WEST MIDLANDS PENSION FUND

CLIMATE REPORT

2025

West Midlands Pension Fund

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Introduction

Climate change presents a defining challenge for our time. Its risks are urgent and systemic—impacting economies, markets, and ultimately, the pensions we manage on behalf of our members. As long-term investors, we recognise that the consequences of climate change will unfold over decades, aligning directly with the time horizon over which our members' benefits will be paid. Failing to act exposes the investments that will be used to pay benefits to material financial risks. Managing climate risk is therefore not only prudent—it is essential to fulfilling our fiduciary duty.

Our Responsible Investment (RI) beliefs, as set out in the Fund's latest Climate Change Framework and Strategy[1] (CCFS), place climate risk and real-world impact at the heart of our investment approach. We believe that integrating environmental, social and governance (ESG) considerations supports long term risk-adjusted returns. Engagement, not exclusion, is our preferred tool for change. We remain committed to working collaboratively with peers, asset managers, data providers and policymakers to accelerate progress across the financial system.

We continue to align our portfolio with net zero emissions by 2050, with interim targets that focus on real emissions reductions and stewardship outcomes. Our strategy reflects a clear ambition: to manage climate risk with rigour, to influence the transition through active ownership, and to build economic and social resilience in the investment landscape we operate in the face of climate change. By doing so, we aim to deliver stronger long-term financial results and better outcomes for our members.

Challenges remain. Data gaps, evolving methodologies and global policy headwinds make this work complex. But we are clear in our direction. Transparent reporting, continuous improvement and member accountability will remain central to our efforts. We believe this is not just good governance—it's responsible stewardship, and it's what our members rightly expect.

[1] WMPF Climate Change Framework & Strategy 2025, as approved in 2025 and covering the period to 2028-29

Purpose & Scope

This report is structured in line with the four pillars of the Task Force on Climate-related Financial Disclosures[2] (TCFD):

Governance
how climate-related risks and opportunities are overseen by our leadership and integrated into decision-making

Strategy
the actual and potential impacts of climate-related risks and opportunities on our investment strategy and objectives

Risk Management
the processes used to identify, assess and manage climate-related risks within our investment and operational activities

Metrics and Targets
the data and indicators used to measure progress and performance against our climate goals

Purpose

In line with our CCFS, this report serves four key functions:

Risk Management
it supports the active identification and management of climate-related risks and opportunities across our investment portfolio and operations

Measurement
it enables tracking of our progress against clearly defined climate goals and targets, including decarbonisation and stewardship milestones

Transparency
it provides members, employers and other stakeholders with clear and timely information on how we are responding to the climate challenge

Regulation
it helps comply with climate regulation, contributing to stability and cost efficiency

The report forms part of our broader RI reporting and demonstrates our accountability as long-term stewards of capital on behalf of our members.

[2] TCFD

Scope

The scope of this report is based on the commitments set out in our CCFS. It covers:

Current Scope

- **Climate-related risks and opportunities** within our investments, where reliable emissions and other climate data is available
- **Governance, resourcing, and climate integration** into strategic asset allocation
- Progress against our **Scope 1 and 2 emissions reduction targets**
- Progress against our **net zero alignment target**
- Progress on **harnessing quality data**
- Climate-related **stewardship** activities across priority holdings and asset managers
- **Operational emissions** baseline setting and reduction planning

Future Scope

We are actively working to extend the scope of analysis and target-setting to additional asset classes and indicators over time. This includes:

- Integration of financed emissions and net zero alignment determination for **private assets**
- Developing a methodology to assess **alignment of sovereign bond** investments to net zero
- Developing a formal methodology for defining and tracking exposure to **climate solution investments**
- **Tracking of Scope 3 emissions** across public assets
- Provide principles for implementation of **climate solution investments within our Strategic Investment Allocation (SAA)**
- Implementation of an **operational emissions reduction plan**

WMPF Climate Goals - Summary

Below is a summary of our key climate goals and how we have progressed so far.

Summary of our targets and progress as on March 31, 2025

Target	Description	Progress	Metric
Reducing emissions	Short-term: 50% reduction in Scope 1&2 GHG emissions by 2030[3], relative to a 2019 baseline	On track	**Listed equity:** 49% reduction in normalised financed emissions and 50% reduction in WACI
		On track	**Listed fixed income:** 34% reduction in normalised financed emissions and 41% reduction in WACI
	Long-term: Net Zero Scope 1, 2 & 3 GHG emissions across all asset classes by 2050	Early stage	Working on measuring Scope 1,2 & 3 emissions across different asset classes
Aligning our assets	Short term: 50% of assets[4] to be aligning[5] or aligned[6] to a net zero pathway or achieving net zero by 2030	On track	**Listed equity:** ~22% of assets are to be aligning or aligned to a net zero pathway
		Below expectations	**Listed fixed income:** ~18% of assets are to be aligning or aligned to a net zero pathway
	Long-term: 100% of assets to be aligning or aligned to a net zero pathway or achieving net zero by 2040	Early stage	Working on determining net zero alignment across other asset classes

[3] Initially covering listed equity and listed corporate fixed income relative to 2019 baseline. Sovereign debt to be reported on separately but not included in target. Other assets to be included once sufficient data available
[4] Based on % assets under management.
[5] Assets with emissions not yet aligned with a net zero pathway, but they have science-based targets and a decarbonisation plan, making them ready to transition
[6] Assets with science-based targets, a decarbonisation plan, and emissions in line with a net zero pathway, indicating managed transition risk at the asset level.

