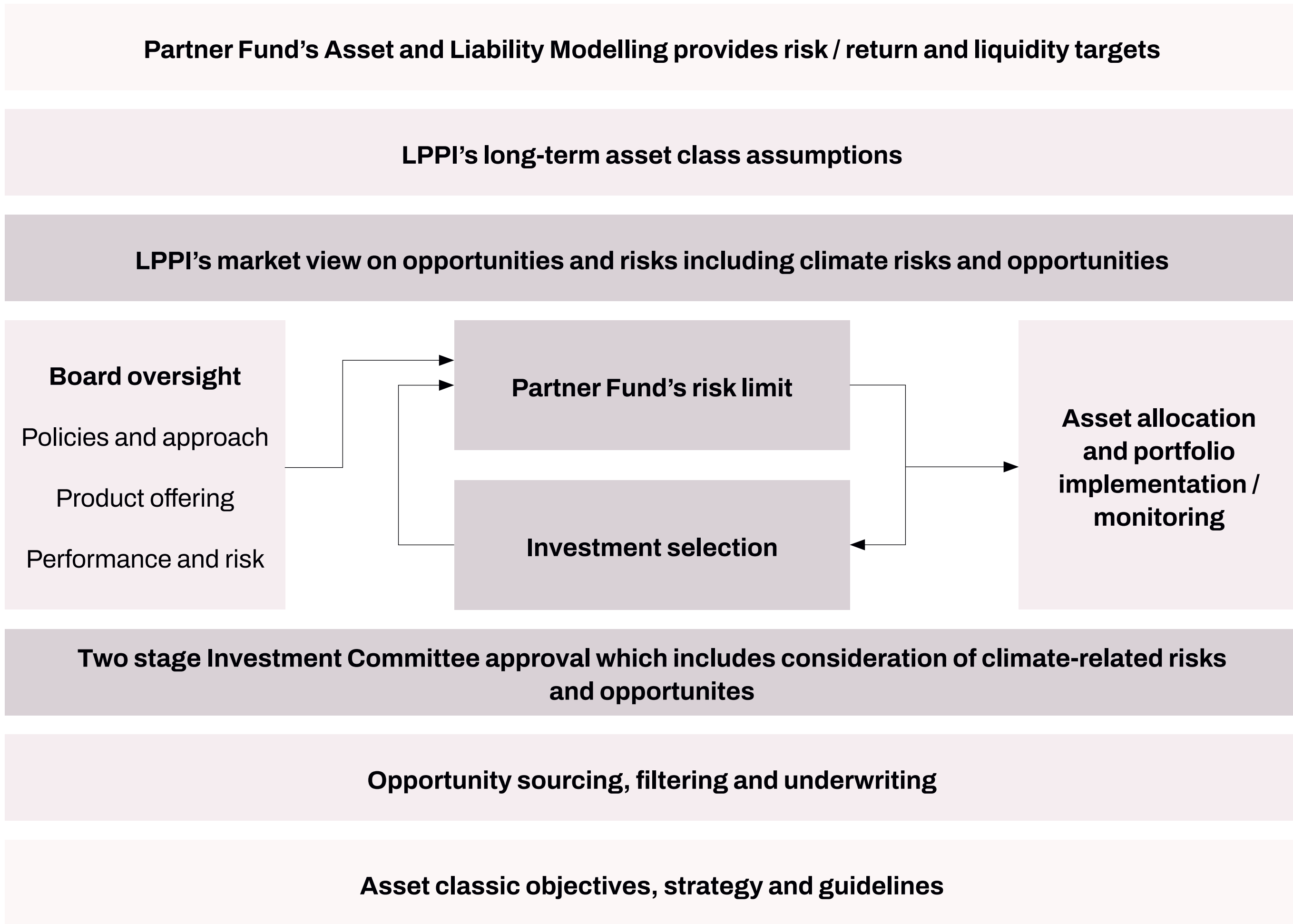
iii) the integration of ESG factors into their investment processes.

ESG issues, including climate-related risks, alongside engagement priorities and progress are reviewed and monitored at our quarterly and annual asset class review meetings, which are also attended by our Responsible Investment and Investment Risk teams. The portfolio managers prepare an ESG Supplement which aims to provide insights on material ESG considerations for their asset class, by summarising the status of ongoing ESG materiality analysis and asset management activities underway. It is designed to support oversight and accountability via the asset class review meetings and is an input for quarterly ESG reporting to our Investment Committee. In addition, asset class climate risk analytics reports, which include the status against net zero targets, are prepared by our Risk team, where applicable.

A paper summarising the activities and discussions held at the asset class review meetings is provided to the quarterly Investment Committee by our Chief Investment Officer, including action logs with status updates. In addition, in line with the annual asset class review schedule, portfolio managers provide a paper to the Investment Committee to update the members on their ESG activities and statuses against their net zero targets. The status against net zero targets includes assets that are managed by our external managers.

In addition, annual meetings with our portfolio managers are facilitated by our Risk team to identify and review the climate-related risks and opportunities specific for each asset class. This ensures that the register of climate-related risks and opportunities is reviewed, updated, and monitored on a regular basis, and forms an input into the production of the TCFD reports.

Investment process



Source: LPPI

Managing climate-related risks

We monitor our exposure to carbon-intensive sectors and activities that may be adversely affected by the global transition to a lower-carbon economy. Insights from this monitoring inform our stewardship, voting and engagement activities which are considered through our quarterly and annual asset class review processes.

We actively engage with investee companies and delegated managers, including joint ventures, to support the effective identification and management of climate-related risks and opportunities. Our engagement focuses on governance arrangements, climate risk assessment and management practices, capital allocation decisions and the development of credible transition plans, with the aim of strengthening the resilience of companies and assets to changes in market conditions and evolving regulatory requirements.

We also assess climate-related investment opportunities and continue to allocate capital to companies and projects that support the transition towards a less carbon-intensive economy. Our portfolio includes infrastructure investments in renewable energy generation, solar, district heating, and low carbon transport. In addition, our Environmental Opportunities Fund seeks to invest thematically in assets that contribute towards a positive environmental outcome or have the potential to do so over time.

We seek to ensure that investee companies or assets are taking appropriate steps to identify and manage climate-relate risks, thereby strengthening their resilience to changes in the operating environment and evolving regulatory requirements.

For physical assets, this includes routine assessment of energy and resource efficiency across our infrastructure and real estate portfolios.

In partnership with the external manager for our Real Estate Fund, current and prospective assets within our direct UK real estate portfolio (“UK Directs”) are assessed against recognised risk thresholds for flooding, reflecting flooding as a material physical climate risk in the UK.

These assessments form part of our investment due diligence and ongoing asset monitoring processes and are used to inform risk management measures and asset management plans where required. Climate transition and physical risks at asset level are assessed using the Carbon Risk Real Estate Monitor (CRREM) tool. CRREM supports the identification of assets requiring remediation to align with our net zero commitment and informs estimates of capital expenditure required for retrofit programmes to reduce carbon emissions over time. Engagement is an integral part of our approach to help ensure that short, medium and long-term climate-related risks are identified, monitored, and managed.

Notwithstanding this progress, we recognise that further work is required to support portfolio companies and assets in developing and implanting credible transition plans and enhancing resilience to physical climate risks. The effective identification and management of climate-related risks require a combination of quantitative analysis and qualitative judgement. Data availability and quality remain key challenges in assessing climate-related risks, and we continue to enhance our use of data, metrics and analytical tools to better understand exposures across asset classes. We also engage on an ongoing basis with external managers and data providers to improve the consistency, coverage and reliability of climate-related data used in risk assessment.

Our quantitative analysis to date has focused on Global Equities, Fixed Income, Real Estate, Credit and Infrastructure, where data availability is comparatively more advanced. For Global Equities, we apply methodologies and data from the Transition Pathway Initiative (TPI) and Climate Action 100+ (CA100+), alongside disclosures from CDP and data provided by MSCI, as part of our assessment under the Net Zero Asset Managers (NZAM) framework. Insights gained through this analysis are being used to inform the ongoing development of climate-related risk assessment approaches for asset classes where data and methodologies are less mature.

For Global Equities, listed companies covered by TPI metrics, which focus on globally high emitting sectors, are flagged upon entry to the portfolio. TPI Management Quality Scores are used to assess the quality of corporate climate change risk management and, where warranted, companies are subject to enhanced due diligence and may be flagged for further engagement where improvement is needed.

Within Fixed Income and Credit, climate-related risks and opportunities are currently monitored for corporate bond holdings. Limitations in data availability and market standard methodologies constrain the direct assessment of certain exposures, including sovereign bonds, asset backed securities and derivatives. We continue to engage with industry participants, including external managers and data providers, to support the development of improved data coverage and analytical solutions in these areas. Transition risk exposure is monitored at sector level using the Global Industry Classification Standard (GICS), which is widely adopted across the financial sector and comprises 11 industry sectors. We currently view Utilities, Energy and Materials as carbon intensive sectors. We have taken steps to reduce exposure to climate-related risks through portfolio construction and exclusions, including the exclusion of pure play thermal coal companies since 2019 and the exclusion of extractive fossil fuel companies from our Global Equities Fund from the end of 2021.

Our stewardship approach is supported by specialist service providers, including a proxy voting provider that supports our exercise of shareholder voting rights for our Global Equities Fund, and an external engagement provider that extends the resources we dedicate to engaging with publicly listed companies. Climate change can be viewed as an engagement theme given its potential to affect an investee's ability to meet long-term financial obligations.

Our Stewardship Managers play an integral role in this process by engaging directly with our delegate managers and underlying assets to promote effective identification, management and mitigation of climate-related risks and to encourage alignment with our net zero strategy.

Through collaboration with service providers, supporting our asset management and stewardship activities, we use the ownership rights and influence available to us and apply engagement approaches most likely to drive, positive, real-world outcomes.

The effective management of climate change is embedded within our shareholder voting guidelines, and we regularly participate in collaborative engagements and policy advocacy through dialogue with regulators, standard setters, industry bodies and non-governmental organisations on issues related to net zero alignment and climate risk. We also engage directly with investee companies and external managers, setting clear expectations through feedback surveys, side letters and ongoing monitoring. Engagement priorities are determined with reference to portfolio materiality and partner fund and client objectives.

Further examples of our stewardship and engagement activities are set out in our Stewardship and Responsible Investment Report, available on our website.

