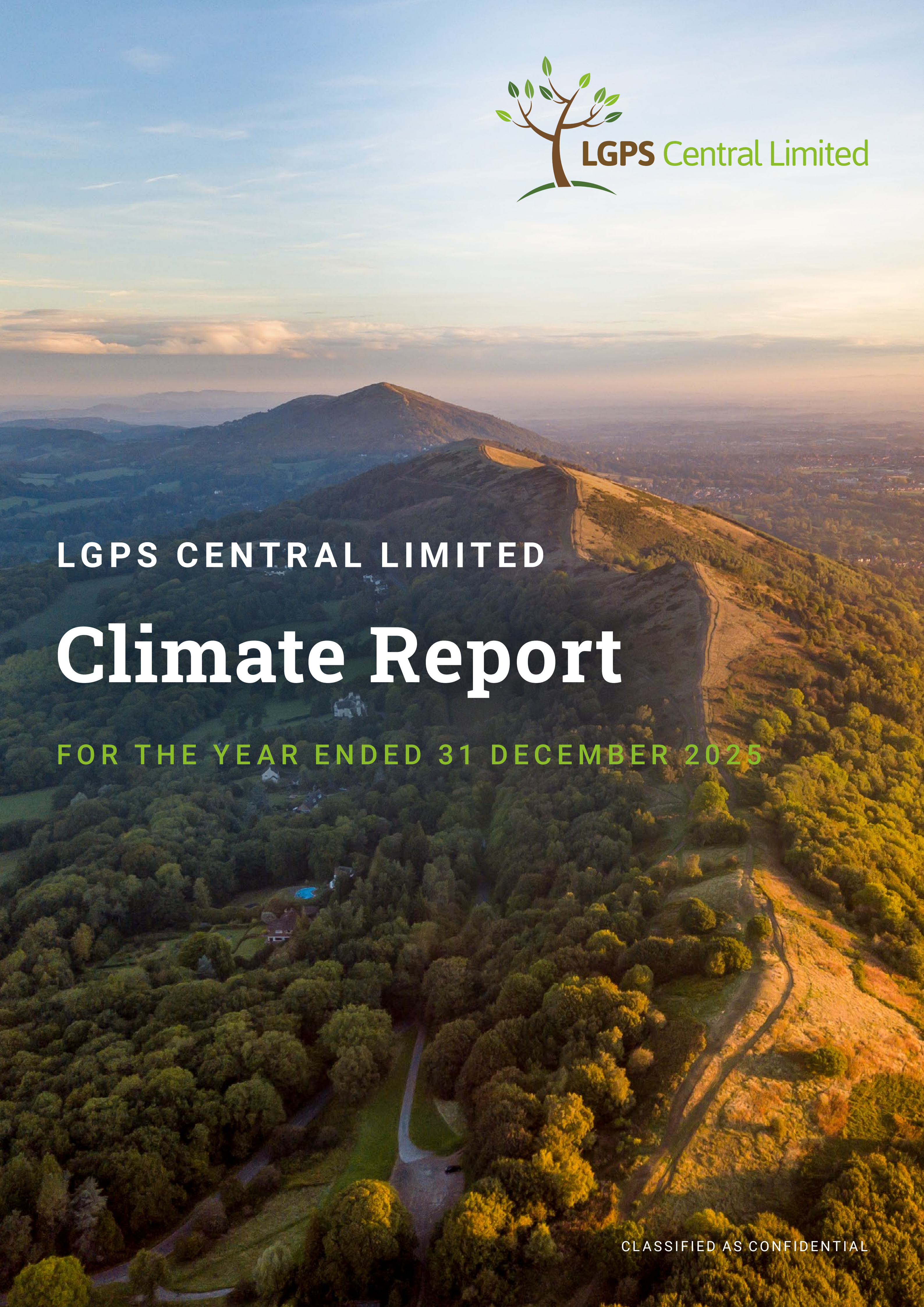
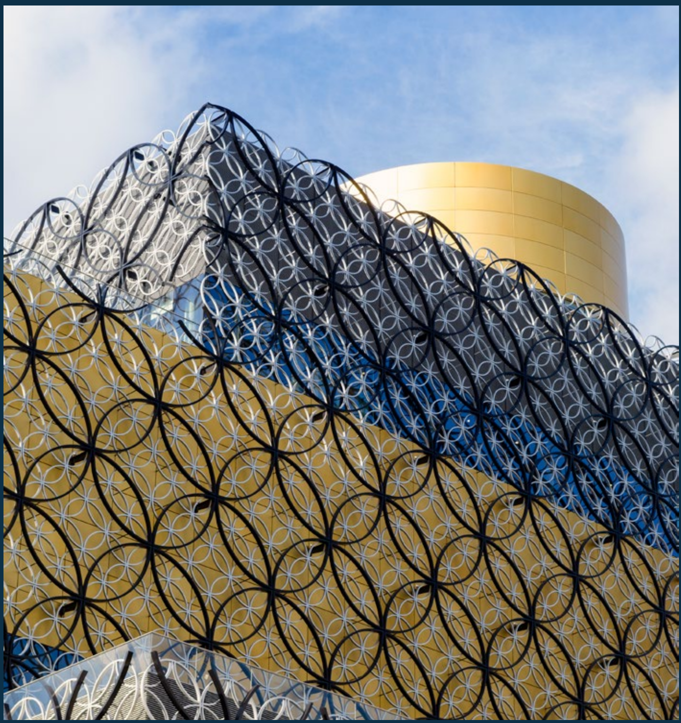


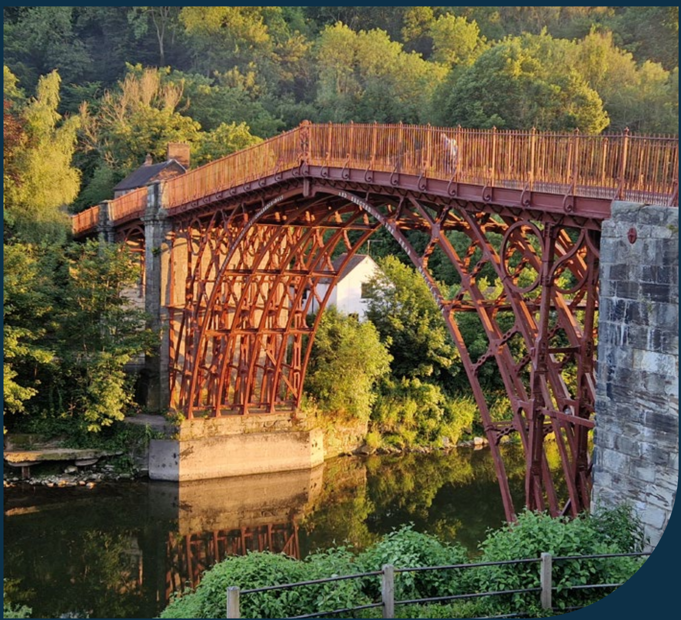
LGPS CENTRAL LIMITED

Climate Report

FOR THE YEAR ENDED 31 DECEMBER 2025

CLASSIFIED AS CONFIDENTIAL





Contents

Front Cover: Malvern Hills, Worcestershire
Images (Top to Bottom): The Roaches, Staffordshire
Library of Birmingham, West Midlands
Ironbridge, Shropshire

Statement from Chair and Chief Executive Officer

Chester, Cheshire

FOREWORD BY:

Nemone Wynn-Evans
Chair

Richard Law-Deeks
Chief Executive Officer

At LGPS Central Limited, as long-term investors, we must understand how climate-related risks and opportunities could affect investment outcomes for our Partner Funds and their scheme members, and how they influence our assessment of risk, resilience and return.

The transition of the global economy, alongside the growing financial relevance of physical climate impacts, is influencing asset pricing, capital allocation and stewardship priorities across markets. These considerations are assessed in line with our fiduciary responsibilities, with a clear focus on identifying and managing financially material risks and opportunities.