Target	Description	Progress	Metric
Engaging with companies	Short-term: Engage our asset managers[7] by 2027, and report on their progress against setting net zero targets	On track	Public market managers currently held outside the investment pool: 77.5% (by AUM) covered by a net zero commitment at the investment house level We aim to work with LGPS Central to extend this analysis to managers held inside the investment pool Engaged with 100% of public market managers on their climate integration approach
		On track	Property – 1 manager managing 80% of our property portfolio has a net zero commitment and targets
		Early stage	We are working towards assessing and engaging with other private market managers on their net zero commitments/targets
	Short-term: Develop an engagement plan for a targeted list of high-emitting companies, and report on progress and outcomes by 2026	Achieved	Developed a climate stewardship list in consultation with LGPS Central. Refer to Stewardship section for progress and outcomes
Cutting our own emissions	Short-term: Measure our operational emissions and establish a suitable baseline by 2026	Achieved	Adopted 2019 as a suitable baseline
	Short-term: Reduce our operational emissions by 50% by 2030 compared to our baseline emissions	On track	Achieved a 31% reduction in absolute operational emissions
	Long-term: To be net zero by 2050 at the latest	On track	Working on a plan to achieve net zero

[7] Criteria to be developed for in-scope asset managers based on materiality and expected holding period.

Target	Description	Progress	Metric
Harnessing data	Increase the data granularity, coverage and quality and monitoring of our portfolio climate-risk metrics	On track	**Listed Equities:** 89% of NAV associated with a PCAF data quality score of 2
	Measured using MSCI PCAF[8]	Below expectations	**Fixed Income** (including sovereigns): ~25% of NAV associated with a PCAF data quality score of 2, while ~65% of NAV associated with a score of 4
Enabling the transition through climate solutions	**Short-term ambition:** Develop an internal methodology for classifying climate solutions by 2026	On track	View section on Climate Solutions for developing methodology
	Calculate and report annually on the percentage of our portfolio investments that qualify as climate solutions by 2027	On track	Working with LGPS Central on identifying and assessing exposure to metrics that indicate investments in climate solutions

[8] Partnership for Carbon Accounting Financials data quality score of 1 to 5, with 1 relating exclusively to verified emissions and 5 reflecting relatively low data quality, due to a lack of available data. MSCI currently does not assess PCAF scores of 1.

Climate Governance

We recognise that strong and transparent governance is essential to identifying, managing, and responding to climate-related risks and opportunities. Climate change is embedded within the Fund's wider governance, decision-making, and oversight arrangements in line with our fiduciary duty and long-term investment horizon.