Risk management – our business

In addition to evaluating the risks and opportunities relating to climate change at the portfolio level, we also consider how they might affect our corporate strategy and business model. We identify and assess both the strategic risks to our corporate strategy and business model, and emerging risks, which we define as trends or potential future events where the nature and timing of impact are uncertain.

Emerging risks help us to identify potential risks that could impact us in the future so that we can develop plans or position our company and our funds to mitigate or minimise their potential impact if they arise. Emerging risks are identified from internal and external sources and consider geopolitical, macroeconomic, legal, regulatory, operational, technological, and business and strategic risks. Our emerging risk register includes our potential exposure to physical and transitional climate-related risks arising from emerging regulation.

Strategic risks to our corporate strategy and business model relate to the short-term and are identified as part of the annual business planning process and include the potential impact of climate change.

All strategic and emerging risks are owned by members of our Executive Committee and are reviewed, assessed, and updated on a quarterly basis with subject matter experts within the business. These risks are reported quarterly to our Executive Committee, the Audit and Risk Committee and to our Board. In addition, our Compliance function hosts a quarterly Regulatory Change Working Group which is attended by key people across all functions within LPPI. The purpose of the working group is to identify and track regulatory change and, where appropriate, to ensure appropriate action is taken in response to regulatory change. Recent climate-related topics included the Financial Conduct Authority's consultation on Sustainability Disclosure Requirements, and their report on climate change adaptation challenges faced by financial services firms.

Our corporate risks that are impacted by climate-related risks are as follows:

Business risk

Business risk is the risk arising from exposure to factors or events which, if allowed to crystallise, could materially reduce our revenue, or increase expenses. The main factors or events include a decrease in assets under management or a change in the mix of investment portfolios leading to a reduction in fee income, or a sudden or material increase in the level of ongoing operational costs.
We are exposed to the risk that we may lose partner funds or clients or fail to attract new partner funds or clients if we cannot meet their demands or expectations, which includes addressing the risks and opportunities arising from climate change. In addition, given our pooling model, there is a risk that we cannot meet conflicting demands in this regard. For instance, some partner funds may prefer a lower carbon footprint or a higher exposure to green sectors, while others may prefer more transparency and reporting on the climate impact of their portfolios.

In response, we engage regularly with our partner funds to ensure that we continue to offer services and products designed to meet their needs. For each of our asset classes, the investment strategies are constructed to manage our short, medium and long-term responsibilities to both our partner funds and our shareholders, taking account of applicable regulations. As our partner funds have long-term obligations to pay pensions, our investment approach is also long dated.
Our decarbonisation approach requires a transitional shift to lower-carbon investments, whilst also maintaining a well-diversified portfolio across all sectors. In the short to medium-term, we will focus our efforts on understanding the sources of carbon intensity and encouraging companies to take action to reduce them. One change to our approach in the short term was to create the EOF, a vehicle which meets our partner funds' needs by supporting the financing and scaling of climate solutions and other environmental opportunities. The EOF supports portfolio companies by directing capital towards climate solutions and other environmental opportunities that enable real-economy decarbonisation. By financing the development and scaling of lower-carbon technologies, services and infrastructure, the EOF provides portfolio companies with access to transition-enabling capital, supporting emissions reduction initiatives that may not be achievable through organic investment alone. In practice, this helps companies address the underlying drivers of carbon intensity, accelerate the adoption of cleaner processes or products, and strengthen their long-term resilience and competitiveness as the economy transitions. In doing so, the EOF complements LPPI's engagement activity and broader decarbonisation strategy, supporting emissions reductions at the portfolio level over the medium term while maintaining diversification across sectors. This should support our portfolio companies to reduce emissions in the medium term. In the medium to long term, our approach may need to switch to pushing companies to support adaptation.

Our dedicated ESG Programme and Technology and Data Roadmap strategic initiatives assist us in managing our business risk by ensuring that we take a coordinated approach to the various regulatory and voluntary initiatives we encounter and evaluating the requirements for ESG-related data across our company to enhance our monitoring and reporting on our net zero targets and ensure alignment with the TCFD recommendations.

Reputation risk

We define reputation risk as the potential harm to our reputation and business resulting from our actions, inactions, or business practices not aligning with our strategic objectives and stakeholder expectations.

The outcomes include reputational damage impacting existing partner fund and client confidence and the future ability to grow the business and the risk that strategic actions are taken which either damage our brand or are not aligned with delivering our strategic aims. This could lead to diminished partner fund and client trust and limit the future ability to grow the business.

Climate-related risk is an increasingly key concern for regulators and asset owners. Institutional asset owners are engaging more on climate-related risks which has the potential to cause reputational damage if we are unable to adequately address their needs and concerns. Engagement with our asset owner partner funds on our approach to integrating climate-related risks and opportunities forms part of our strategy. Alongside supporting our partner funds with their own requirements, for example through the provision of training and education on TCFD, we also engage with our partner funds collectively to share our insights via frequent written communication and at the annual LPPI Investment Conference.

We also consider the impact that our third-party providers could have on our reputation, and we include questions in our operational due diligence questionnaire for new and continuing third parties around their adoption of climate-related policies or frameworks, such as net zero targets, science-based targets, TCFD reporting, and TPI. We also ask our third-party service providers to provide their environmental or sustainability policies.

Evaluating third parties on their adoption of net zero targets, science-based targets, and TCFD reporting enhances transparency and accountability. Additionally, requesting their environmental or sustainability policies verifies their commitment to sustainable practices, supporting our overall climate risk mitigation strategy. Collectively, these measures help to identify potential climate-related risks, to ensure alignment with our net zero goals and help protect our reputation.

Operational risk

Operational risk is the risk of loss from inadequate or failed internal processes, from personnel or systems, or from external events. Our definition of operational risk includes regulatory and legal risks.

One of the potential impacts of climate change is the increased frequency and severity of extreme weather events, such as heat waves, floods, storms, or wildfires. These events could affect our physical assets, such as buildings, infrastructure, equipment, or data centres, as well as our human capital, such as employees, contractors, or suppliers. Climate change could also affect the availability and reliability of critical services that we depend on, such as electricity, water, telecommunications, or transportation. Any disruption to our operations or those of our third-party providers could impair our ability to deliver our services to our partner funds and clients and harm our reputation, revenue, and profitability. Therefore, we consider climate change as a material operational risk, for which we take appropriate mitigating measures.

For example, we regularly maintain and test our business continuity planning and technology disaster recovery programs. We operate a hybrid working model which allows staff to work from home without any disruption in the event of the loss of use of our offices. We also include questions in our operational due diligence questionnaire for new and continuing suppliers around their business continuity and disaster recovery programmes. Additionally, we could face regulatory or legal risks if we do not comply with the evolving standards and frameworks for climate-related disclosures and risk management.

Integrating Climate-Related Risks into Our Overall Risk Management

We are committed to continually strengthening and evolving our risk management framework to ensure it remains aligned with business developments and partner fund and client expectations. A core component of this approach is the integration of climate-related risks within our broader risk management framework, which we consider essential to navigating challenging market conditions and periods of change.

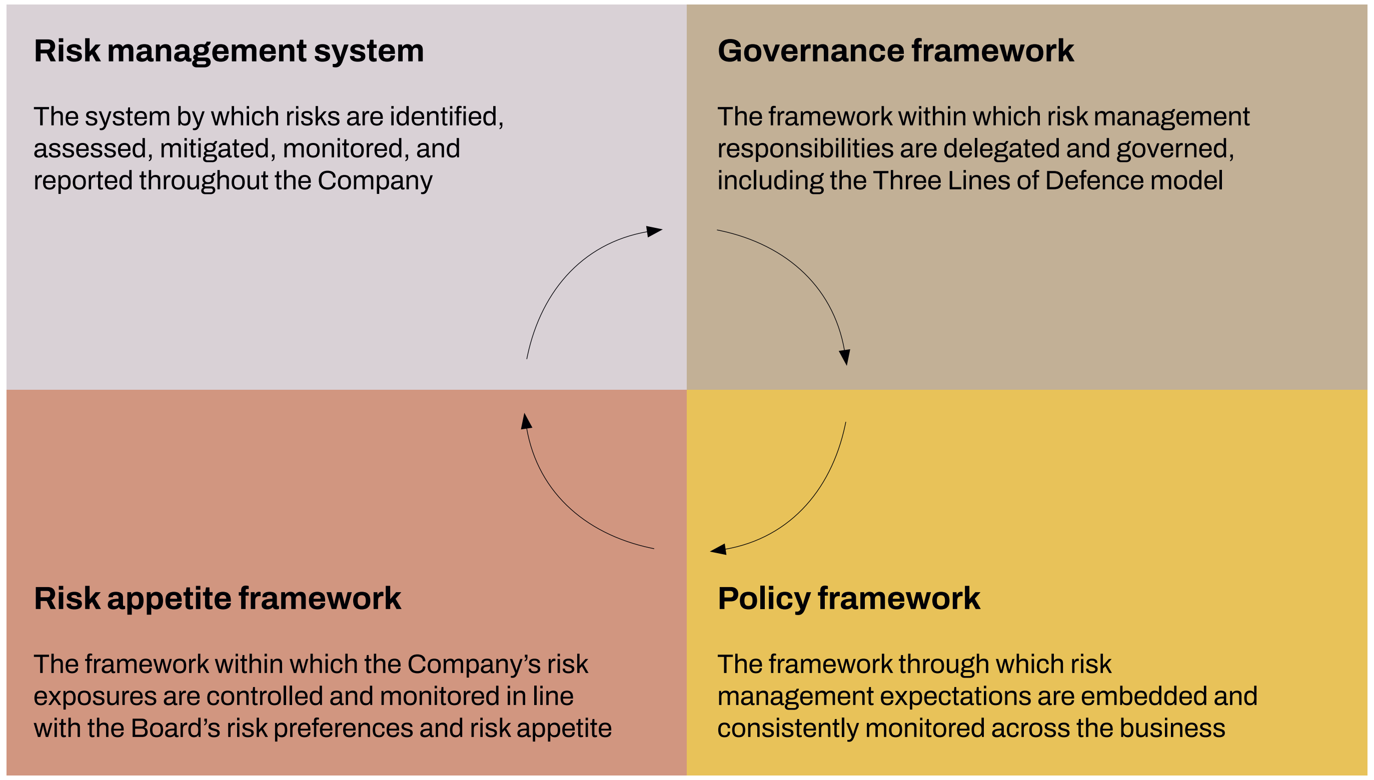
We take an enterprise-wide approach to risk management, underpinned by a strong risk culture. Our ambition is to protect our obligations to our partner funds and clients and ensure fair treatment, while supporting better risk-return based business decision-making through a balanced awareness of risks and opportunities. We only take risks that we have the capability to understand and manage, and we achieve this by clearly linking our strategic objectives to our risk management approach and key business processes.