In response to the needs of Partner Funds, we aim to integrate climate-related considerations into investment decision-making in a way that supports long-term, risk-adjusted outcomes. As expectations and perspectives on responsible investment continue to evolve, our approach remains grounded in financial materiality. We believe that assets and businesses that are better prepared for climate-related risks and are better positioned to adapt to structural change are more likely to demonstrate resilience over time.

This report represents our sixth annual climate-related disclosure and provides an overview of how climate considerations are embedded within our governance, investment processes and stewardship activities.

Over the past year, we have continued to strengthen expectations of external managers, improved the consistency and use of climate data, and refined our approach across asset classes, reflecting developments in markets, data availability and regulation.

Transparency and accountability remain central to our approach. This report explains how we identify, monitor and manage climate-related risks and opportunities, and how this analysis informs investment oversight and stewardship. As methodologies and market practices continue to evolve, we remain focused on continuous improvement to support the long-term financial interests of our Partner Funds.

Summary of Key Findings

Shropshire Countryside

As expected, absolute financed emissions have increased since LGPS Central Limited's first TCFD report in 2019.

This is an inevitable result of growth in assets under management as emissions are apportioned to investors based on their proportional ownership and financing of companies and assets in the real economy. However, when financed emissions are normalised by assets under management to calculate the carbon intensity of investments, the trend is downward and, on a pathway, consistent with Net Zero.

This downward trajectory is driven by several different factors. The indices which form the investable universe of public market strategies have reduced in terms of carbon intensity. Lower emitting sectors such as technology have appreciated in value and are now a larger proportion of total index value. This trend is also reflected in public market portfolios where capital allocation to these sectors has also increased meaning that they are now a larger proportion of total assets under management. Since 2019 asset allocation to carbon aware and sustainability focused strategies has also increased.

Carbon emissions are an inherently backward-looking indicator; it is important to review climate risk in terms of both backward-looking and forward-looking indicators. No single metric gives a full picture of the climate risk or opportunity. The alignment of portfolio companies to Net Zero by 2050 pathways, when considered as a proportion of total financed emissions illustrates the challenging nature of global Net Zero targets. However, measuring alignment as a proportion of total assets under management further demonstrates the decline in the carbon intensity of LGPS Central Limited's investment portfolio.

We have continued to strengthen the integration of climate considerations across the investment lifecycle, including manager due diligence, mandate design, monitoring, stewardship, risk management and reporting. This reflects the growing maturity of our Responsible Investment & Stewardship Framework and our focus on financially material risks and opportunities. We have also made significant progress in private markets by increasing the coverage of emissions data reported by General Partners, strengthening climate risk assessments, and improving transparency. Engagement coverage remains strong across most assets under stewardship, demonstrating the effectiveness of our stewardship approach. While corporate bond engagement coverage remains below target, this largely reflects structural constraints within fixed income markets and remains an ongoing area of focus.

FCA Compliance Statement

Upper Derwent Valley, Derbyshire

The LGPS Central Limited Climate Report 2025 has been prepared in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

LGPS Central Limited has taken all reasonable steps, applying a robust and systematic approach, to ensure that the disclosures are consistent with the relevant sections of the TCFD Annex and the Guidance for All Sectors set out in Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures.

In doing so, we have drawn on applicable elements of the guidance for both Asset Managers and Asset Owners, together with the requirements of the FCA Environmental, Social and Governance Sourcebook.

This report has been reviewed and approved through the Company's established governance processes.

To the best of our knowledge and on a best-efforts basis, the disclosures within this report are materially consistent with the expectations of FCA ESG 2, including the TCFD Recommendations and Recommended Disclosures.

Patrick O'Hara
Head of Responsible Investment & Stewardship

Governance

Abbey Park Bridge, Leicestershire

Board Oversight

The Board oversees LGPS Central Limited's climate-related risks and opportunities and is responsible for the Company's long-term success. This includes oversight and approval of the Responsible Investment and Stewardship (RI&S) Framework, Net Zero Strategy and climate-related disclosures, supported by regular reporting through established governance forums.

The Board receives regular updates on climate-related matters, including progress against Net Zero objectives, regulatory developments, stewardship activities and services delivered to Partner Funds, including the Climate Risk Monitoring Service.[1]

Management's Roles and Responsibilities

The Executive Committee (ExCo) is responsible for implementing the RI&S Framework, along with oversight of the Company's approach to climate-related risks and opportunities and accountability for the delivery of the overall Net Zero Strategy.

Day-to-day management of RI&S considerations within investment products is delegated to the Investment teams, with oversight from the Investment Committee (IC). The IC reports directly to ExCo and provides investment-level oversight of climate-related risks and opportunities.

RI&S activities are delivered through a collaborative model, with individual business units responsible for managing climate-related considerations relevant to their activities, supported by the RI&S team. The RI&S team works closely with colleagues across Investments, Client Services, Operations, Legal, Risk, Compliance and People to support consistent implementation across the Company.

The Head of RI&S is accountable for the development, implementation and ongoing review of the RI&S Framework, including climate-related components. This includes them having a key role on the IC and holds the RI&S vote for investments, supporting consistent consideration of climate-related issues across asset classes.

[1] Further information can be found on page 9 within the Strategy section.

Climate-Related Discussion Forums

We consider climate-related risks and opportunities through the governance and management forums set out in Table 1.

TABLE 1: HOW OUR GOVERNANCE FORUMS OVERSEE CLIMATE-RELATED MATTERS

Forum	Frequency	Role in climate oversight
Board	At least six times per year	The Board approves the RI&S Policy and RI&S Framework in addition to our Climate Report. Receives semi-annual updates on climate-related risks and opportunities and is informed of material issues escalated from the ExCo.
Investment Oversight Committee (IOC)	Quarterly	Receives quarterly updates on responsible investment implementation, including matters relating to climate change.
Executive Committee (ExCo)	Quarterly	Oversees the delivery of RI&S and our Net Zero Strategy and considers climate-related risks at an organisational level.
Investment Committee (IC)	Quarterly	Considers climate-related risks and opportunities at the product and portfolio level, including manager monitoring.
RI Champions Network	Quarterly	Facilitates cross investment team discussion of asset-class-specific RI&S issues and supports escalation and knowledge sharing.
Responsible Investment Working Group (RIWG)	Quarterly	Forum for discussion with Partner Fund officers on RI&S matters, including climate-related risks, reporting and service development.
Responsible Investment Summit (RI Summit)	Annual	Brings together colleagues, Partner Funds and external speakers to support discussion and understanding of RI&S themes, including climate change.

Education and Training

Effective oversight of climate-related risks and opportunities is supported by a programme of structured and continuous education across LGPS Central Limited.

The Board and Executive Committee receive regular RI&S updates, including coverage of climate-related risks and opportunities, stewardship activities, regulatory developments and progress against the Net-Zero Strategy. This includes periodic TCFD refresher sessions for ExCo to support continued understanding of disclosure requirements and emerging expectations.

The RI&S team provides induction training for all new starters, supported by optional ongoing learning opportunities for colleagues, including Lunch and Learn sessions on topics such as climate risk, Net Zero and stewardship.

Climate capability is further supported through the RI Champions Network, which provides a forum for cross-business discussion of asset-class-specific RI&S issues and supports knowledge sharing and escalation where appropriate.

The RI&S team also briefs Partner Funds through Pension Committee presentations; Responsible Investment Working Group meetings and sessions tailored to climate reporting.

Strategy

Shrewsbury, Shropshire

Shaping a Climate Resilient Strategy

LGPS Central Limited manages pooled investments on behalf of Local Government Pension Scheme (LGPS) Partner Funds and implements investment solutions aligned with Partner Fund strategic asset allocations and responsible investment objectives. In this role, LGPS Central Limited does not set asset allocation at the entity level (unless it has been invited to do so by the relevant Partner Fund) but is responsible for the design, oversight and ongoing management of investment products, the appointment and monitoring of managers, and the delivery of related investment services.