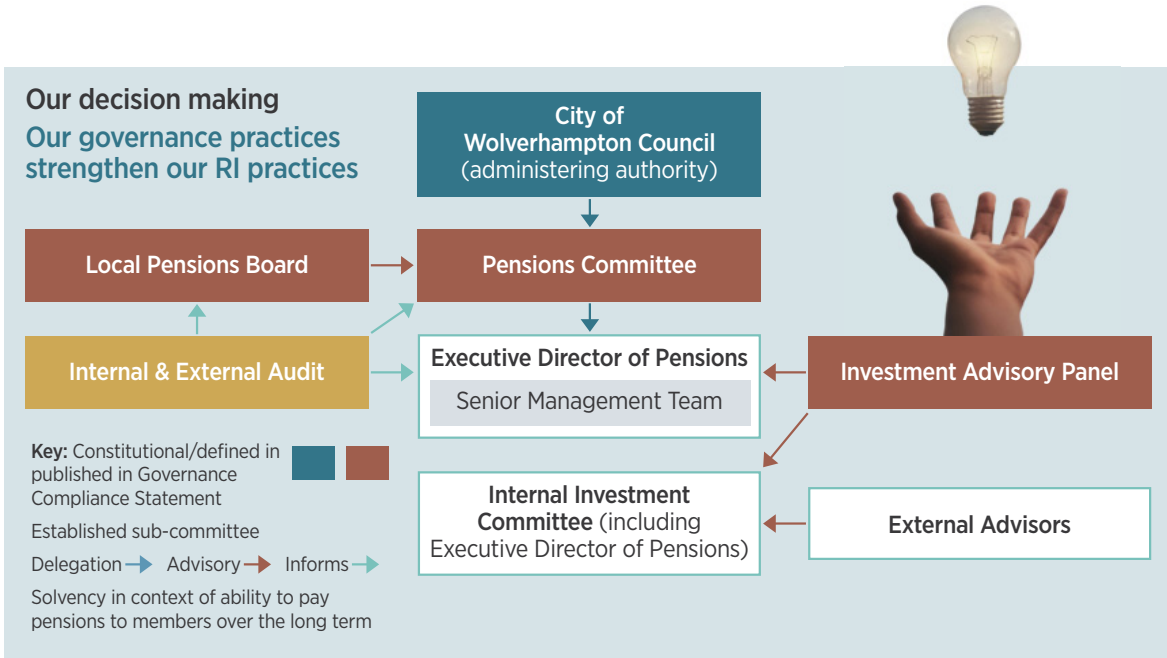


Figure 1 Diagram showing our governance structure highlighting oversight responsibility for climate-related risks and opportunities

The roles and responsibilities of the different bodies in the governance structure are outlined below:

Pensions Committee	Our Pensions Committee has oversight and monitors the implementation of our RI and stewardship practices and policies to ensure effectiveness and continuous improvement. We report to Pensions Committee on a quarterly basis on our RI activities.
Local Pensions Board	We explore and debate emerging risks and issues with our Board, who are representative of the Fund's membership and employer base, providing a forum for engaging customer perspectives.
Fund Officers & Advisors	
Internal Investment Committee (IIC):	Our Internal Investment Committee (IIC) is responsible for the day-to-day management of the investment portfolio and oversight of assets including the implementation of the ISS, asset allocation and RI Framework.
Investment Advisory Panel (IAP)	Our IAP provide challenge, oversight, and support assurance to our Pensions Committee including the review of our RI policies by providing expert and market experience.
Investment Consultants	We liaise with and are guided by investment consultants and risk advisors on our RI Framework & Strategy and its implementation.
RI Working Group	Our Executive Director of Pensions, Assistant Director - Investment Management and Stewardship, and Assistant Director - Investment Strategy together with the RI Working Group are responsible for the oversight and day-to-day implementation of this policy.
Internal RI Audit	An internal RI audit is conducted by our administrating authority, the City of Wolverhampton Council, periodically. The audit covers an independent assessment of our Responsible Investment practices, our internal processes and reporting to our governing bodies.

Fund governance

Pensions Committee - Key climate-related decisions, such as updates to the RI Framework & Strategy (RIFS)[9], climate strategy, stewardship priorities, and evolving frameworks across different aspects of climate risk management, are reviewed and approved by the Pensions Committee as the lead governing body. In line with established governance practices, responsiblity for implementation is delegated to Fund Officers, with the Pensions Committee having high-level oversight. Climate is frequently discussed at Pensions Committee meetings in the context of strategy, risk, and investment performance.

To ensure robust oversight, members of our governing bodies (which include both the Pensions Committee and Local Pensions Board) undertake training on climate-related risks and opportunities. This training is refreshed periodically and supported by our pooling partner LGPS Central[10], internal RI specialists and external experts.

Our governing bodies are regularly invited to industry conferences and forums focused on best practices in responsible investing. Events during 2025 include the LGPS Central Responsible Investment Summit, which featured panels on net zero, presentations on climate scenario analysis, and interviews with representatives from the oil and gas sector.

Local Pensions Board (PB) – The Local Pensions Board assists with good governance of the Pensions Committee, which extends to climate-related issues. Our Local Pensions Board acts as representatives of our membership and employer base, providing a forum for engaging customer perspectives. They are regularly kept updated on our climate approach and progress.

[9] WMPF RIFS 2025
[10] LGPS Central

Spotlight

In 2024–25, we presented the following during governing bodies' training:

- New engagement themes, including climate change and net zero, which were approved by the governing bodies.
- Reflected on our progress in climate risk management, including a timeline of our journey — from data collection and analysis to reporting and policy development.
- Shared insights from our managers on how ESG risks, including climate, are embedded into portfolio selection, construction, and stewardship.
- Provided an overview of our updated 2025 Climate Change Framework and Strategy, showing how our approach has evolved with better data and alignment to good practice.

Internal Investment Committee (IIC) – The IIC is responsible for the day-to-day management and oversight of the investment portfolio, including the integration of our climate strategy into portfolio construction and monitoring. Monthly and quarterly IIC meetings includes dedicated time to review and advance our RI and climate approach, reflecting its importance in our overall investment strategy. This work is supported by the specialist expertise of the investment team including dedicated resource, which provides analysis, insight, and recommendations to ensure that climate considerations are integrated effectively and consistently.

Investment Advisory Panel (IAP) – Our IAP provides independent challenge, oversight, support and assurance to our Pensions Committee, including the review of our climate policies by offering expert and market experience.

Spotlight

Our investment consultant presented a top-down climate scenario analysis of our existing portfolio to our IAP to provide insight into how the outputs could be used to inform our investment strategy as part of our ongoing investment strategy review.