Primary responsibility for climate-related risk management sits with the investment teams, supported by a second line of defence provided by our Risk and Compliance teams. Our LPPI Risk Policies, supported by the Risk Appetite and Tolerances Schedule, provide the overarching framework for managing risk and form an integral part of management and board decision-making processes.

The Risk Appetite and Tolerances Schedule sets out the risk limits, acceptable boundaries and related statements within which management operates to ensure the safe delivery of the plan. The status against the risk limits and acceptable bounds is monitored and reported quarterly to the Audit and Risk Committee and to the Board. The Schedule also incorporates approved net zero targets for relevant asset classes, with progress against these targets reported through the same governance arrangements.

Our risk policies include a dedicated Climate Change Risk Policy, supported by a Climate-Related Risk Framework, which defines how climate-related risks are identified, monitored, managed, and reported. However, climate change is not treated as a standalone risk. Instead, climate-related risks are considered across the enterprise risk framework, including within business, reputational, and operational risk categories. This approach ensures that climate-related financial risks are consistently embedded throughout our risk management processes. Our Risk Management Policy articulates the approach, appetite, and expectations in relation to the management of risks that, should they materialise, have the potential to cause material harm to our partner fund, clients, and counterparties, the markets within which we operate, and to ourselves. Our Risk Management Policy also supports meeting the expectations of our stakeholders.

The enterprise risk system is outlined in the following diagram:



Metrics & Targets

In this section we disclose the metrics we are using to assess and monitor climate-related risks and opportunities and the targets we have set.

Carbon footprint of our assets under management

We use a range of absolute and intensity-based metrics to assess climate-related risks and opportunities and to monitor progress against our targets. These metrics enable comparison across issuers, portfolios, and transition scenarios. Key definitions and calculation methodologies are set out in the appendix to this report.

The carbon footprints of our portfolios are measured and analysed using a range of tools, including third-party carbon data from MSCI carbon portfolio analytics. This analysis helps identify significant emitters and the key drivers of portfolio-level emissions. Our investment decisions are primarily informed by Scope 1 and Scope 2 greenhouse gas emissions, using a combination of reported and estimated data. We monitor Scope 3 emissions to support alignment and engagement activities; however, data quality and disclosure for this category remain limited, reducing its reliability for decision-making.

As with many asset managers, data availability remains a challenge for private market assets, limiting the ability to undertake comprehensive portfolio-wide analysis. For public market assets, while data coverage is generally good, challenges remain around the consistency of company disclosures and the use of estimation and modelling by data providers to address data gaps.

In addition to emissions metrics, we apply asset-class-specific measures where relevant, such as flood risk and energy efficiency ratings for our UK direct real estate assets. These indicators help track changes in climate-related risks and opportunities for these assets over time and support targeted engagement with managers.

Climate-related measurement and forecasting practices remain at a developing stage, reflecting ongoing market wide data limitations around consistency and coverage. As a result, our approach focuses on using available data to assess current exposure and inform how risks and opportunities may evolve.

During the period, LPPI engaged MSCI ESG to provide climate-related data to support the measurement, monitoring and management of climate-related risks and opportunities. Reported data also improved for Infrastructure and Real Estate assets. While some asset classes still face constraints, metrics currently cover Global Equities, Fixed Income, Credit, Infrastructure and Real Estate, representing approximately 74% of assets under management (December 2025).

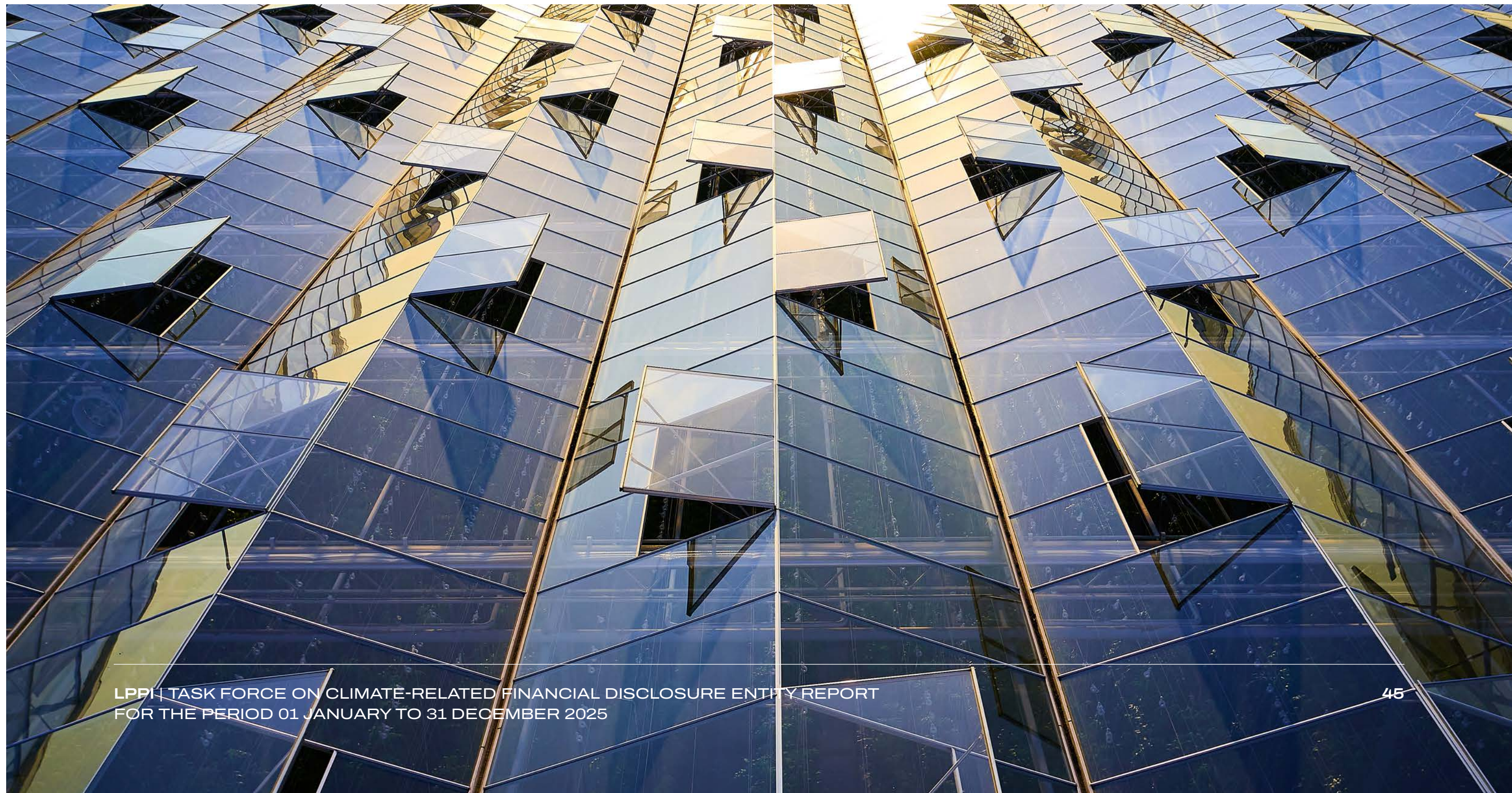
We continue to enhance data coverage and embed climate metrics into core processes, including analysis of exposure to “green” and “brown” activities across selected portfolios, with future development informed by available standards such as FTSE Russell Green Revenues methodology. For direct real estate, metrics include EPC ratings and flood risk assessments, supported by active asset management initiatives aligned with net zero commitments and UK Minimum Energy Efficiency Standards (MEES).

Table 1 below shows the proportion of carbon emissions data for our asset classes that is reported and where there is currently no data available.

TABLE 1: DATA AVAILABILITY

Asset class	LPPI AUM (31 December 2025)	% of asset class covered in this report	% of asset class not covered in this report
Global Equities	44%	98%	2%
Fixed Income (Corporate bonds)	4%	29%	71%
Credit (Corporate bonds)	15%	45%	55%
Infrastructure	22%	78%	22%
Private Equity	5%	0%	100%
Real Estate	7%	83%	17%
Other	3%	0%	100%

Data coverage for public market assets (listed company shares and corporate bonds) is high. Data coverage for private market assets is significantly weaker due to current standards of disclosure, which is an industry-wide issue. Both coverage and quality are also relatively poorer for certain holdings, such as investments in emerging markets, private equity, cash, and derivatives. We are reliant upon companies, asset managers, and data providers for better access to the data required to calculate metrics. We continue to engage with the industry, including our external managers and data providers, to increase the proportion of reported data.



Global Equities, Fixed Income and Credit

The data in the tables below covers public markets assets held in the Global Equities, Fixed Income and Credit asset classes. The climate metrics reported in this document may differ from those disclosed in the LPPI 2024 TCFD Entity Report. These differences primarily reflect improvements in data availability and data quality, including enhanced company disclosures, methodological refinements by data providers and more comprehensive climate risk monitoring. Further attribution analysis and commentary can be found within the LPPI Global Equities and Fixed Income Fund TCFD Product Reports.

TABLE 2: EMISSIONS AND ALIGNMENT METRICS FOR GLOBAL EQUITIES AND FIXED INCOME (31 DECEMBER 2025)

Climate Metrics	Unit of Measurement	Global Equities		Fixed Income (Corporate Bonds)	
		31/12/2024	31/12/2025	31/12/2024	31/12/2025
Scope 1 & 2 financed emissions	tCO2e	158,989	157,777	11,068	6,414
Scope 3 financed emissions	tCO2e	2,084,280	1,673,834	55,060	71,462
Total financed carbon emissions	tCO2e	2,243,269	1,831,611	66,128	77,877
Total carbon footprint (Sc1 & 2)	tCO2e / $m invested	10.4	9.7	38.0	14.4
Weighted average carbon intensity (Sc1 & 2)	tCO2e / $m Revenue	26.1	42.5	82.2	29.3
Implied Temperature Rise	°Celsius	2.2	2.3	2.7	2.2
Portfolio Data coverage	AUM (%)	98%	98%	93%	87%

Source: MSCI, LPPI

TABLE 3: EMISSIONS AND ALIGNMENT METRICS FOR CREDIT (31 DECEMBER 2025))

Climate Metrics	Unit of Measurement	Credit - Investment Grade		Credit - High Yield	
		31/12/2024	31/12/2025	31/12/2024	31/12/2025
Scope 1 and 2 emissions	tCO2e	31,607	37,321	60,539	79,126
Scope 3 emissions	tCO2e	154,827	179,937	62,489	128,610
Total carbon emissions	tCO2e	186,434	217,258	123,028	207,736
Total carbon footprint (Scope 1 and 2) (EVIC)	tCO2e / $m invested	48.7	63.7	136.9	112.2
Weighted average carbon intensity (Scope 1 and 2)	tCO2e / $m revenue	117.3	209.9	270.8	213.8
Implied Temperature Rise	Degrees Celsius	2.5	2.6	3.5	3.6
Reported and estimated emissions data AUM (%)		96%	92%	70%	67%

Source: MSCI, LPPI

Real Estate

The metrics in this section reflect the emissions intensity and portfolio alignment metrics for UK Directs, which are managed by our external manager, and for our Real Estate indirects portfolio "Indirects", where data is available, as of 31 December 2024.