Climate-related risks and opportunities are considered within this context. LGPS Central Limited's approach focuses on ensuring that climate considerations are appropriately reflected in product design, managers' investment processes, investment oversight and stewardship activity, in line with Partner Fund objectives and fiduciary duties.

Material Climate-Related Risks and Opportunities

As the operator of pooled investment products and related services, LGPS Central Limited is responsible for assessing its exposure to climate-related risks and opportunities primarily through its influence over investment product design, manager oversight, RI&S activity and corporate operations. These risks and opportunities may arise over short, medium and long-term horizons and can affect investment performance, reputation, operational resilience and stakeholder confidence.

LGPS Central Limited focuses on risks and opportunities where it has direct influence on investment returns, including the alignment of products with climate objectives, the climate-related expectations it sets for appointed managers, and the effectiveness of governance, data, and internal capabilities. Table 2 summarises the principal risks and opportunities within our direct influence.

TABLE 2: MATERIAL CLIMATE-RELATED RISKS AND OPPORTUNITIES

Source of Risk / Opportunity	Risk Description	Mitigation / Management Strategy
Investment Products	Climate change risks and opportunities arising from both the transition to a low carbon economy and the physical risks associated with a warming climate are not integrated into investment decisions by our managers negatively impacting performance.	Climate considerations are embedded into the product design, manager selection and monitoring. Financed emissions, alignment and engagement targets are monitored through climate metrics and stewardship activity, with escalation where required.
Reputational	Failure to transparently disclose climate-related risks, including progress towards Net Zero commitments, could undermine stakeholder confidence.	Clear RI&S policies and frameworks govern climate activity. Progress is disclosed through TCFD-aligned reporting, the Net Zero Strategy and stewardship reporting, with issues monitored via the company watchlist and escalated as appropriate.
Operational	The Company's own operational emissions may not reduce in line with stated Net Zero ambitions, creating reputational and regulatory risk.	Delivery of the Net Zero Strategy for Operational Emissions is overseen by ExCo. Operational emissions are measured, monitored and reported, with actions identified to support emissions reduction over time.
Human Capital	Insufficient internal capability or awareness of climate-related risks and regulatory expectations could weaken oversight and decision-making.	Targeted RI&S training is provided to colleagues, senior management and the Board, including TCFD refresher sessions. Specialist expertise within the RI&S team is supported through cross-functional collaboration.

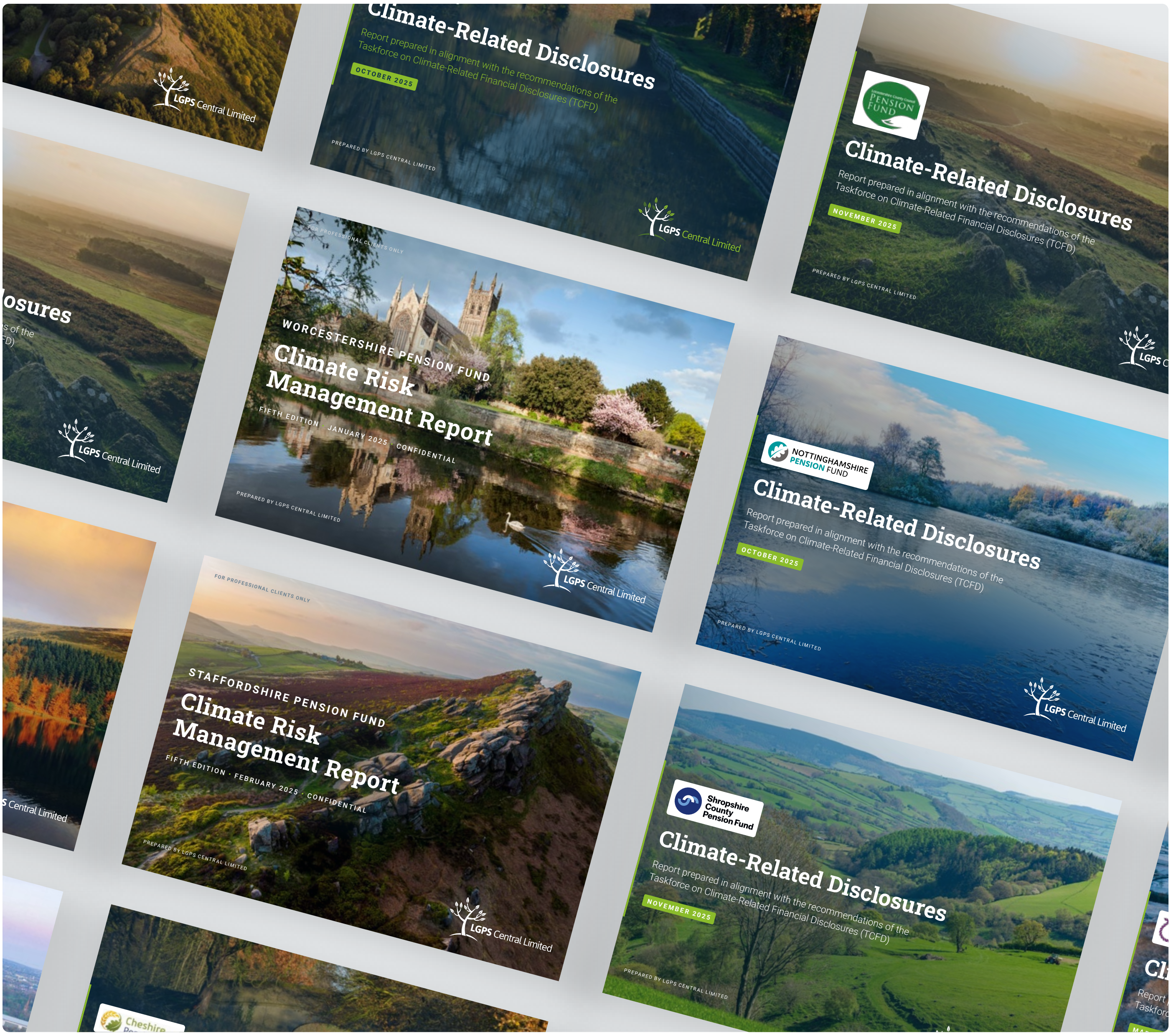
Impact of Climate on Our Planning and Strategy

Climate-related risks and opportunities inform LGPS Central Limited's approach to investment product development, the delivery of investment services and advisory support to Partner Funds. In planning and delivering investment solutions, close collaboration with Partner Funds ensures that climate considerations are appropriately reflected in line with their objectives.

This has included the development of climate-aware investment strategies within the LGPS Central Limited Authorised Contractual Scheme (ACS), including the **LGPS Central All World Equity Climate Multi Factor Fund** and the **LGPS Central Global Low Carbon Multi Factor Equity Index Fund**, which are designed to manage exposure to climate-related transition risks. In addition, the LGPS Central Limited global sustainable equity suite of funds incorporates sustainability themes and impacts as drivers of investment returns. Beyond specific mandates, LGPS Central Limited also makes direct fund commitments to climate-related opportunities through its Private Markets programme.

Climate considerations also shape LGPS Central Limited's services, including the **Climate Risk Monitoring Service (CRMS)**, which supports Partner Funds in assessing, monitoring and disclosing climate-related risks at the portfolio level. Through its client advisory function, LGPS Central Limited also works with Partner Funds to deliver solutions that meet their RI&S and climate-related requirements. As Partner Funds' needs evolve, this may include the development of additional climate-aware investment products and services over time.

Climate governance is supported by a suite of policies and strategies that sit beneath the RI&S Policy and Framework. These include the Net Zero Strategy for Financed Emissions and the Net Zero Strategy for Operational Emissions, which together provide clarity on targets, responsibilities and oversight across investment activity and corporate operations.