Investment Consultants – We liaise with and are guided by investment consultants and risk advisors on our climate strategy, including the review of our climate policies and ambitions and specific pieces of analysis like the climate scenario analysis, which we consider on a holistic basis across our investment, funding and employer risk management frameworks. We also work closely with our actuary and employer covenant consultants to better understand potential impacts of climate risks on employers, members, and investments due to asset pricing, long-term inflation, interest rates, and life expectancy.

LGPS Central – Our pooling partner supports strategic oversight and provides advisory services to us on the development and implementation of our climate change strategy. This includes advising on good practice, monitoring delivery against climate objectives and targets, providing climate risk data to help ensure alignment with our long-term goals and regulatory obligations and broader implementation of our decarbonisation strategy into manager and product selection, monitoring and stewardship to carry out the implementation of our decarbonisation strategy.

Incentivisation and Accountability
Progress toward climate objectives is embedded in the performance expectations of WMPF's senior officers and investment leadership. As part of WMPF's performance and appraisal framework, delivery of key elements of the Climate Change Framework & Strategy—including emissions reduction, engagement outcomes, and data improvement—is monitored and tied to individual accountability for relevant officers.

Spotlight

Our Corporate Strategy[11] for 2025-2028 sets out organisation-wide goals and target outcomes over a three-year period. It clearly defines the Investment & Stewardship function's responsibility in integrating RI and climate considerations across all strategic objectives. For example, to achieve the goal of delivering valued outcomes, the investment team is directly accountable for meeting RI targets, including climate alignment and stewardship outcomes—ensuring that financial performance and long-term sustainability go hand in hand.

Governance of external managers/service providers

While we retain ultimate ownership and oversight of investment decisions and assets, we delegate day-to-day responsibility for selection and stewardship to our investment managers and pooling partner, LGPS Central.

We review:

- ESG and climate integration during manager appointment and ongoing monitoring
- Climate capability assessments of external mandates
- Net-zero alignment and engagement strategies
- Reporting of emissions metrics and progress toward real-world decarbonisation

More details in the Climate Risk Management section.

[11] WMPF Corporate Strategy 2025-2028

Strategy

Climate-related risks & opportunities

Climate change presents both risks and opportunities that have the potential to materially impact the resilience and performance of our portfolio over the short, medium, and long term. Our strategy is designed to ensure that these considerations are integrated into our investment approach, supporting both risk-adjusted returns and alignment with broader sustainability goals.

We consider a range of climate-related risks and opportunities over three time horizons – Short (0-5 years), Medium (5-20 years), Long (20-40 years):

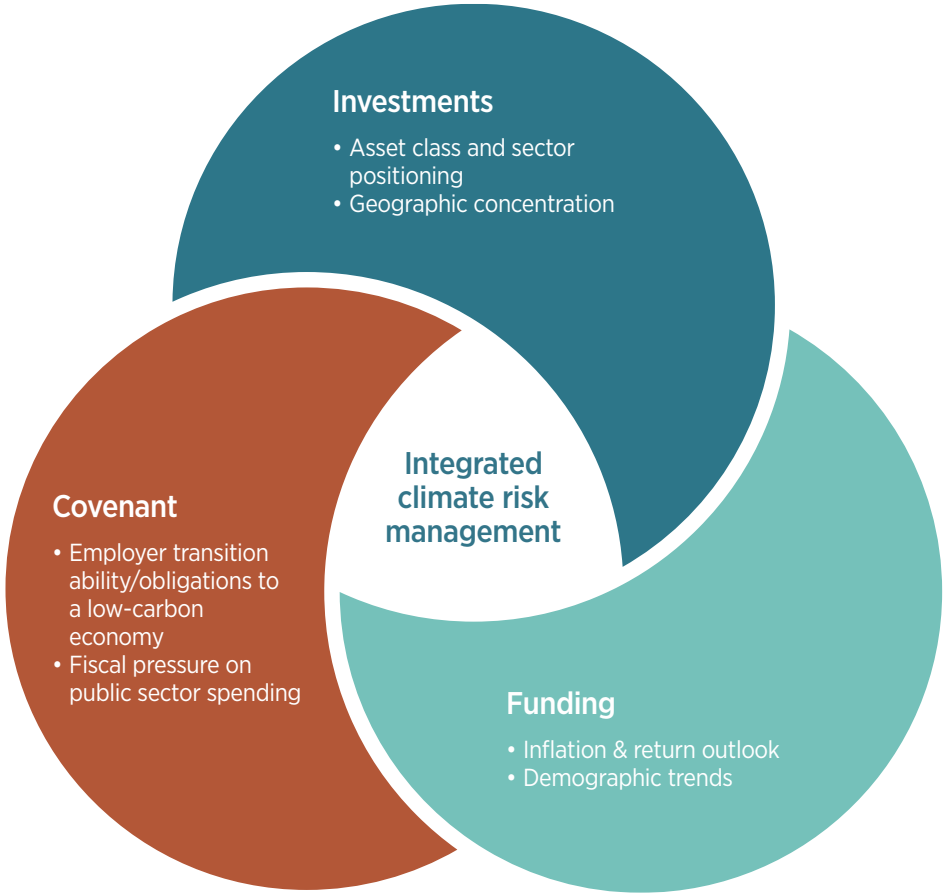
Table 1 Climate risks and opportunities identified over various time horizons