UK Directs comprise properties over which the asset class has direct ownership exposure and greater influence over asset-level data collection and management. Indirects refer to investments made via pooled real estate funds or other intermediary vehicles, where emissions data is typically reported at the fund or corporate level and is subject to greater data availability constraints.

The timeliness with which data is available for assets in the Real Estate Fund is challenging. There is a significant time lag between emissions data being released, reported at the corporate level and then being quality assured ready for disclosure by our external manager. As such, in this report we apply tenant emissions data to relevant holdings as of 31 December 2024.

The carbon footprint analysis considers net asset values (NAV), owned area, and energy intensity. This method measures the carbon efficiency of a given portfolio, defined as the absolute GHG emissions of the portfolio per £m of fund NAVs.

Table 4 provides the key measures for the Fund as of 31 December 2023 and 31 December 2024.

TABLE 4: EMISSIONS METRICS FOR REAL ESTATE FUND (31 DECEMBER 2024)

Climate Metrics	Unit of Measurement	31/12/2023			31/12/2024		
		UK Directs & JV's	Indirects	Combined	UK Directs*** & JV's	Indirects	Combined
Scope 1 GHG Emissions	tnCO2e	35.6	274.7	310.3	30.6	265.2	295.9
Scope 2 GHG Emissions - Market Based	tnCO2e	0.00	258.2	258.2	0.0	530.9	530.9
Scope 3 GHG Emissions - Tenant	tnCO2e	10,538.8	5,719.3	16,326.4	9,100.7	8,959.3	18,060,0
Total GHG Emissions (Scope 1, 2, & 3)	tnCO2e	10,574.2	6,252.2	16,894.9	9,131.3	9,755.5	18,886.8
Fund Carbon Footprint (Scope 1 & 2 & 3) GHG Intensity by NAV	(tCO_2e/yr/$m)	8.9	17.0	11.0	7.7	12.2	9.5
Weighted Average Carbon Intensity (Scope 1 & 2 & 3) GHG Intensity by Owned Area*	KgCO2e/m2	24.9	11.2	35.8	21.9	45.4	31.9
Average Portfolio Energy Intensity*	kWh/m2	135.8	52.7	206.9	134.3	171.5	157.6
Total Reported Data Coverage for the Fund**	AUM (%)	89%	42%	63%	94%	67%	83%

Source: LPPI, KFIM, GRESB *
Notes on data table

* The carbon intensity metrics of GHG emissions by owned area and Energy intensity by owned area are taken from the recently launched GRESB carbon footprint tool reflecting GRESB methodology. LPPI funds reporting into GRESB represent 80.4% of the REF fund by NAV.

** "Reported data coverage" includes estimated data reported by our investment managers or the carbon footprinting tool from GRESB.

*** Scope 1, 2 and 3 data from our UK Directs include energy consumption from landlord and tenant-controlled areas and excludes emissions from refrigerants. Scope 1 and 2 data uses the operational control method and allocated 20% to landlord communal areas and the rest to Scope 3 tenant areas when submeter data was not available. Please refer to the glossary for a definition of the Operational Control Method. Data collected is derived from either manual data submission from tenants, annual consumption reports, or with the consent of tenants, data was sourced from national grid databases ElectraLink (electricity) and RECCo (gas) under 'legitimate interest'. Market-Based GHG emissions assumes 0kg/CO2e if landlord or tenant confirmed 100% renewable electricity via email or via data collected during technical building assessment conducted in 2024. Location-Based emissions for electricity and gas uses UK DEFRA conversion factors 2024.

Flood Risk

In 2024, a new National Flood Risk Assessment tool (NaFRA2) was launched by the UK Environment Agency (EA) to reflect progress in technologies and modelling (such as GPS, digital mapping, climate scenarios and hydraulic modelling) and to integrate risk of surface water flooding to the former tool which covered sea and river flooding. Following the launch of the new tool, we updated our desktop analysis, undertaking a surface water and flood risk assessment for every property within our portfolio using the NaFRA2 platform. The updated EA flood mapping provides a more precautionary and granular view of flood exposure, which supports improved risk identification but may result in higher reported exposure over time. As a result, one location has been assessed as having higher flood risk than previously reported, though no physical change has occurred at the asset level.

TABLE 5: LPPI DIRECT PORTFOLIO FLOOD ZONE RISK 2024 VS. 2023

Probability of Flooding	31/12/2023		31/12/2024	
	Number of Assets	Rental Value Flood Risk	Number of Assets	Rental Value Flood Risk
High (Flood Zone 3)	4	5.8%	5	6.7%
Medium (Flood Zone 2)	5	11.2%	5	10.5%
Low (Flood Zone 1)	40	83.0%	38	82.8%

Source: KFIM, National Flood Risk Assessment (NaFRA2)

As of the reporting date, we assess and disclose the proportion of portfolio rental value exposed to different flood risk ratings. Certain assets under construction at the time of analysis have been excluded where appropriate. Flood risk assessments continue to inform asset-level adaptation planning, insurance strategy and long-term capital expenditure decisions.

The findings from the new NaFRA2 assessments for the standing portfolio for a one-in-thirty year risk event are outlined in tables 9 and 10 below. Where assets cover multiple units that may have different flood risk profiles e.g. different tenancies on an estate, we have reported the worst-case rating. In 2025, work has been undertaken to evaluate the risks of a one-in-one-thousand year flood event following availability within the new NaFRA2 dataset. We plan to report the outcomes of our work in this area next year.

TABLE 6: LPPI DIRECT PORTFOLIO SURFACE WATER FLOOD RISK

Surface Water Flood Risk	31/12/2024 Number of Assets	31/12/2024 Rental Value Flood Risk (%)
High Risk	1	1.5%
Medium Risk	1	1.1%
Low Risk	5	12.4%
Very Low Risk	41	85.0%

Source: KFIM, National Flood Risk Assessment (NaFRA2)

TABLE 7: LPPI DIRECT PORTFOLIO RIVER AND SEA WATER FLOOD RISK

Rivers and the Sea Flood Risk	31/12/2024 Number of Assets	31/12/2024 Rental Value Flood Risk (%)
High Risk	1	1.5%
Medium Risk	1	1.1%
Low Risk	2	6.1%
Very Low Risk	44	91.3%

Source: KFIM, National Flood Risk Assessment (NaFRA2)

Further work was undertaken to review properties with a medium to high risk levels. Site specific plans are being established to mitigate risks where possible. For example, we are reviewing protections afforded by local flood defence schemes (such as the Thames Barrier in London), property service level provisions on drains maintenance and considering tenant engagement on flood risk management plans.

Acquisitions

We have set the requirement for acquisitions to be permitted only in areas with less than 0.1% (<1 in 1000, zone 1) chance of flooding from rivers or the sea occurring each year as assessed by the Environment Agency Flood Map for Planning, unless specifically approved by us. In all cases, properties will not be acquired unless the risk of surface water flooding has been assessed and considered in the purchase price where necessary (following the availability of NaFRA2 evaluations).
In addition, anything including and over a 'medium' risk will be referred to us by our delegate manager for acceptance.

Infrastructure

The metrics in this section reflect the emissions intensity and portfolio alignment metrics for Infrastructure, where data is available, as of 31 December 2024.

The timeliness of available data for Infrastructure is challenging. The latest data is from 2024, reflecting the time lag between emissions being released, reported at the corporate level. We are working to identify potential solutions to reduce the lag in reported emissions data. The metrics in the table below also do not currently include infrastructure assets on our client balance sheets due to an absence of data providers for these assets.

TABLE 8: EMISSIONS METRICS FOR INFRASTRUCTURE (31 DECEMBER 2024)

			31/12/2023			31/12/2024		
Metrics	**Scope**	**Unit of Measurement**	**Performance**	**Coverage* (Reported)**	**Coverage* (Reported & Estimated)**	**Performance**	**Coverage* (Reported)**	**Coverage* (Reported & Estimated)**
Total Carbon Emissions	Scope 1	tCO2e	395,803	75.4%	92.8%	354,650	97.7%	97.7%
	Scope 2	tCO2e	123,331	73.2%	92.8%	31,413*****	97.7%	97.7%
	Scope 3*	tCO2e	1,388,230	58.7%	90.4%	717,296	81.8%	81.8%
	Scope 1 & 2	tCO2e	519,134	74.3%	92.8%	386,063	97.7%	97.7%
	Scope 1, 2 & 3***	tCO2e	1,811,392	69.1%	92.0%	1,103,358	81.8%	81.8%
Total Carbon Footprint*******	Scope 1 & 2	tCO2e/$m NAV	199.4	74.3%	92.8%	111.6	97.7%	97.7%
	Scope 1, 2 & 3	tCO2e/$m NAV	797.5	69.1%	92.0%	380.6	81.8%	81.8%
WACI	Scope 1 & 2	tCO2e/£m revenue	226	74.3%	92.8%	348	93.8%	93.8%
	Scope 1, 2 & 3	tCO2e/£m revenue	1,516	69.1%	92.0%	821	78.0%	78.0%

Source: LPPI, External Managers

Notes on data table

* This coverage figure includes reported emissions from underlying holdings by AUM.

** This coverage figure includes reported and estimated emissions from underlying holdings by AUM.

*** Scope 1, 2 & 3 metrics include scope 3 when reported and the portfolio coverage figure represents coverage across all scopes.