Spaghetti Junction, West Midlands

LGPS Central Limited Net Zero Strategy for Financed Emissions

We launched our Net Zero Strategy in 2023 following consultation with internal and external stakeholders.[2] The Strategy is based on a twin-track target and an implementation framework that covers all Public and Private Market pooled assets.

It has two objectives:

- To decarbonise our pooled assets to Net Zero by 2050 or sooner, while achieving interim climate targets for each asset class.
- To contribute towards the global effort to reduce global emissions and achieve the goals of the Paris Agreement.

Full details of our climate targets can be found in the Net Zero Strategy Report. Financial materiality remains paramount.

[2] LGPS Central Limited, Portfolio & Real-World Decarbonisation in Public and Private Markets: Net Zero Strategy for Financed Emissions. Report can be accessed on our website.

Climate Scenario Analysis

LGPS Central Limited's approach to climate scenario analysis focuses on the use of robust methodologies, meaningful outputs and broad data coverage. Scenario analysis is used to inform understanding of climate-related risks rather than as a deterministic input into investment decisions.

Historically, a range of tools have been used to build insight into climate scenario analysis. This has included the Paris Agreement Capital Transition Assessment (PACTA) model in earlier climate reports, and Mercer's climate scenario analysis undertaken in 2020 and 2022 to support Partner Funds' strategic asset allocation reviews.

LGPS Central Limited also engages with Partner Funds to understand climate scenario analysis produced by their actuaries as part of the triennial actuarial valuation process.

At the investment product level, climate scenario analysis is undertaken using MSCI's Climate Value-at-Risk (CVaR) tool,[3] which estimates potential risk arising from climate-related transition and physical factors. Further detail is provided within product-level disclosures.[4]

Given LGPS Central Limited's role in implementing Partner Funds' strategic asset allocations, within a model where investment strategy and asset allocation decisions are determined by the Partner Funds, entity-level climate-scenario analysis across all investments is not fully reflective of how products and services are designed and delivered. As responsibility evolves into that of primary adviser to Partner Funds, we are assessing the contribution required from climate scenario analysis.

[3] MSCI ESG Research, MSCI Climate Value-at-Risk. Accessible on MSCI's website.

[4] LGPS Central Limited, Task Force on Climate-related Financial Disclosures. Accessible on LGPS Central Limited's website.

Risk Management

Jodrell Bank, Cheshire

Climate in the Context of Our Risk Framework

Climate-related risks are managed within LGPS Central Limited's enterprise Risk Framework, which aligns with the Board's risk appetite and is embedded across the organisation. Climate risk is treated as a financially material risk and is considered alongside other investment and operational risks.

The Risk Framework uses a three lines of defence model, ensuring clear ownership, effective oversight and independent assurance.

First Line of Defence

Individual business units act as the first line of defence for managing climate-related risks relevant to their activities. Within investments, climate risks are considered as part of RI&S integration and stewardship activity and are embedded in manager selection, mandate design, monitoring and escalation processes.

The Investment teams and the RI&S team are responsible for identifying, assessing, and managing climate-related risks at the product and portfolio levels, with issues escalated when material risks or misalignments are identified.

Second Line of Defence

The Risk and Compliance functions provide independent oversight of climate-related risks within the Risk Framework, supported by Legal and Finance functions. These functions ensure that climate-related risks are appropriately identified, documented and monitored in line with LGPS Central Limited's risk appetite and regulatory obligations.

The Head of RI&S is the risk owner for RI-related risks escalated through the second line, including climate-related risks.

Third Line of Defence

Internal Audit provides independent assurance over the effectiveness of the Risk Framework, including the adequacy of controls relating to climate-related risks. This includes periodic review of the first and second lines of defence.

Curbar Edge, Derbyshire

Our Climate Toolkit

LGPS Central Limited uses a range of internal systems, tools and external data sources to support the identification, assessment and management of climate-related risks and opportunities. These tools support RI&S integration, stewardship activity and oversight of delegated managers.

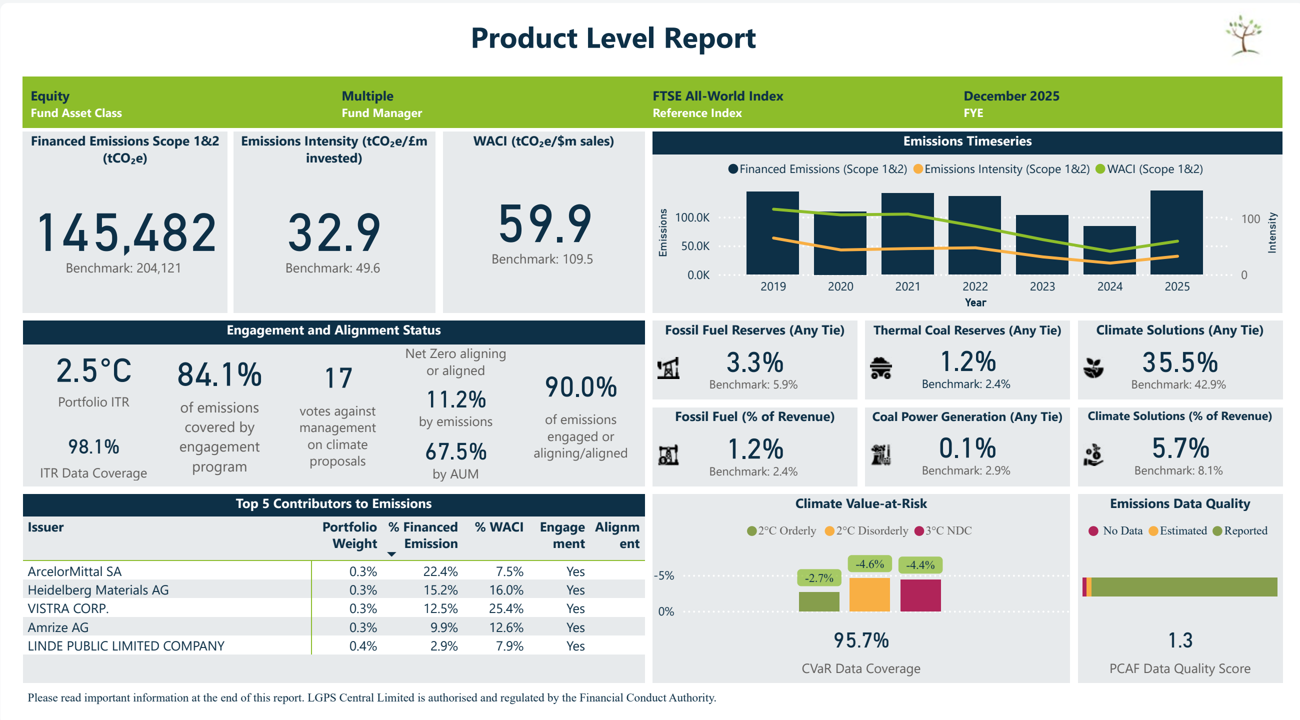
LGPS Central Limited's internal climate dashboard is the core analytical system used to monitor climate-related metrics and indicators across different levels of granularity, from aggregated portfolio-level data to product-specific analysis. Outputs from the dashboard are used internally to support investment oversight, risk escalation and stewardship activity.

Insights generated through the dashboard and associated analysis support LGPS Central Limited's Climate Risk Monitoring Service (CRMS), which is provided to Partner Funds. The CRMS delivers structured reporting and analysis to support Partner Funds in assessing, monitoring and disclosing climate-related risks at the portfolio level.

Underlying climate data is primarily sourced from external providers, with MSCI being the principal provider. LGPS Central Limited applies internal review processes to assess data quality, investigate anomalies and ensure consistent application of methodologies over time. Further details on climate data and metrics are provided in the Metrics and Targets section of this report.

Figure 1 provides an illustrative example of our Climate Risk Dashboard, used to produce our product level TCFD Reports, which can be found on our website.