Risk or opportunity	Time horizon impacted	Description	Impact on WMPF
Transition risk	Short	Evolving regulation, increased scrutiny on ESG strategies, and anti-ESG sentiment	May require changes to investment mandates and reporting Scrutiny of RI approach by employers and members Potential changes in managers' strategy to deal with anti-ESG sentiment
	Medium	Carbon pricing, policy & technology shifts, and climate litigation risk	Potential underperformance of managers due to improper management of transition risks in underlying investments Need to engage pool (LGPS Central) and managers on strategy alignment
	Medium-Long	Technological shifts and global repricing of carbon-intensive economies and sectors	Exposure to stranded assets and long-term erosion of value
Physical risk	Short-Medium	Increased extreme weather events affecting supply chains, insurance markets, and infrastructure	Potential impact on real estate and infrastructure assets Potential high impact on emerging market investments Rising insurance costs and supply disruptions may indirectly affect employer financial resilience
	Long	Sea level rise, water stress, and crop failure affecting global markets	Macro-level inflation risk feeding into actuarial assumptions and funding strategies Potential longevity impacts if climate change materially affects population health. Wider economic impacts may affect employers' capacity to meet contribution obligations.

Risk or opportunity	Time horizon impacted	Description	Impact on WMPF
Legal and reputational risk	Medium–Long	Legal claims against fiduciaries or companies for failure to address climate risks	Heightened reputational risk and the need for transparent due diligence and governance records Potential increase in litigation exposure for employers or scheme entities over climate-related disclosure or risk management failures.
Data/Methodology risk	Short–Medium	Incomplete Scope 3 data, evolving methodologies, lack of asset class coverage	Limits effectiveness of target tracking and manager oversight Potential inconsistencies in reporting to employers and members, affecting confidence in climate strategy metrics.
Investment	Short-Medium	Growth of renewables, energy efficiency, and low-carbon infrastructure	Ability to scale climate solution investments through sustainable investment mandates and thematic allocations Potential to improve long-term returns and funding resilience, reducing pressure on employer contributions.
Engagement/ Stewardship	Short-Medium	Use of ownership rights to influence real world decarbonisation outcomes	Leverage our position in the UK pensions industry to push for net-zero transition plans and improved disclosures
Innovation	Medium–Long	Deployment of low-carbon technologies and green financial products	Access through diversified portfolio allocations and active managers in private markets
Policy alignment	Medium–Long	Stable net-zero policy environment supporting sustainable growth	Supports strategic asset allocation assumptions and long-term funding resilience
Reputation	Short–Long	Leading climate disclosure and advocacy among peers	Builds trust with scheme employers, members, and regulators/government

Impact on funding, investment strategy & portfolio allocations

Systemic risks like climate change need to be considered holistically by investors.



Climate-related risks and opportunities are integrated deep into our Funding Strategy (FSS), Investment Strategy (ISS) and Strategic Asset Allocation (SAA).