**** This coverage reports where emissions data was provided by our managers or portfolio companies. Our year end 2024 data request asked for the primary methodology for emissions data collection, using the EDCI categories: Spend-Based, Activity-Based, Direct Monitoring, Locations Based, Market Based, Direct Emissions/ Supplier Based or Other. Responses were insufficient and unsuitable for statistics or TCFD reporting.

****** For 2024 data, we requested and reported market-based data where available to reflect the impact of renewables electricity procurement within the portfolio

******* Total carbon footprint figures for 2023 have been updated for consistency of methodology

$$\frac{\sum_{n}^{i}\left(\frac{\text{current value of investment}_i}{\text{issuer's market capitalization}_i} * \text{issuer's Scope 1 and Scope 2 GHG emissions}_i\right)}{\text{current portfolio value (\$M)}}$$

GLIL Infrastructure Fund

LPPI is the AIFM for GLIL Infrastructure, for which emissions metrics are provided below.

TABLE 8: EMISSIONS METRICS FOR INFRASTRUCTURE (31 DECEMBER 2024)

Coverage – S&P estimated data and coverage figure is based on the % of GLIL AUM reporting.

Metrics	**Scope**	**Unit of Measurement**	**31/12/2023**	**Coverage (Reported & Estimated)**	**31/12/2024**	**Coverage (Reported & Estimated)**
Total Carbon Emissions	Scope 1	tnCO2e	36,802.8[KG1.1]	99.4%	107,806.1	100%
	Scope 2	tnCO2e	49,504.1	99.4%	180,102.8	100%
	Scope 3	tnCO2e	183,614.2	99.4%	209,778.1	100%
	Scope 1 & 2	tnCO2e	86,306.9	99.4%	287,909.0	100%
	Scope 1, 2, & 3	tnCO2e	269,921.0	99.4%	497,687.1	100%
Total Carbon Footprint	Scope 1 & 2	tnCO2e/$m invested	34.0	99.4%	96.4	100%
	Scope 1, 2 & 3	tnCO2e/$m invested	95.2	99.4%	166.7	100%
Weighted Average Carbon Intensity	Scope 1 & 2	tnCO2e/$m revenue	20.4	99.4%	93.2	100%
	Scope 1, 2 & 3	tnCO2e/$m revenue	102.7	99.4%	183.0	100%

Data sources: underlying scope 1, 2 & 3 estimated data was sourced from S&P.

Over the reporting period most of the portfolio companies within GLIL have improved their ESG data disclosures to a verifiable carbon accountancy standard that meets TCFD metrics reporting guidelines. GLIL have subsequently reduced reliance upon proxy data estimates and have reported combined emissions metrics. GLIL will continue to engage with portfolio companies to improve the emissions reporting standards that are conveyed within assets disclosures to reduce the reliance upon estimates within our underlying data.

Carbon footprint of our business

Our NZAM commitment focuses on the financed emissions attributable to our assets under management, but the NZIF, a framework that provides investors with guidance in relation to governance, targets, strategic asset allocation, market engagement and policy advocacy, encourages investors to monitor and set targets for their own operational emissions as a direct contribution to reducing real world emissions.

We recognise that we have our own part to play in the transition to a low-carbon economy which includes understanding how our corporate activities contribute to total carbon emissions. As part of our net zero commitment, we are addressing operational emissions and determining an appropriate decarbonisation strategy for our business to maintain our Planet Mark accreditation and to ensure we are following an accepted and appropriate measurement approach. Planet Mark Net Zero Certification provides third party limited assurance of LPPI's carbon footprint and carbon reductions.

In 2025, LPPI recorded higher greenhouse gas emissions associated with business travel. This increase reflected travel undertaken in support of core business activities during the year, including attendance at industry and investment conferences, engagement meetings with existing and prospective managers, and preparatory onboarding and transition activity related to LPPI's growth ambitions and the implementation of LGPS Fit for the Future related activity, which took effect from 1 April 2026.

LPPI's Planet Mark Net Zero Certification and associated limited assurance are based on emissions data covering the 12-month period from 1 April 2024 to 31 March 2025 and remain valid until 30 June 2025. Planet Mark are a sustainability certification and net zero provider for organisations and the built environment. For the remainder of the reporting period covered by this TCFD report, no new independently assured entity-level emissions data were produced, as LPPI's corporate carbon footprint is measured and verified on an annual basis.

Emissions drivers, operational boundaries, and methodologies remained consistent following the certification period, and therefore the data presented below continues to provide a reasonable representation of LPPI's operational emissions profile for the purposes of this report. Updated emissions data will be included in the next annual assessment and certification cycle.

We have not set a business target for emissions reduction at this point. We will do so in due course once efforts to collect further data improve our capabilities to capture our baseline and assess the options for improvement.

Table 10 shows the key metrics for LPPI business operations as of 31 March 2025.

LPPI intends to re-baseline its emissions in 2026/27 to reflect the expansion of the business from 1 April, and to ensure that reported metrics remain representative and comparable going forward.

TABLE 10: CARBON FOOTPRINT FOR OUR BUSINESS OPERATIONS (MARKET-BASED)

Carbon Footprint	31/03/2024	31/03/2025
Scope 1 Emissions	5.1	5.1
Scope 2 Emissions (market-based)	0	0
Scope 3 Emissions	47.9	118.7
Total (market-based)	53.0	123.8
Total per employee	0.4	0.9
Building emissions per sqm	0.01	Not Reported
Data Quality Score (Scope 1 and 2)	80%	100%
Reporting period	1 April 2024 to 31 March 2025	
Reporting boundary	11 F S, 1 Finsbury Avenue, London, EC2M 2PF	
Emissions measured	Electricity, natural gas, transmission and distribution losses, business travel, homeworking (not included in total footprint), paper, waste, water	

Source: Planet Mark

TABLE 11: MEASURED CARBON FOOTPRINT YEARLY COMPARISON

Source Category	31/03/2024	31/03/2025
Purchased Goods & Services	0.6	0.1
Fuel and Energy Related Activities	1.6	1.5
Upstream Transportation and Distribution	0	0
Waste	0.2	0.1
Business Travel	45.4	117.0
Employee Commuting	0	0
Investments	0	0
Total (market-based)	**53.0**	**123.8**

Source: Planet Mark

Targets

We have committed to the objective of aligning our investment portfolio with net zero greenhouse gas emissions by 2050. This commitment reflects our assessment of climate change as a material, long-term financial risks and is intended to support the resilience of the portfolio across short-, medium-, and long-term time horizons. This involves setting forward targets for progressively increasingly the portfolio's alignment with net zero emissions with the aim of achieving this by 2050. Meeting our net zero commitment involves integrating net zero into all four TCFD pillars but is most obviously part of metrics and targets. Our net zero commitment has board approval and is a priority objective identified in our business plan with associated board level KPIs, supported by our ESG Programme. Therefore, many of the metrics we monitor are aligned to our net zero commitments.

Our Roadmap to net zero provides further information on our net zero strategy and why we have made a net zero commitment. Consistent with our net-zero ambition and informed by industry initiatives such as the NZAM, we seek over time to increase the proportion of assets under management that are covered by net-zero target setting, recognising that progress is dependent on partner fund and client mandates, regulatory requirements, and the availability of robust data and methodologies. We need corporate disclosures to improve, and tools and methodologies to mature, across the full range of asset classes we manage.

Our net zero commitment focuses on extending the proportion of assets for which it is possible to establish a baseline (current position) and set forward targets that can inform underwriting, portfolio monitoring, and risk management.

This approach is informed by the IIGCC's NZIF, including its updated NZIF 2.0 guidance, which emphasises real-economy emissions reduction, asset-class-specific methodologies, and the complementary role of portfolio decarbonisation and investment in climate solutions.

We have set three of the four recommended targets and objectives for our Global Equities, Fixed Income, Real Estate, and Credit asset classes, and two for our Infrastructure asset class. We have not set a target for increasing investment in climate solutions at this point and instead work closely with our partner funds to support implementation of their preferences for products which invest in climate change solutions and the asset classes offering suitable scope. Meanwhile, we are already investing in climate-linked solutions, most obviously through our infrastructure funds which include direct investments in renewable energy (wind, solar, and energy from waste) and transition assistive projects including battery storage and district heating. We have developed the LPPI Environmental Opportunities Fund to enable our partner funds and clients to increase their allocations to such investments which are deemed to provide climate and other environmental opportunities.

LPPI's net zero targets are reported in the TCFD reports for our authorised funds: the Global Equities, Fixed Income, and Real Estate Funds.

During the year, LPPI undertook a structured review of its climate-related targets. This included a review of FIF targets, alongside the expansion of infrastructure and real estate targets to incorporate assets held within the London Fund and relevant client balance sheet exposures. In addition, REF targets were reviewed to reflect improvements in data quality and the fact that a number of existing targets concluded in 2025 and therefore required updating or re-setting. This applied to both REF and FIF targets.

During the year, LPPI also sought partner fund views on re-committing to the NZAM initiative. This engagement informed LPPI's subsequent decision to re-commit, the outcome of which was concluded shortly after the end of the reporting period.

TABLE 12: LPPI NET ZERO TARGETS

Asset Class	Portfolio Decarbonisation Reference Objective	Asset Alignment Target	Engagement Threshold Target
Target/ Objective	An emissions reduction objective aligned with a net zero pathway	A target for increasing the proportion of AUM or financed emissions that is considered aligned with net zero.	A target for increasing the proportion of financed emissions that are aligned with net zero or under direct or collective engagement and stewardship actions.
Rationale	The objective sets the required ambition for an investor's portfolio across the short, medium and longer term, and can set the basis for a net zero strategy, relative to the chosen net zero pathway(s) or carbon budget. The objective can act as a benchmark / performance monitoring tool to assess whether actions at the asset level are yielding the necessary portfolio level emissions reductions to be consistent with the investor's climate goals.	Captures changes in the net zero alignment of assets over time against indicators or metrics that reflect backward, current and forward-looking alignment to net zero pathways. The target facilitates a focus on achieving net zero alignment at the asset level (aggregated at asset class level) and decarbonisation through real economy emissions reductions. As an increasing number of assets meet NZIF's alignment criteria, investors should see an increasing number of assets implementing robust transition plans and decarbonising in line with regional and sectoral net zero pathways.	Aims to ensure investors undertake stewardship and engagement actions with assets that are not transitioning at a pace aligned to a net zero pathway. To increase the proportion of assets that are aligned with regional and sectoral net zero pathways, investors can undertake engagement and stewardship, key levers of influence investors can use to support the net zero transition.