FIGURE 1: LGPS CENTRAL LIMITED CLIMATE DASHBOARD



Issuer	Portfolio Weight	% Financed Emission	% WACI	Engagement	Alignment
ArcelorMittal SA	0.3%	22.4%	7.5%	Yes	
Heidelberg Materials AG	0.3%	15.2%	16.0%	Yes	
VISTRA CORP.	0.3%	12.5%	25.4%	Yes	
Amrize AG	0.3%	9.9%	12.6%	Yes	
LINDE PUBLIC LIMITED COMPANY	0.4%	2.9%	7.9%	Yes	

Managing Climate-Related Risks and Opportunities

Partner Funds set their responsible investment strategies, which inform the objectives and priorities for LGPS Central Limited's approach. Appointed managers are responsible for managing climate-related risks at the investment level. LGPS Central Limited translates Partner Funds' priorities into clear manager expectations and monitors delivery through responsible investment integration and transparent reporting. Insights from this oversight inform our stewardship activity and support escalation where appropriate.

Regular engagement with Partner Funds also provides valuable feedback on climate-related priorities and stakeholder concerns, which helps to guide areas of focus across RI&S activity. In parallel, LGPS Central Limited monitors relevant regulatory requirements and reporting standards, with emerging issues captured through a formal Regulatory Radar and communicated to Compliance and other relevant teams quarterly.

Ongoing dialogue with RI data and service providers delivers additional perspectives that contribute to the continuous improvement of LGPS Central Limited's RI integration, stewardship activity and climate risk monitoring processes.

Engagement with Issuers

Across our investments, we pursue an integration-and-stewardship strategy to manage RI-related risks and opportunities. We believe that an exclusionary approach can detract from the full benefits of diversification and the real-world impact that responsible investing can have. Therefore, a strategy of integration alongside stewardship is more compatible with our fiduciary duty. Our approach to stewardship is focused on outcomes, and as such we will seek to escalate an engagement where escalation is deemed to improve the chances of engagement success. The most effective means of escalation varies from one engagement to another (see further details below).

We engage directly with issuers, participate in collaborative engagements with other investors and have appointed a stewardship provider (EOS at Federated Hermes) to engage on our behalf. Appointed managers are also expected to engage with issuers – we monitor their engagement activities on a regular basis.

The prioritisation of engagement themes and companies depends on economic significance, resourcing, significance to stakeholders, RI-related risk exposure and controversy. We evaluate the appropriateness of the engagement themes on a triennial basis and, where necessary, shall propose amendments to our Partner Funds.

Engagement Priority List

The RI&S Team prioritises issuers for engagement when the following conditions apply:

- Material exposure in the LGPS Central Limited investment portfolio.
- Companies identified as having significant exposure to one or more stewardship priority issues and assessed as having inadequate company management responses to address the risks associated with the stewardship issue under scrutiny.
- In addition, we provide Partner Funds with a Climate Stewardship Priority List (or Climate Stewardship Plan), incorporated within their CRMS, comprising companies identified within their holdings based on their exposure to climate-related risks.

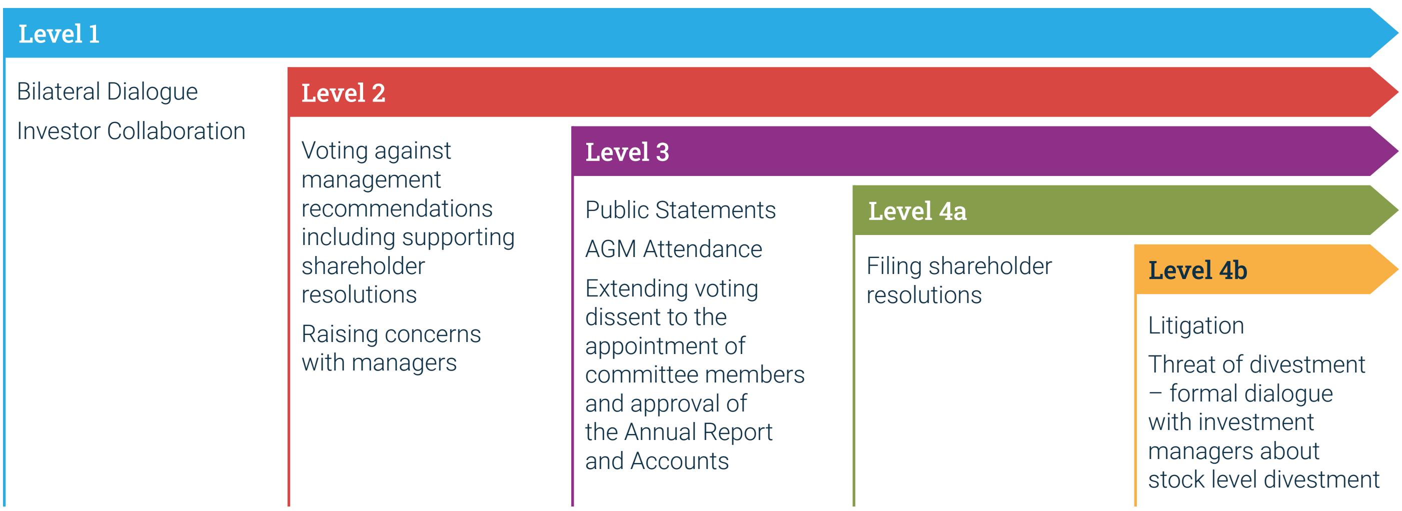
Shareholder and Bondholder Voting

We vote all eligible ballots in accordance with our agreed Voting Principles. This includes voting shares of portfolios managed externally, where those funds are held in segregated accounts.

The RI&S team are responsible for reviewing our Voting Principles on an annual basis and these are formally approved by the IOC. The responsibility for the implementation is held by the RI&S team.

During 2025, we voted against management on 158 climate resolutions in accordance with our Voting Principles.

FIGURE 2: LGPS CENTRAL LIMITED STEWARDSHIP ESCALATION PROCESS



Prince Rupert Gateway, Leicestershire

Voting Watch List

Our annual Voting Watch List consists of around 90 issuers. We aim to attend AGMs when attendance is likely to support an engagement objective, for example, when we have filed a shareholder resolution. The selection criteria for the Voting Watch List are:

- Top ten holdings for assets under stewardship
- Top ten holdings (per market value) for each Partner Fund across all Partner Fund assets
- Top percentile of issuers that are overweight the blended reference index across all actively managed equity funds
- Companies identified by LGPS Central Limited Stewardship Priorities
- Top ten contributors to financed emissions
- Top ten contributors to Partner Funds' financed emissions

Legacy Equity Mandates Managed by Legal & General

Since 2025, LGPS Central Limited has exercised voting rights for Partner Funds' legacy equity mandates managed by Legal & General. This enables Partner Funds to express their stewardship priorities for shares held in pooled funds, where asset owners do not usually exercise votes directly.

Advocacy

Advocacy is the practice of engaging with policymakers, standard setters, and market participants to address systemic RI-related risks and opportunities. Advocacy is an important feature of our stewardship approach and can strengthen markets and protect shareholder value. We will seek participation where this serves the long-term interests of our Partner Funds. We regularly respond to and participate in advocacy opportunities across the spectrum of RI-related issues, including climate risk.

For further information on our stewardship approach, please refer to our 2025 Annual Stewardship Report.[5]

[5] LGPS Central Limited, 2025 Annual Stewardship Report. Accessible on our website.

Metrics and Targets


Nottingham, Nottinghamshire

What We Measure and Why

LGPS Central Limited has measured and tracked climate metrics since 2019, with scope and coverage expanding over time as data availability and methodologies have improved. As at 31 December 2025, measuring the carbon footprints of equities, corporate bonds, sovereign debt and private market investments.

Metrics are selected to support LGPS Central Limited's approach to managing climate-related risks and opportunities, meet regulatory expectations, and reflect the practical realities of data quality and methodological maturity. LGPS Central Limited prioritises the use of reputable external data sources and methodologies aligned with industry standards, including those set out by the Partnership for Carbon Accounting Financials (PCAF).