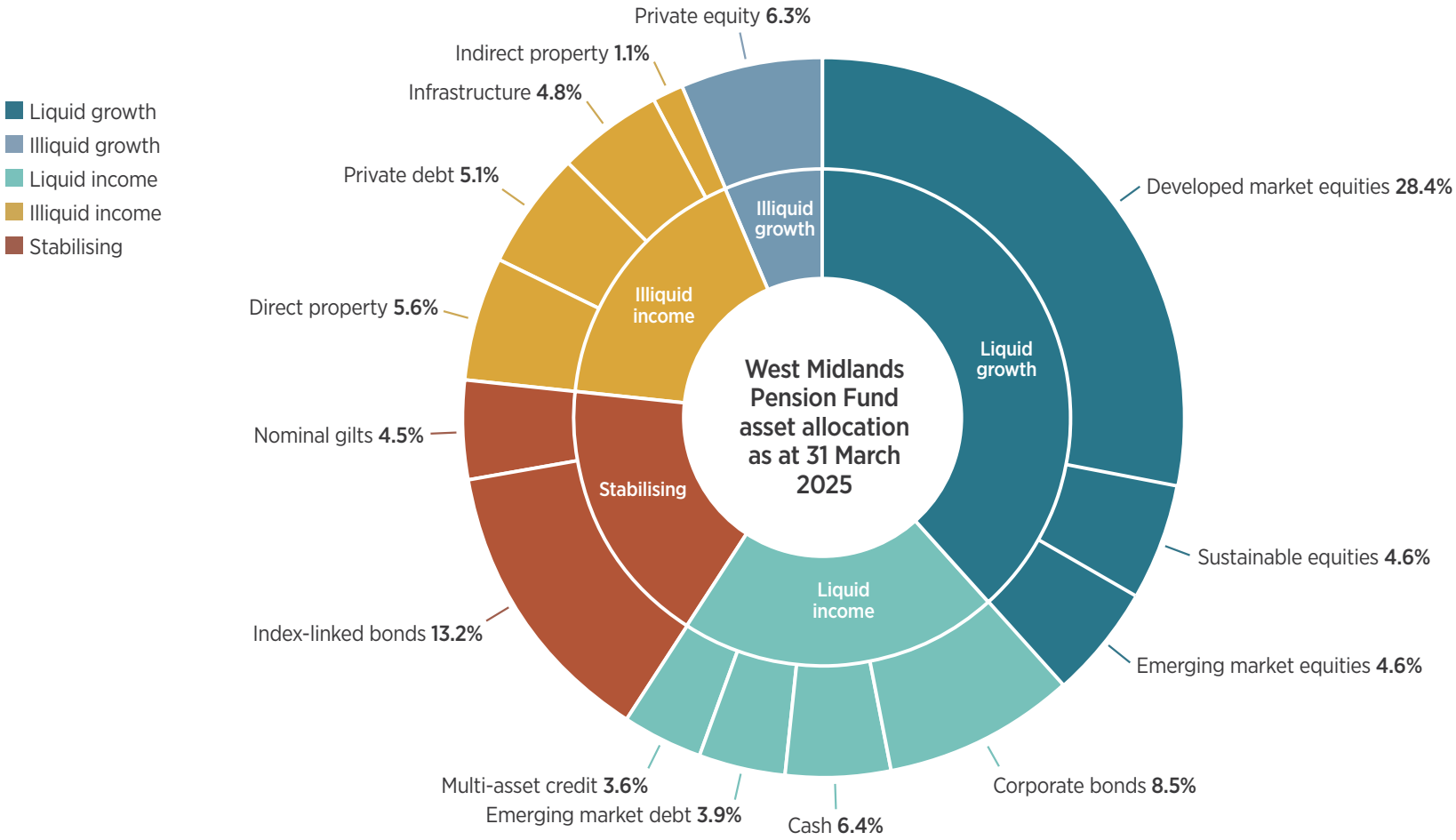


Figure 2 The West Midlands Pensions Fund's asset allocation as at 31st March 2025

We, along with our pooling partner, LGPS Central, expect our managers to assess sector and geographic exposures to understand how climate risks could influence long term returns and volatility. Therefore, climate considerations significantly influence our capital allocation, manager selection, and engagement priorities.

Climate scenario analysis (CSA) and strategy resilience

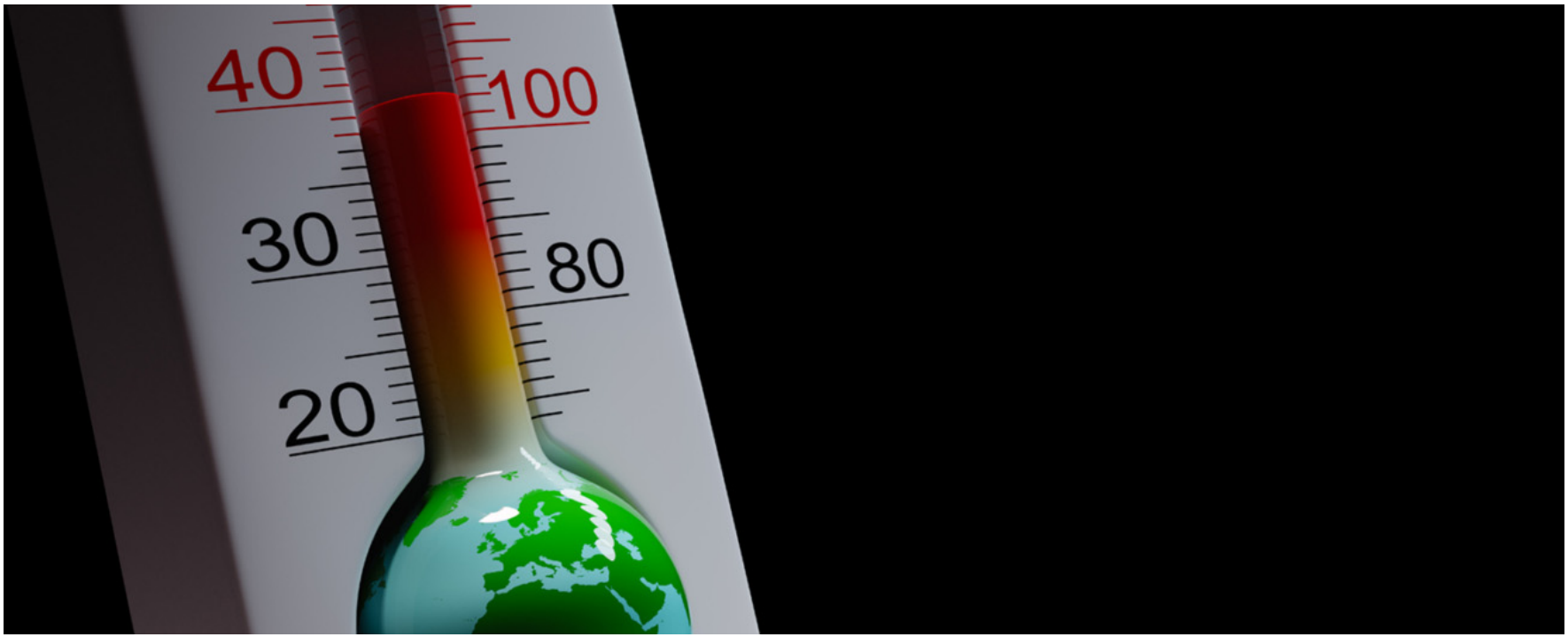
To quantify the impacts of climate-related risks, we conduct a top-down climate scenario analysis for our entire portfolio at least once every three years. The CSA is a developing tool, and we recognise that no single approach or dataset is definitive. Rather than driving decisions in isolation, the analysis is used to inform and guide strategic thinking under different climate scenarios and to identify areas for further consideration. We view this as an important step in building understanding of how climate factors could affect long-term funding and investment outcomes.