TABLE 12: continued

Asset Class	Portfolio Decarbonisation Reference Objective	Asset Alignment Target	Engagement Threshold Target
Global Equities Fund	The LPPI Global Equities Fund will achieve a 50.8% reduction in emissions intensity (Weighted Average Carbon Intensity (WACI)) by 2030 (December 2029) relative to the fund's own baseline position in December 2019, in line with its 1.5°C carbon budget pathway as determined by MSCI.	32% of Asset Under Management (AUM) in material sectors is considered net zero, aligned or aligning by 2025; 55% by 2030; 100% of AUM in material sectors is considered net zero or aligned to net zero by 2040.	70% of financed emissions in material sectors will either be assessed as already net zero, aligned with a net zero pathway, or subject to direct or collective engagement and stewardship actions by end-2022; 90% by 2030.
	On track.	Short term target achieved.	On track.
Fixed Income Fund	The Net Zero target for the Fund is a decarbonisation pathway of 50% reduction in the Bloomberg Global Aggregate Corporate Index WACI from Dec-2019 to Dec-2029.	(Baseline as at December 2024): For the corporate fixed income holdings of the Fund, the percentage of AUM in companies within material sectors which are net zero, aligned or aligning will increase to 50% by 2030 (December 2029). Our overall ambition is to achieve 100% of AUM in companies within material sectors that are net zero or aligned by 2040.	(Baseline as at December 2024): The corporate fixed income holdings of the Fund will achieve an engagement threshold where at least 90% of financed emissions in material sectors are net zero, aligned, or under direct or collective engagement and stewardship actions by 2030 (December 2029).
	In progress. Targets set in 2025.	In progress. Targets set in 2025.	In progress. Targets set in 2025.
Credit Fund (Investment Grade)	The Net Zero target for the Fund is a decarbonisation pathway of 50% reduction in the Bloomberg Corporate Global Aggregate Index WACI from Dec-2019 to Dec 2029 which equates to 125 tCO2/$M sales or below by 2030 (baseline 2019).	Starting from an end of 2023 baseline (35%), increase the percentage of AUM in companies within PAII NZIF High Impact sectors which are net zero, aligned or aligning to 50% by 2030. Increase the percentage of AUM in companies within PAII NZIF High Impact sectors which are net zero or aligned to 100% by 2040.	Starting from an end of 2023 baseline (47%), target 90% of financed emissions in PAII NZIF High Impact sectors will either by assessed as already net zero, aligned with a net zero pathway, or subject to direct or collective engagement and stewardship actions by 2030.
	In progress. Target set in 2024.	In progress. Target set in 2024.	In progress. Target set in 2024.

TABLE 12: continued

Asset Class	Portfolio Decarbonisation Reference Objective	Asset Alignment Target	Engagement Threshold Target
Credit Fund (High Yield)	High yield corporate bond exposure: target 112 tCO2/$M sales or below by 2030. We are using a benchmark relative approach, so our target is to remain below the Bloomberg Global High Yield Corporate Bond Index pathway which equates to 112 tCO2/$M sales or below by 2030. This is equivalent to a 50% reduction of WACI in the index from a 2022 baseline.	'Starting from an end of 2023 baseline (48%), increase the percentage of AUM in companies within PAII NZIF High Impact sectors which are net zero, aligned or aligning to 60% by 2030. Increase the percentage of AUM in companies within PAII NZIF High Impact sectors which are net zero or aligned to 100% by 2040.	Starting from an end of 2023 baseline (61%), target 90% of financed emissions in PAII NZIF High Impact sectors will either by assessed as already net zero, aligned with a net zero pathway, or subject to direct or collective engagement and stewardship actions by 2030.
	In progress. Targets set in 2024.	In progress. Targets set in 2024.	In progress. Targets set in 2024.
Real Estate Fund (UK Directs & JV's)	The LPPI Real Estate Fund direct aims to achieve a reduction in (average) emissions intensity of 37% by 2030 (December 2029) from the fund's own baseline position in December 2024.	At least 90% of direct portfolio will be assessed as net zero, aligned or aligning with a net zero pathway by 2025, with overall ambition 100% of assets to be net zero or aligned by 2040.	90% of the direct portfolio will be assessed as net zero, aligned with a net zero pathway or the subject of direct or collective engagement and stewardship actions.
	In progress. Target set in 2025.	Short term target achieved.	Short term target achieved.

TABLE 12: continued

Asset Class	Portfolio Decarbonisation Reference Objective	Asset Alignment Target	Engagement Threshold Target
Real Estate Fund (Indirects)	No target. Our Engagement target has been established to increase emissions data coverage managed by third party managers as soon as possible to at least 70% to allow for a decarbonisation objective to be set.	Increase the percentage of AuM managed by third party managers which are at least 'aligning' to at least 50% by 2030' By 2040, 100% of AuM managed by 3rd party managers should be classed as 'aligned' or 'net zero'. Managers of fixed-life value-add & opportunistic funds will be excluded from the aforementioned alignment target. Their decarbonisation progress will be assessed individually'	Increase emissions data coverage managed by 3rd party managers as soon as possible to at least 70% to allow for a decarbonisation objective to be set. Ensure that at least 90% of AuM managed by third party managers are either categorised as achieving net zero, aligned to a net zero pathway, or are subject of direct or collective engagement and stewardship actions by 2026 Ensure 100% of managers of fixed-life value-add and opportunistic funds are subject to engagement by 2030.
		In progress. Targets set in 2024.	In progress. Targets set in 2024.
Infrastructure	No target.	50% of AUM will be assessed as net zero, aligned or aligning to a net zero pathway by 2030, 65% by 2035; 80% by 2040 and 100% by 2050.	50% of scope 1 and 2 financed emissions will be assessed as net zero, aligned to a net zero pathway or subject to direct or collective engagement by 2030; 75% by 20535; 100% by 2040. Progress on scope 3 will be monitored on an on-going basis.
		In progress. Targets set in 2024.	In progress. Targets set in 2024.

* Material sectors have been defined by IIGCC for consistency in the IIGCC Net Zero Implementation Guide. They are the sectors whose activities make the largest contribution to total emissions globally and which will need to produce the materials, develop the critical technologies, and evolve the lower emitting, more energy efficient processes that achieving a sustainable global economy depends on.

Next Steps

As set out in our disclosures, we have taken steps to identify, assess, and monitor the climate-related risks and opportunities for the assets we manage and for our business. However, we acknowledge that we still have much to do, including:

Strategy

We recognise that climate scenarios are subject to uncertainty and limitations (outlined in the appendix), and that we need to monitor and update our assumptions, methodologies, or change our approach, as new data and evidence become available. There continue to be alternative approaches developing to assess climate-related risks and opportunities and their impact on strategy. Our views are anticipated to develop, and we will continue to assess or change our approach accordingly. We intend to continue to explore the use of climate scenarios in our decision-making and financial planning processes and to identify vulnerabilities, optimise resource allocation, and ensure long-term resilience. This strategic foresight may not only enhance our ability to adapt to a changing climate but could also position us to capitalise on emerging opportunities from the transition.

Risk Management

We are committed to continually strengthening and evolving our risk management activities to ensure they keep pace with business change and partner fund and client expectations. LPPI will focus on embedding the Climate-related Risk Management Framework more fully into business-as-usual risk processes and decision-making. This will include further integration of climate-related risks into asset class risk assessments, investment due diligence, and ongoing manager oversight. We will continue to refine risk identification and assessment methodologies as data quality improves, including enhancing the use of forward-looking indicators and transition-related risk drivers. In addition, we intend to strengthen feedback loops between climate risk assessment, the strategic risk register, and investment governance forums, to ensure climate-related risks and opportunities are monitored, escalated, and managed in a timely and consistent manner.

Metrics and targets

We will continue to work to improve data coverage and quality, and to establish methodologies for asset classes where they do not exist today. We expect metrics to improve through time.

Appendix

Scenario Uncertainty

While the complex models at the heart of global temperature scenarios are becoming more accurate, their outcomes remain uncertain, driven by three factors

Uncertainty	Description
Internal Variability	This is the measure of the variability of the climate system independent of human activities. This states that while overall temperatures will increase, these increases are not linear, and short-term fluctuations will be driven by internal variability which leads to forecast uncertainty.
Model Spread	Humans possess incomplete knowledge of the effect of the climate system on model outcomes. This means that running the same model with the same assumptions multiple times can still lead to different outcomes. This variability results in "model spread" uncertainty which again leads to forecast uncertainty.
Scenario Uncertainty	This is a measure of the uncertainty about future emissions and atmospheric CO^2 capture. Shared Socioeconomic Pathways (SSPs) describe different scenarios in terms of the evolution of CO^2 concentration over time; it is impossible to know what climate actions will be taken and what SSP scenario will be closer to the reality, and this leads to additional forecast uncertainty.

Source: LPPI

PAI Net Zero Alignment – Global Equities Fund

Alignment Category	Criteria for Assessment
Committed	**Ambition:** A long-term net zero goal
Aligning (Material but not High Impact)	Meet committed + **Targets:** Short- and medium-term emissions reduction target (Scope 1, 2 and material Scope 3). **Disclosure:** Disclosure of Scope 1, 2 and material Scope 3 emissions
Aligning (high impact)	Meet committed + **Targets:** Short- and medium-term emissions reduction target (Scope 1, 2 and material Scope 3). **Disclosure:** Disclosure of Scope 1, 2 and material Scope 3 emissions. **Decarbonisation strategy:** A quantified plan setting out the measures that will be deployed to deliver GHG targets, proportions of revenues that are green and where relevant increases in green revenues.
Aligned (Material but not High Impact)	Meet aligning + **Emissions performance:** Current emissions intensity performance (Scope 1, 2 and material Scope 3) relative to targets.
Aligned (High Impact)	Meet aligning + **Emissions performance:** Current emissions intensity performance (Scope 1, 2 and material Scope 3) relative to targets.
Net zero	**Capital allocation alignment:** Clear demonstration that the capital expenditures of the company are consistent with achieving net zero emissions by 2050. Achieving the emissions intensity required by the sector and regional pathway for 2050. Ongoing investment plan or business model will maintain net zero performance.