LGPS Central Limited uses a suite of complementary metrics, including absolute emissions, normalised emissions and alignment related indicators. This approach recognises that different metrics serve different purposes, and that interpretation requires context rather than reliance on a single headline figure.

These metrics are used to monitor exposure to climate-related risks, support engagement and stewardship activity, and track progress against stated climate objectives. LGPS Central Limited assesses these metrics through both time series analysis and relative comparisons against benchmarks, providing additional context for interpreting portfolio decarbonisation and exposure to climate-related risks and opportunities.

Further details regarding the climate metrics included in this report can be found in our Climate Report Glossary.[6]

Listed Equity and Corporate Bonds

Headline metrics for listed equity and corporate bonds are presented in Table 3. These include financed emissions, normalised financed emissions, Weighted Average Carbon Intensity (WACI), and indicators showing the proportion of financed emissions subject to engagement or assessed as Net Zero aligned or aligning. Together, these metrics provide insight into both portfolio-level exposure and the extent to which emissions are being actively managed through RI&S activity.

TABLE 3: LISTED EQUITY AND CORPORATE BOND CLIMATE METRICS FOR THE YEAR ENDED 31 DECEMBER 2025

Listed Equity and Corporate Bonds			
Financed Emissions	Scope 1 + 2	832,078	tCO_2e
	Scope 3	12,296,977	tCO_2e
Normalised Financed Emissions	Scope 1 + 2	42.4	tCO_2e/£m invested
	Scope 3	671.8	tCO_2e/£m invested
Weighted Average Carbon Intensity	Scope 1 + 2	82.6	tCO_2e/\$m sales
Implied Temperature Rise (ITR)[7]	Scope 1 + 2 + 3	2.6	°C

[6] LGPS Central Limited, Task Force on Climate-related Financial Disclosures Glossary. Accessible on LGPS Central Limited's website.

[7] ITR estimates the global temperature rise by 2100 if the entire economy has the same carbon budget overshoot or undershoot as the portfolio. Please see our Climate Metric Glossary for further information.

TABLE 4: ALIGNMENT STATUS AND ENGAGEMENT COVERAGE

Asset class	Alignment by AUM 2025[8]	Alignment by financed emissions in 2025[9]	Alignment 2030 target	Alignment 2035 target
Passive equities	61.8%	23.4%	60%	80%
Active equities	64.6%	16.1%	50%	75%
Corporate bonds	44.6%	25%	50%	75%
Asset class		**Engagement coverage by financed emissions 2025[10]**	**2025 target**	**2030 target**
Listed equities & corporate bonds		83%	80%	90%
Passive equities		81%	75%	90%
Active equities		90%	85%	90%
Corporate bonds		71%	85%	90%

Across Public Markets, the proportion of financed emissions associated with companies assessed as aligned or aligning with net zero pathways remains below the 2030 targets. This reflects the concentration of emissions among companies in high-emitting sectors, where transition plans are generally less mature.

When alignment is considered as a proportion of total AUM, alignment rates are much higher reflecting the fact that a large proportion of LGPS Central Limited's AUM is invested in lower emitting sectors with more established transition plans and greater potential for alignment, and transition. This is also indicated by the comparison (provided in Graph 1) between LGPS Central Limited's listed equity and corporate bond emissions intensity trajectory and the 7% annual reduction pathway required to achieve Net Zero by 2050 as modelled by the Intergovernmental Panel on Climate Change (IPCC). This should also be considered with reference to LGPS Central Limited's product level report, which shows that LGPS Central Limited products are below benchmark in terms of emissions intensity and financed emissions in active strategies. This approach to measurement (using AUM) is consistent with the recommendations of the IIGCC Net Zero framework. Net Zero alignment should be considered in the context of both financed emissions and assets under management.

Engagement coverage for Corporate Bonds is below the 2025 target, reflecting a number of structural factors inherent to fixed income portfolios. Corporate bond portfolios typically include a larger number of issuers, diluting overall coverage relative to equity portfolios. In addition, exposure to emerging market and sub-investment grade issuers can present practical challenges for engagement, including differing market practices and accessibility.

Engagement is also structurally more limited for bondholders, who do not have voting rights and therefore rely more heavily on dialogue and influence rather than formal governance mechanisms. Finally, higher portfolio turnover and shorter holding periods in fixed income can reduce the consistency of holdings over time, further constraining sustained engagement coverage.

We have identified the largest contributors to financed emissions within our corporate bond holdings that currently fall outside manager engagement. We subsequently met with our corporate bond managers to discuss these engagement gaps and assess their capacity to engage with these issuers on the associated climate risks.

In accordance with targets set in 2023, we have engaged with all of our Public and Private Market managers in regards our Net Zero Strategy. In addition, we have tracked the scope 3 emissions of our 20 largest financed emitters.

[8] The measure of net zero alignment is sensitive to which denominator is used. As per our Net Zero strategy, we calculate the percentage of aligned/aligning companies by their financed emissions. However, other approaches do exist such as the percentage by AUM, which is recommended in IIGCC's Net Zero Investment Framework, which is also reported here. We continue to use financed emissions to track progress towards our Net Zero alignment targets.

[9] Companies with an MSCI Low Carbon Transition Score of above 5 and an Implied Temperature Rise score of below 2 degrees or an interim Science Based Target.

[10] Engagement coverage includes holdings which are Net Zero aligned or aligning and/or those covered by an engagement programme. This metric includes engagement by LGPS Central Limited, EOS and collaborative engagement initiatives that LGPS Central Limited participates in.

TABLE 5: TOP CONTRIBUTORS TO LISTED EQUITY AND CORPORATE BONDS EMISSIONS

Issuer	Contribution to financed emissions	Contribution to WACI	Engagement programme
ArcelorMittal SA	5.8%	1.8%	Yes
Heidelberg Materials AG	3.1%	2.9%	Yes
Amrize AG	2.0%	2.3%	Yes
Berkshire Hathaway Inc	1.5%	1.9%	Yes
The Southern Company	1.2%	2.8%	Yes

The top five emitters account for 13.6% and 11.7% of LGPS Central Limited's listed equity and corporate bond financed emissions and WACI, respectively. LGPS Central Limited engaged with all of these companies during 2025. The top emitters are concentrated in industrials, materials and utilities, which are high-impact sectors under IIGCC guidance and are widely prioritised for engagement by the asset management industry.

Sovereign Debt

Sovereign debt metrics are presented in Table 6, including both production- and consumption-based emissions measures and normalised intensity metrics. These metrics are used to support monitoring of sovereign exposure, recognising differences in national emissions profiles and the limitations inherent in attributing emissions at the sovereign level.

TABLE 6: SOVEREIGN DEBT CLIMATE METRICS FOR YEAR ENDED 31 DECEMBER 2025

Sovereign Debt			
Financed Emissions	Production	236,919	tCO_2e
	Consumption	234,083	tCO_2e
Normalised Financed Emissions	Production	224.3	tCO_2e/PPP-Adjusted GDP
	Consumption	9.0	tCO_2e/Capita

Private Markets

Private Market metrics are presented in Table 7 and cover private equity, private credit, infrastructure and property. Metrics include financed emissions, normalised financed emissions and the proportion of net asset value covered by data reported by General Partners (GP). Reported data is provided by GPs and sourced through various methods, including direct reporting from underlying portfolio companies or GP-led estimations, where GPs are better positioned to assess and estimate the emissions of underlying assets.

These disclosures are intended to provide transparency on both emissions exposure and data coverage across asset classes with differing reporting maturity.