This year, our investment consultant conducted this analysis to evaluate the resilience of our investment strategy against plausible climate-related risks based on four distinct climate pathways/scenarios: Rapid Transition, Delayed Transition, Limited Transition, and Failed Transition—across short (5 years), medium (20 years), and long-term (40 years) horizons.

Table 2 Definitions for the different climate scenarios including their temperature pathways

Scenario	Temperature pathway	Description
Rapid transition	1.6°C above preindustrial levels by 2100	• Net-zero achieved in mid-2050s through a financially disruptive transition. • There is a market shock starting in 2026 as climate risks are priced in due to ambitious nationally determined contributions. • Large scale divestments are made from carbon-intensive sectors with large investments into clean tech sectors. • "Stranded assets" causes abrupt revaluations and impacts across both equity and fixed income asset classes.
Delayed transition	1.9°C above preindustrial levels by 2100	• Major policy changes are delayed until 2030, with some adaptation to climate change assumed. • From 2030 climate governance is coherent, with a global carbon price, as well as significant subsidies for renewable energy. • During the early part of the 2030s there are financial market shocks due to transition risks • Due to delayed action, physical risks of climate change become more severe with negative impacts on global GDP in the long term
Limited transition	2.9°C above preindustrial levels by 2100	• Global warming of 1.8°C by 2050 and 2.9°C by 2100 • No significant increase in ambition on climate commitments and existing commitments only partially met • Existing carbon markets continue to operate but limited in scale and carbon prices are inconsistent. Low-carbon technologies are adopted but fossil fuels remain a significant part of the energy mix. • Physical risks of climate change create a severe negative impact on global GDP leading to a drag on financial market performance from 2030 with market shocks around 2040.

Scenario	Temperature pathway	Description
Failed transition	3.7°C above preindustrial levels by 2100	• Global warming of 2°C by 2050 and 3.7°C by 2100 • Many countries scale back their climate commitments and there is a generally unsupportive policy environment for clean technologies. • Physical risks of climate change create economic losses starting in the late 2020s and accelerating. Multiple climate tipping points are hit, and catastrophic cascade climate disasters occur causing widespread and frequent economic damages. Global productivity decreases incrementally. • Financial markets experience multiple market shocks.



Below are the portfolio level impacts of different climate scenarios on annualised return and asset value projections, relative to the for our investment strategy as at March 31, 2025[12]:

Annualised return projections

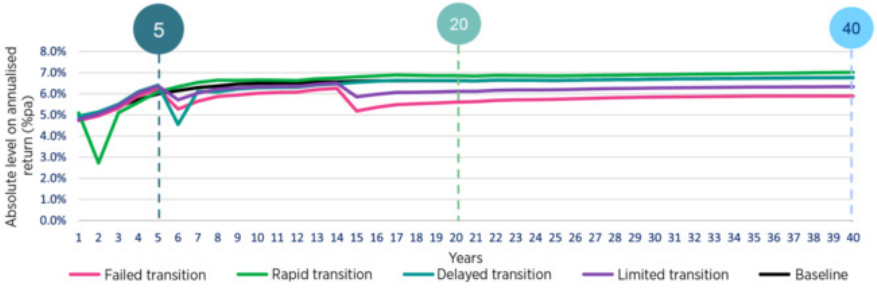


Figure 3 The absolute annualised return projections of the modelled portfolio against the different climate scenarios, relative to baseline