Source: https://www.parisalignedassetowners.org/net-zero-investment-framework/

PAI Net Zero Alignment – Real Estate Fund

Alignment Category	Criteria for Assessment
Net Zero	An asset which is already achieving the energy and emissions intensity required by the CRREM 1.5°C pathway at 2050
Aligned	An asset which is on track with the current energy use and emissions intensity levels that are consistent with achieving net zero and is expected to remain consistent the CRREM pathway based on projected performance including planned retrofits
Aligning	An asset with a target to achieve consistency with CRREM pathway, and evidence of a strategy to achieve this
Not aligned	All other assets

Emissions Metrics Methodology

Our emissions metrics have been calculated in accordance with the Partnership for Carbon Accounting Financials (PCAF) guidance. PCAF published the Global GHG Accounting and Reporting Standard for the Financial Industry (“the PCAF Standard”). However, the PCAF Standard does not address all asset classes and has several methodological issues still to be explored. Further, the PCAF Standard was developed primarily for use by banks and, therefore, has not yet fully addressed the asset management and portfolio context. As such, we have made several methodological decisions that are not included in the PCAF Standard, which are provided below. Table 11 highlights key methodological choices.

TABLE 11: GHG EMISSIONS FROM ASSETS UNDER MANAGEMENT - METHODOLOGICAL HIGHLIGHTS

Emissions Included	Scope 1, 2, 3
Asset Classes Included	1. Listed Equities 2. Fixed Income (Corporates) 3. Direct Real Estate 4. Indirect Real Estate 5. Infrastructure 6. Credit (Corporates)
Asset Class not included	1. Private Equity 2. Fixed Income (Sovereigns) 3. Securitised and Structured Products 4. Commodities 5. Alternatives other than Real Estate 6. Derivatives not linked to corporate issuers
Data sources	1. MSCI 2. Company reported data 3. External Manager reported data
Guidance & Standards referenced	1. IIGCC Net Zero Investment Framework 2.0 2. PCAF (with adjustments to reflect issues not yet fully contemplated by PCAF Standard)

Carbon Emissions Metrics Explained

We use the following metrics to measure the collective carbon impact of our portfolio holdings, calculated according to TCFD standards, which in turn are based on the internationally accepted GHG Protocol. Emissions are based on the proportion of the investee company’s revenue represented in the portfolio. Issuer-level Scope 1 and Scope 2 emissions data were obtained from MSCI. MSCI utilises reported data from investee companies where emissions are disclosed. Where companies do not disclose their emissions, MSCI applies proprietary methods to estimate emissions.

Because derivatives and short positions are not addressed by the PCAF Standard, we have included metrics that best approximate the net exposure to each corporate issuer obtained through derivatives. This methodological choice has a minimal impact on absolute emissions and carbon footprint estimates given that most of our assets under management is held in long-only portfolios with short positions and derivatives not being a significant component of the investment strategy.

Metric	What it tells us	How we use it	Source
Scope 1 emissions	Measurement of direct GHG emissions from operations that are owned or controlled by a company. Typically relates to the combustion of fossil fuels on- site and in direct control of the company.	Emissions metrics at asset, portfolio, and firm level.	Collated by MSCI from company-reported data and MSCI activity-based estimates.
Scope 2 emissions	Measurement of indirect emissions of a company associated with the generation of purchased electricity, steam, heat, and cooling. It indicates a company’s energy usage and can be helpful in highlighting energy intensity and efficiency.	Emissions metrics at asset, portfolio, and firm level.	Collated by MSCI from company-reported data and MSCI activity-based estimates.
Scope 3 emissions	Measurement of indirect emissions from a company’s upstream and downstream value chain. Scope 3 effectively represents the emissions from the network within which a company operates. It is, therefore, useful in understanding wider emissions exposure and determining spheres of influence.	Emissions metrics at asset, portfolio, and firm level.	Collated by MSCI from company-reported data and MSCI activity-based estimates.
Total carbon emissions	The total emissions of the portfolio represent the absolute GHG emissions from assets held, allocated on an ownership basis. This means a portfolio holding 1% of a company’s stock would be attributed 1% of the company’s emissions.	Portfolio and firm level.	Sourced from MSCI reported and estimated data.

Continued

Metric	What it tells us	How we use it	Source
Carbon Footprint	The carbon footprint (or 'financed emissions') of the portfolio represents the aggregated GHG emissions per million £/$ invested and allows for comparisons of the carbon intensity of different portfolios.	Portfolio and firm level.	Sourced from MSCI reported and estimated data.
Weighted Average Carbon Intensity (WACI)	The WACI of the portfolio represents the aggregated carbon intensities of the companies in a portfolio (per million £/$ revenue), scaled by the size of the holding. The WACI metric therefore helps measure a portfolio's exposure to high carbon intensity companies.	Portfolio and firm level.	Sourced from MSCI reported and estimated data.
Implied Temperature Rise	A fund's implied temperature rise measures, in aggregate, a fund's temperature alignment (in °C) to keeping the world's temperature rise to 2°C by 2100. Each company/issuer (invested into by the fund) is assessed for their potential emissions versus a budget allocated by sector and market share. This difference results in an estimated temperature which is then aggregated on a fund level.	Portfolio and firm level.	Sourced from MSCI reported and estimated data.
Portfolio Coverage	This metric provides a guide to the level of data availability in all emissions metrics in the portfolio.	Portfolio and firm level.	Sourced from MSCI reported and estimated data.

Key risks identified by LPPI are detailed in the table below:

Climate Risk	Type	Description
Physical	Acute	Increased severity of extreme weather events such as droughts, cyclones, wildfires, or floods. At the direct company level, this can potentially translate to lowered production and reduced revenues, increased insurance premiums and, increased capital costs due to need to replace damaged/unsuitable assets, amongst others.
	Chronic	Long-term, secular changing weather patterns, rising mean temperature and sea levels and biodiversity loss can result in. For corporates this can result in increased capital costs, higher energy costs and asset write-offs/ impairments, amongst other impacts, for corporates.
Transition	Policy and Legal	This refers to the potential risk businesses face because of governments responding to climate change by implementing regulations such as carbon pricing, capping supply and use of resource, enhanced emissions reporting obligations, and the subsequent increased exposure to environmental litigation. At the company level this could result in lower returns on capital (via reduced customer demand and/or higher costs) and potential asset write-offs.
	Technology	Substitution of existing products/services with lower emissions alternatives, and/or costs associated with transitioning to these alternatives. This could result in lower customer demand, greater operating costs and higher investment requirements, all of which could drive lower returns on capital.
	Market	This refers to how consumer's behaviour could change (for instance substituting environmentally damaging products for more climate-friendly alternatives), which once again could lower corporate returns through reduced demand and higher production costs.
	Reputational	Shifts in customer preferences, sector stigma, negative stakeholder feedback, all of which could damage a company's reputation, thus negatively impact demand and capital availability, and potentially lead to higher costs and lower profitability.

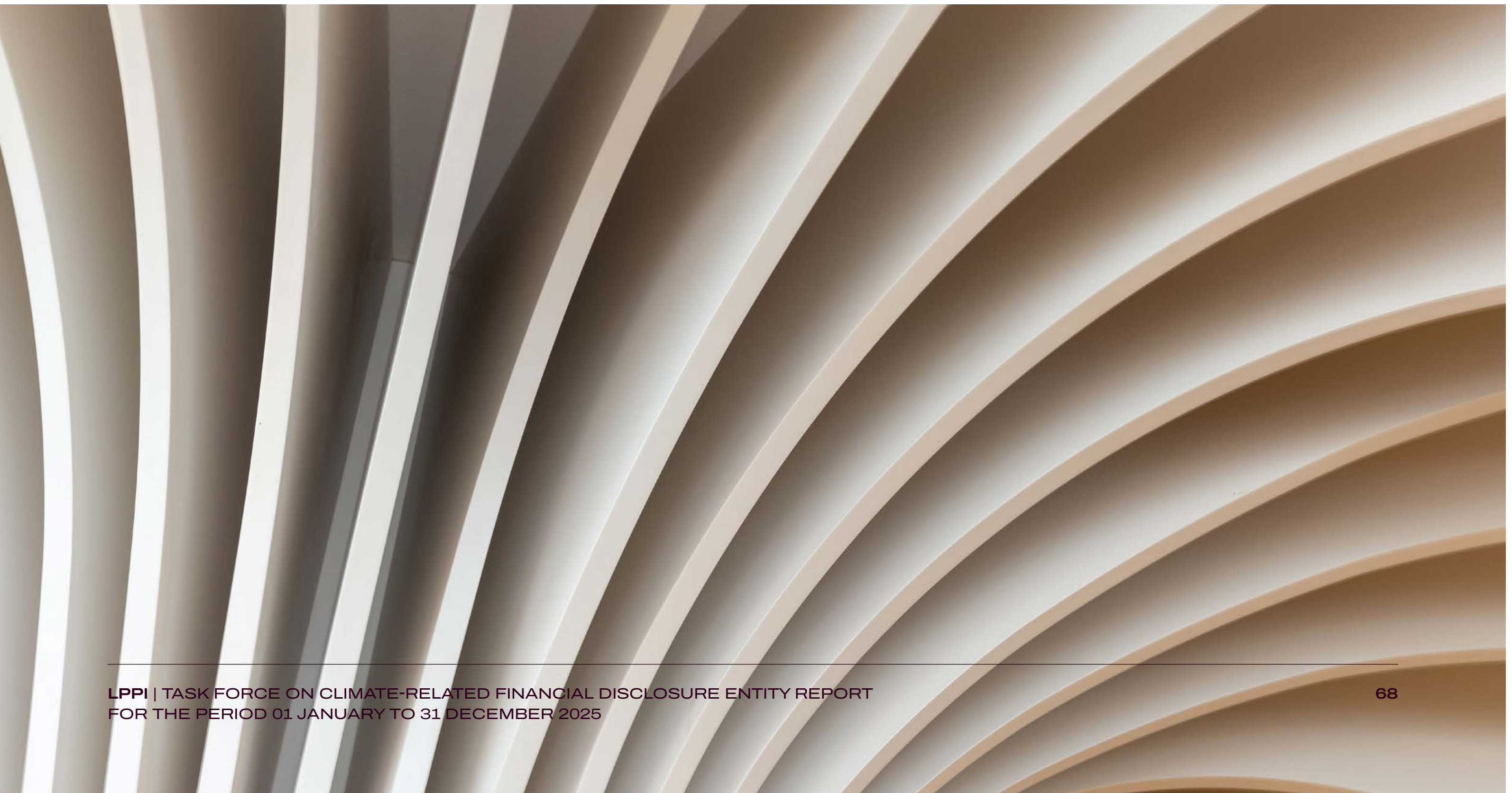
Limitations

Data Coverage and Quality

Accurate computation of climate-related metrics in investment portfolios requires high quality security-level data including GHG emissions for underlying investee companies. Many companies are measuring and publicly reporting their GHG emissions, which facilitates the type of high-quality data that investors need to effectively calculate climate-related portfolio metrics. However, many companies have not yet begun their emissions reporting journey. Recognising that deferring measurement and reporting until 100% reported data is available would impede the progress we could make in the near-term in providing transparency to stakeholders, estimates were used to fill data gaps, when necessary. Estimated data reduces the reliability of the metrics since estimated emissions may not accurately reflect the actual emissions of any given company.