TABLE 7: PRIVATE MARKET CLIMATE METRICS FOR THE YEAR ENDED 31 DECEMBER 2025

Private Markets						
		Private Equity	Private Credit	Infrastructure	Property	
Financed Emissions	Scope 1 + 2	26,241	235,231	171,794	1,166	tCO_2e
Normalised Financed Emissions	Scope 1 + 2	43.7	166.5	169.5	15.2	tCO_2e/£m invested
Data Reported by GPs	Scope 1 + 2	72.7%	42.9%	84.5%	100.0%	% of NAV

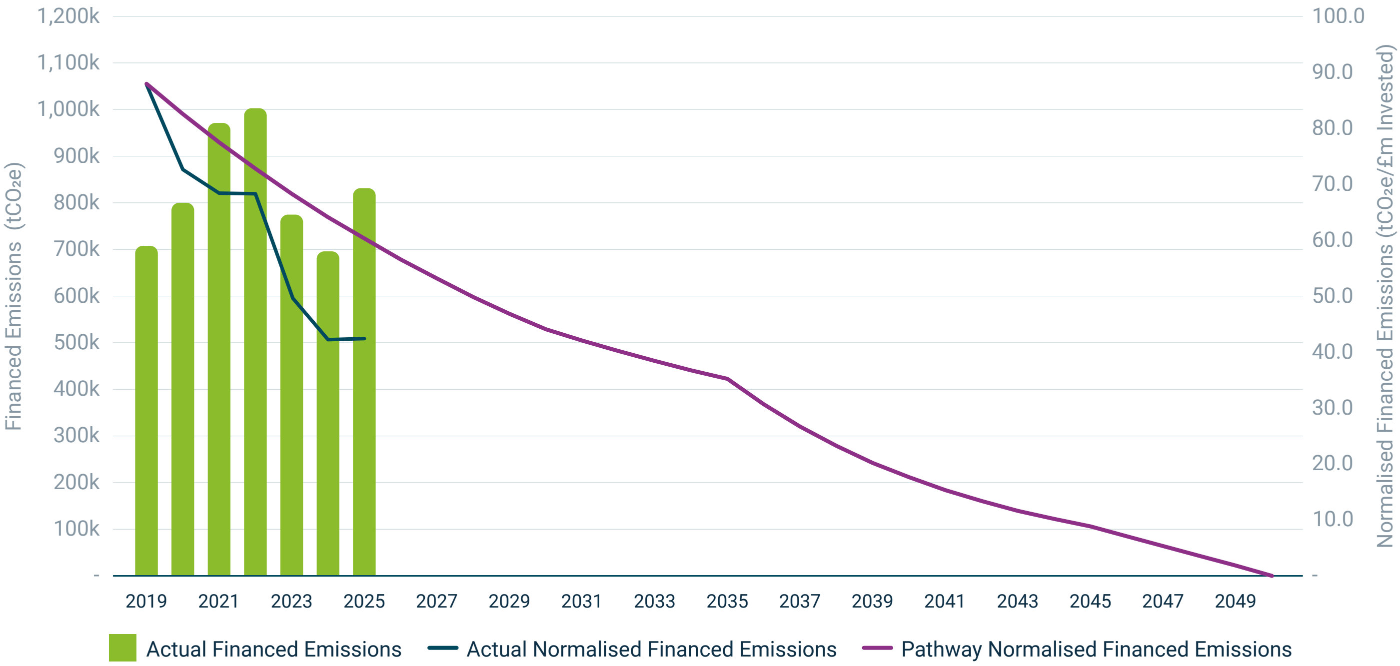
Targets and Progress Against the Net Zero Strategy for Financed Emissions

LGPS Central Limited's Net Zero Strategy for Financed Emissions sets out a pathway to decarbonise pooled assets to Net Zero by 2050 or sooner, with interim targets applied at the asset-class level. Progress against this strategy is monitored using both absolute and normalised emissions metrics.

Graph 1 illustrates progress against the Net Zero pathway for Listed Equity and Corporate Bonds. Financed emissions have increased by 17.6% since the 2019 baseline, primarily reflecting Partner Funds' subscriptions and the resulting growth in assets under management. However, after adjusting for changes in net asset value, normalised financed emissions have fallen by 51.8% and remain below the Net Zero pathway. This distinction highlights the importance of considering both absolute emissions and emissions intensity when assessing the climate profile of our assets under stewardship.

The data also shows that LGPS Central Limited's absolute financed emissions fell in 2022 and 2023, despite assets under management growing during this period. This is a result of several factors. There is a 12- to 18-month lag in the reporting of carbon emissions data and therefore the entity level emissions reported in 2022 and 2023 are likely to be influenced by pandemic-related reductions in economic activity. This also coincided with a shift in capital allocation undertaken by our Partner Funds from equity portfolios to gilt portfolios which was an asset class not included in our carbon analysis in 2022. At the time there was also an increased allocation to the LGPS Central All World Equity Climate Multi Factor Fund and the LGPS Central Global Low Carbon Multi Factor Equity Index Fund, both lower carbon strategies. Some of this allocation came from higher emitting equity portfolios.

GRAPH 1: LISTED EQUITY AND CORPORATE BONDS NET ZERO 2050 PATHWAY



Private Markets: Carbon Footprinting and Data Coverage

Measuring climate-related emissions in Private Markets presents distinct challenges due to differences in reporting practices, data availability and the maturity of underlying portfolio companies. As a result, LGPS Central Limited's approach to Private Market carbon footprinting has evolved, alongside improvements in GP disclosure and data quality.

In earlier reporting periods, LGPS Central Limited calculated the carbon footprint of private equity portfolios, including co-investments, primarily using estimated data, reflecting the limited availability of GP reported emissions at the time. In 2024, the scope of Private Market footprinting was expanded to include all Private Market asset classes, and emissions data reported directly by GPs were incorporated. Reported data is provided by GPs and sourced through various methods, including direct reporting from underlying portfolio companies or GP-led estimations, where GPs are better positioned to assess and estimate the emissions of underlying assets. In 2025, LGPS Central Limited's focus shifted to increasing the proportion of GP-reported data and reducing reliance on internal estimates to improve data accuracy.

As a result, the proportion of Private Market assets covered by GP-reported emissions data increased significantly from 19.1% in 2024 to 58.5% in 2025, with improvements observed across all Private Market asset classes, except for property, where reported data coverage was already 100%, as illustrated in Graph 2. These improvements reflect both increased maturity in GP reporting, LGPS Central Limited's engagement-led approach to climate data collection and is illustrative of the development of RI within the Private Markets asset class.

Where reported data remains unavailable, LGPS Central Limited continues to use estimated emissions data generated using recognised methodologies, prioritising consistency and comparability across portfolios. This blended approach maintains comprehensive coverage while continuing to engage with GPs to improve the quality, completeness and consistency of reported climate data.

LGPS Central Limited views improvements in Private Market data coverage as an ongoing process. Progress in this area is used to inform engagement priorities with GPs and to support greater transparency for Partner Funds, recognising that reporting practices and regulatory expectations continue to evolve across Private Markets.

The Private Market data presented in Table 7 reflects a combination of GP-reported and estimated emissions data. Where available, reported data is prioritised due to its greater accuracy. Where reported data remains unavailable, emissions are estimated using MSCI's Total Portfolio Footprinting methodology,[11] which is aligned with PCAF (Partnership for Carbon Accounting Financials) guidelines.[12]

GRAPH 2: PRIVATE MARKETS REPORTED DATA COVERAGE

[11] MSCI Solutions LLC, Total Portfolio Footprinting. Accessible on MSCIs' website.

[12] PCAF (2025). The Global GHG Accounting and Reporting Standard Part A: Financed Emissions. Third Edition. Accessible on PCAF's website.

Birmingham, West Midlands

Our Approach to Climate Data

The analysis in this report is based on a dataset provided by MSCI ESG Research LLC (MSCI), with data downloaded during Q2 2026. Data quality is assessed by reviewing MSCI's methodologies and quality-assurance processes.