Lagged Data

Climate-related data reporting by companies is often produced on a lag relative to financial data – as most climate-related data disclosure and reporting takes place on an annual basis and requires significant time to produce. In addition, there may be a lag between the time when data is disclosed by companies and when it is incorporated into the dataset produced by MSCI. While we sought to mitigate the impact of lagged data on the estimates by varying the holdings analysis date and the emissions effective date, emissions data included in the analysis for a given holding each year may reflect GHG emissions from prior year(s) for at least a subset of holdings included in the analysis.



Backward-Looking

While we believe that absolute emissions and carbon footprint are an appropriate starting point for reporting of climate-related and portfolio alignment metrics, it is worth noting that these metrics are backward- looking in that that they only consider past emissions of investees. They do not provide an assessment of how those investees may evolve their businesses to reduce their emissions in the future based on transition plans, emissions reduction targets, and goals. Therefore, decisions using these metrics alone may lead to a greater focus on shorter-term carbon reduction rather than a longer-term allocation to companies where the environmental position is expected to improve over time. Other metrics, such as implied temperature rise (ITR) and portfolio coverage attempt to incorporate a forward-looking component but have challenges and issues of their own in the case of ITR.

Sensitivity to Market Volatility

The PCAF Standard has been very helpful in setting a foundation for reporting absolute emissions and by default, carbon footprint, which measures absolute emissions per unit of assets under management. However, as a relatively new and incomplete standard, the metrics defined by PCAF have limitations that have yet to be addressed. One of those limitations is the sensitivity of absolute emissions and carbon footprint to fluctuations in asset values – particularly, though not exclusively, due to changes in enterprise value including cash from one period to the next. In other words, as financial institutions use the metrics defined by PCAF to demonstrate progress towards decarbonisation of their portfolios, market volatility can introduce noise that reduces comparability from one year to the next. Other factors that drive changes in absolute emissions are changes to emissions of the underlying investee companies, and changes to asset allocation. Sensitivity to market volatility can obscure which of these factors is driving the changes in the metric year-on-year.

TCFD compliance statement and summary

The FCA and the Task Force on Climate Disclosures (TCFD) outlined 11 recommendations for organisations to include in their climate reporting. The table below directs to the relevant section where the 11 TCFD recommendations are covered in this report. Whilst we have complied with the 11 recommendations, we continue to work towards expanding the scope of our metrics and targets, developing the methodology of our climate scenario analysis and enhancing our disclosure in this area. In addition to the TCFD Final Report, we have also considered the TCFD Annex (issued October 2021).

The disclosures in this report comply with the requirements set out in 'ESG 2.2 entity report 'and other relevant sections of the FCA ESG Sourcebook. They are consistent with the TCFD Recommendations and Recommended Disclosures. Reasonable steps have been taken to ensure that disclosures to the extent they are relevant and/or possible, also reflect sections C and D of the TCFD Annex titled 'Guidance for All Sectors' and 'Asset Managers' respectively. We view climate-related disclosures as evolutionary and endeavour to continue to improve on our disclosures.

This statement is made pursuant to FCA's ESG sourcebook (section 2.2.7) requiring a firm's TCFD entity report to include a compliance statement, signed by a member of senior management of the firm.

29 June 2026

Chris Rule
Chief Executive Officer

TCFD pillar	TCFD Recommended disclosure	Section the disclosures are included in
Governance Disclose the organisation's governance around climate-related risks and opportunities	a) Describe the board's oversight of climate-related risks and opportunities. b) Describe management's role in assessing and managing climate-related risks and opportunities.	a) Oversight of climate- related risks and opportunities b) Management's role
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. c) Describe the resilience of the organisation's strategy, taking into consideration different climate- related scenarios, including a 2°C or lower scenario.	a) Impact of Climate-Related Risks and Opportunities b) Resilience to Climate-Related Risks c) Scenario Analysis
Risk Management Disclose how the organisation identifies, assesses, and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks. b) Describe the organisation's processes for managing climate-related risks. c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	a) Managing climate-related risks b) Process for managing climate-related risks c) Integration of climate-related risks into LPPI's overall risk management
Metrics & Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	(a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. (b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks. (c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	a) Carbon Footprint of our Investments and Operations b) LPPI Operational Metrics c) Targets

Glossary

AUM	Assets under management.
Baselining	Establishing the starting point against which targets will be set and progress measured.
Benchmark-relative approach	Uses the emissions of a comparator benchmark at a point in time to reference an emissions reduction target against and measure progress.
CDP	CDP (previously the Carbon Disclosure Project). Please visit the website for more information.
CRREM	Carbon Risk Real Estate Monitor.
EVIC	Enterprise Value including Cash.
FCA	Financial Conduct Authority. Regulates financial services firms and financial markets in the UK.
Financed emissions	The emissions associated with our assets under management based on attributing a share of the total emissions produced by underlying companies in proportion to the size of the investment we hold.
GHG	Greenhouse gas emissions.
IIGCC	Institutional Investors Group on Climate Change.
Investment universe	A selection of assets which reflect an investable universe, generally grouped based on the preferences of an investment strategy in terms of, for example, sector, industry, or regional exposure.
IPCC	Intergovernmental Panel on Climate Change IPCC Special Report on the impacts of global warming of 1.5°C. MSCI All Country World Index (ACWI) A stock index designed to track broad global equity market performance. The LPPI Global Equities Fund's comparator benchmark.

IPV	LPPI invests on behalf of its Partner Funds through a series of pooled investment vehicles (Investment Pool Vehicles or IPVs). These IPVs are predominantly structured as authorised contractual schemes (ACSs) established under UK law and regulated by the Financial Conduct Authority. Each ACS is an umbrella vehicle comprising sub-funds, with each sub-fund representing a distinct investment strategy or asset class.
ITR	Implied temperature rise.
Location-based emissions	Location-based emissions are emissions based on the average emission factor of the local grid where energy consumption occurs and reflects the GHG intensity of the electricity physically received via the local grid.
Market-based emissions	Market-based emissions are emissions are calculated using emission factors from specific contractual instruments, such as power purchase agreements (PPAs) or energy attribute certificates (EACs). Market- based emissions reflect the emissions associated with the electricity purchased based on these contracts. Climate Value-at-Risk (CVaR) is MSCI's full quantitative scenario analysis solution, designed to provide a forward-looking and return-based valuation assessment of listed equity and debt securities in order to measure climate related risks and opportunities in an investment portfolio.
MSCI ACWI	The MSCI All Country World Index is a global equity index of large- and mid-cap stocks.
NACE	A statistical classification in use within the European Community.
NGFS	Network for Greening the Financial System. A group of central banks and supervisors willing, on a voluntary basis, to share best practices and contribute to the development of environment and climate risk management in the financial sector and to mobilise mainstream finance to support the transition toward a sustainable economy.

Glossary

NZAM
Net Zero Asset Manager's initiative. an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5 degrees Celsius; and to supporting investing aligned with net zero emissions by 2050 or sooner.

NZIF 2.0
Net Zero Investment Framework 2.0.

Net zero
Achieving an overall balance between man-made emissions (greenhouse gases) produced and those taken out of the atmosphere, in order to neutralise the impact of any source of residual emissions that remains unfeasible to be eliminated by permanently removing an equivalent amount of atmospheric carbon dioxide.

Operational Control Method
The operational control method is one of the organisational boundary approaches defined under the GHG Protocol Corporate Standard. Under this approach, an entity accounts for 100% of the greenhouse gas emissions from operations or assets over which it has the authority to introduce and implement operating policies, regardless of ownership share.

Paris Agreement
United Nations agreement which includes commitments from all countries to reduce their emissions and work together to adapt to the impacts of climate change and calls on countries to strengthen their commitments over time. The Agreement provides a pathway for developed nations to assist developing nations in their climate mitigation and adaptation efforts while creating a framework for the transparent monitoring and reporting of countries' climate goals.

PCAF
The Partnerships for Carbon Accounting Financials.

Portfolio self-decarbonisation
Using portfolio emissions at a point in time to reference an emissions reduction target against and measure progress.

SBTi
The Science Based Targets initiative defines and promotes best practice in science- based target setting. Offering a range of target-setting resources and guidance, the SBTi independently assesses and approves companies' targets in line with its criteria.

Scope 1, 2 and 3 emissions
Scope 1, 2 and 3 emissions are a way of categorising business emissions, accounting for both direct and indirect emitted greenhouse gases (GHGs). In more details:

- Scope 1 emissions are GHGs released directly from owned or controlled sources of the company.
- Scope 2 emissions are indirect GHGs released from the energy purchased by the company (generation of electricity, heat or steam purchased).
- Scope 3 emissions are indirect GHGs released by the value chain of the company, excluding the Scope 1 and 2 emissions, for both upstream and downstream emissions.

Stewardship
The responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society (UK Stewardship Code 2020).

Total carbon emissions
The sum of all the emissions in the portfolio based on the investor's ownership share. Calculated as follows:

$$\sum_{n}^{i} \left(\frac{\text{current value of investment}_i}{\text{issuer's market capitalization}_i} * \text{issuer's Scope 1 and Scope 2 GHG emissions}_i \right)$$

TPI
Transition Pathway Initiative. Visit the website.

Universal global benchmark
A benchmark stock index which is representative of the global economy, for example the MSCI All Country World Index.

Weighted average carbon intensity (WACI)
Weighted average carbon intensity is the measure of a portfolio's exposure to carbon- intensive companies, expressed as tCO2e/$m company revenue. Calculated as follows:

$$\sum_{n}^{i} \left(\frac{\text{current value of investment}_i}{\text{current portfolio value}} * \frac{\text{issuer's Scope 1 and Scope 2 GHG emissions}_i}{\text{issuer's \$M revenue}_i} \right)$$

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LPPI *Together,* let's do more