MSCI's climate data is validated through a combination of source verification, documented estimation methodologies, internal quality assurance processes, and formal model validation for forward looking metrics. Where issuer reported data is unavailable, MSCI applies sector specific estimation models that are transparently documented and subject to ongoing refinement. Forward looking climate models, such as Implied Temperature Rise, undergo dedicated validation exercises assessing model design, sensitivity, and limitations. While MSCI data is not externally audited, it is designed to be investment grade and aligned with recognised frameworks such as TCFD, PCAF and Network for Greening the Financial System (NGFS).

Climate data outputs are also subject to quarterly internal review, with any discrepancies investigated and documented before analysis.

Portfolio level metrics are used to illustrate aggregated climate-related risks and exposures. These metrics are supplemented by more granular issuer level analysis, which informs RI&S monitoring and engagement activities.

Climate data and methodologies continue to evolve. Emissions data may be restated over time as reported data replace estimated data, methodologies are refined and coverage improves. As a result, figures presented in this report may differ from those disclosed in prior years. Where restatements occur, these are identified and investigated as part of climate reporting and CRMS process, conducted at least eight times a year, reflecting the number of founding Partner Funds and the CRMS we deliver.

Further detail on climate metric definitions and methodologies is provided in the climate metrics glossary referenced in this report.[13]

[13] LGPS Central Limited, Task Force on Climate-related Financial Disclosures Glossary. Accessible on LGPS Central Limited's website.

Summary Table for TCFD Recommendations

TABLE 8: SUMMARY OF LGPS CENTRAL LIMITED'S RESPONSE TO THE TCFD RECOMMENDED DISCLOSURES

	TCFD Recommended Disclosure	Page	LGPS Central Limited Response	Cross-reference to other information sources
GOVERNANCE	Describe the Board's oversight of climate-related risks and opportunities.	6	The Board has ultimate oversight of climate-related risks and opportunities. The RI&S Policy and Framework and Climate Report is approved by the Board. The Board receives updates on climate matters, including Net Zero progress, stewardship, regulatory developments and the CRMS.	Annual Report and Financial Statements (2024/25) Pages 25 to 39 Annual Stewardship Report (2025) Pages 7 to 10 Responsible Investment & Engagement Framework (2024) Pages 6 to 7
GOVERNANCE	Describe management's role in assessing and managing climate-related risks and opportunities.	6	ExCo oversees the implementation of the RI&S Framework and climate-related risks and opportunities. Day-to-day delivery is delegated to the Investment teams. The Head of RI&S is accountable for the climate-related components of the RI&S Framework.	Annual Report and Financial Statements (2024/25) Pages 25 to 30 Annual Stewardship Report (2025) Pages 7 to 10 Responsible Investment & Engagement Framework (2024) Pages 10 to 12
STRATEGY	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term.	9	LGPS Central Limited identifies climate-related risks and opportunities through product design, manager oversight, RI&S activity and operations. Key areas include misalignment with Net Zero objectives, reputational risk from disclosure, operational Net Zero delivery risk and capability risk, over short, medium and long-term horizons. LGPS Central Limited focuses on areas where it has direct influence.	Annual Stewardship Report (2025) Pages 19 to 25 Responsible Investment & Engagement Framework (2024) Pages 8 to 12 Annual Report and Financial Statements (2024/25) Pages 14 to 18
STRATEGY	Describe the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning.	10	Climate considerations shape how LGPS Central Limited designs and oversees investment products and services for Partner Funds, in line with fiduciary duties and Partner Fund objectives. This includes climate-aware strategies within the ACS, such as the LGPS Central All World Equity Climate Multi Factor Fund, the LGPS Central Global Low Carbon Multi Factor Fund, and the LGPS Central Global Sustainable Equity Funds. LGPS Central Limited also commits to climate-related opportunities in Private Markets and provides the CRMS to support Partner Fund reporting.	Annual Report and Financial Statements (2024/25) Pages 11 to 21 Responsible Investment & Engagement Framework (2024) Pages 8 to 12 Annual Stewardship Report (2025) Pages 14 to 17
STRATEGY	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	12	LGPS Central Limited uses scenario analysis to inform understanding of climate-related risk rather than as a deterministic input into investment decisions. Earlier approaches included PACTA in prior reporting and Mercer scenario analysis in 2020 and 2022 for Partner Fund reviews. At product level, LGPS Central Limited uses MSCI Climate Value-at-Risk to assess transition and physical risks. Entity-level analysis is being considered as its role evolves.	Climate Report (2024) Pages 15 to 16 Net Zero Strategy for Financed Emissions (2023) Pages 7 to 9

	TCFD Recommended Disclosure	Page	LGPS Central Limited Response	Cross-reference to other information sources
RISK MANAGEMENT	Describe the organisation's process for identifying and assessing climate-related risks.	13	Climate risk is managed within LGPS Central Limited's Risk Framework and treated as financially material. Within investments, risks are identified and assessed through RI&S integration, manager selection and monitoring, and escalation where material misalignments are identified. The climate dashboard is LGPS Central Limited's core tool for monitoring climate metrics across portfolio and product levels. Data is primarily sourced from MSCI and is subject to internal quality checks.	Responsible Investment & Engagement Framework (2024) Pages 13 to 16 Annual Stewardship Report (2025) Pages 19 to 21 Annual Report and Financial Statements (2024/25) Page 21
	Describe the organisation's process for managing climate-related risks.	15	LGPS Central Limited manages climate-related risk through RI integration and stewardship. Monitoring is used to guide targeted engagement activities, including direct engagement with issuers, participation in collaborative initiatives and support from a stewardship provider, while delegated managers are also expected to undertake engagement. Engagement is escalated where this may improve outcomes. LGPS Central Limited also tracks regulatory developments through its Regulatory Radar and uses Partner Fund feedback and data-provider dialogue to refine its approach.	Annual Stewardship Report (2025) Pages 23 to 34 Responsible Investment & Engagement Framework (2024) Pages 11 to 12
	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	13	Climate risk sits within LGPS Central Limited's enterprise Risk Framework using three lines of defence model. Business units manage risks, Risk and Compliance provide oversight, and Internal Audit provides assurance. The Head of RI&S is the risk owner for RI-related risks escalated through the second line.	Annual Report and Financial Statements (2024/25) Page 21 Responsible Investment & Engagement Framework (2024) Page 13 Annual Stewardship Report (2025) Pages 7 to 10
METRICS AND TARGETS	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	17	We use a range of metrics, including absolute emissions, emissions intensity, and Net Zero alignment, to comply with FCA requirements. LGPS Central Limited reports a consistent suite of climate metrics across Listed Assets, Sovereign Debt and Private Markets, supported by its climate dashboard and MSCI data.	Net Zero Strategy for Financed Emissions (2023) Pages 4 to 14 Annual Report and Financial Statements (2024/25) Page 14 Annual Stewardship Report (2025) Page 21
	Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks.	17	LGPS Central Limited's headline GHG emission metrics for the Listed Equity and Corporate Bond portfolios are as follows: • Financed emissions: 832,078 tCO_2e. • Normalised financed emissions: 42.4 tCO_2e /£m invested. • Weighted average carbon intensity: 82.6tCO_2e /$m sales. Additional metrics, including the scope 3 emissions of our investments, are also explored.	Net Zero Strategy for Financed Emissions (2023) Pages 10 to 14 Annual Report and Financial Statements (2024/25) Page 14
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	20	LGPS Central Limited's Net Zero Strategy for Financed Emissions targets Net Zero pooled assets by 2050 or sooner, with interim targets by asset class. Progress is monitored using absolute and normalised emissions metrics, alongside engagement and Net Zero alignment indicators. LGPS Central Limited notes emissions remain below the benchmark but have increased versus the 2019 baseline as assets under stewardship have grown, and it is considering whether revising the baseline is appropriate.	Net Zero Strategy for Financed Emissions (2023) Pages 4 to 16 Annual Stewardship Report (2025) Page 21 Annual Report and Financial Statements (2024/25) Page 14

Important Information

Sources

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