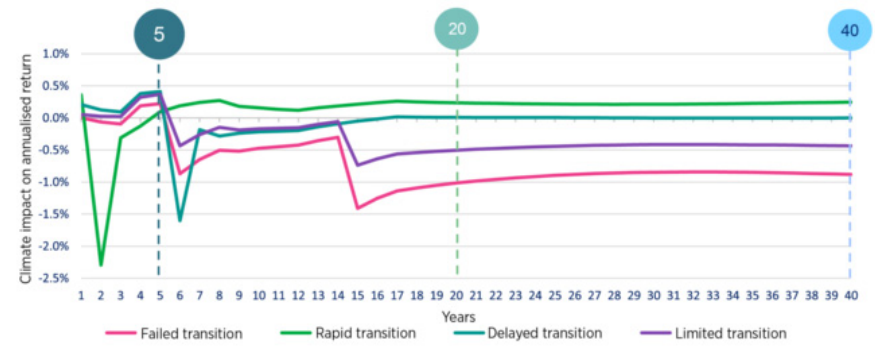


Figure 4 The climate impact on annualised returns

The lower chart aims to quantify the 'climate impact' in financial terms. These figures should not be viewed as precise forecasts, but as indicative of the relative magnitude and direction of potential climate impacts.

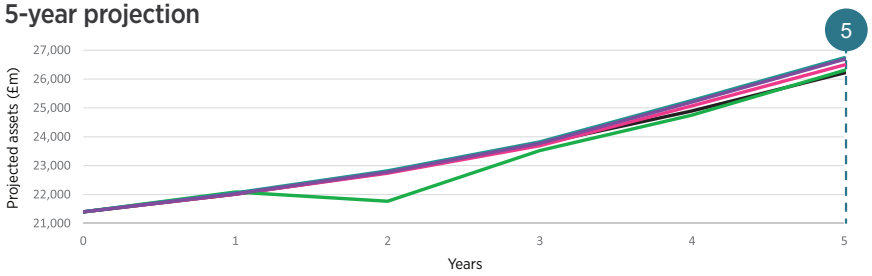
Key results:

- 5-year horizon: Under the **Rapid Transition** scenario, returns experience an initial shock followed by partial recovery. Overall, annualised returns increase over the period to 2030.
- 20-year horizon: Long-term physical risks start to be priced in, making the **Failed Transition** scenario the most detrimental to annualised returns.
- 40-year horizon: The **Failed Transition** scenario results in the most significant reduction in annualised returns, while other scenarios show smaller or slightly positive impacts relative to the baseline.

[12] The climate scenario impact is the climate scenario outcome relative to the climate aware baseline. The baseline represents what is assumed the market is currently pricing in. In this analysis, the composition of the climate aware baseline is 5% Rapid Transition, 10% Failed Transition, 35% Delayed Transition, 35% no/low impact and 15% Limited Transition.

Asset projections

5-year projection



40-year projection

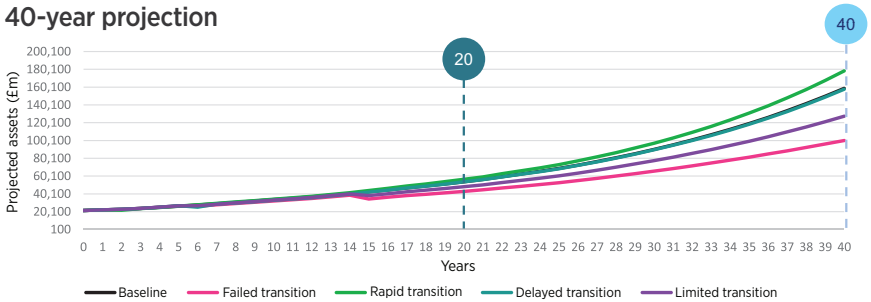


Figure 5 The asset projections of the modelled portfolio against a Failed Transition, Rapid Transition, Delayed Transition and Limited Transition, relative to baseline

The projections above estimate total asset values under different scenarios, assuming a starting value of £21.4 billion as of 31 March 2025. These projections assumethe investment strategy as at 31 March 2025 is maintained throughout and no actions are taken by WMPF in response to any surplus or deficit (e.g., de-risking or surplus sharing).

Key conclusions:

- 5-year horizon: Transition risks dominate, making the **Rapid Transition** scenario the most impactful for projected asset levels. Asset values experience an initial shock followed by partial recovery with a final projection ahead of baseline.
- 20-year horizon: Long-term physical risks begin to be priced in, with the **Failed Transition** scenario becoming the most negatively impactful for asset levels, underperforming the baseline.
- 40-year horizon: Physical damages are the dominant driver. The **Failed Transition** scenario results in the lowest projected asset values compared to other scenarios. Only in the Rapid Transition and Delayed Transition are projected asset levels close to or above the baseline.

Both annualised returns and asset values are most affected in the short term by the Rapid Transition scenario due to heightened transition risks. Over the long term, the Failed Transition scenario has the greatest negative impact, driven by physical risks materialising over time.

The Fund's SAA as on March 31, 2025[13] reflects our strategy to mitigate climate-related risks:

- **Equity Exposure:** ~17% of the portfolio is allocated to equity strategies with strong ESG integration. Some funds like the LGPS Central climate multi-factor fund incorporate a climate tilt that supports resilience in transition scenarios and helps reduce exposure to stranded assets.
- **Real Assets and Infrastructure:** ~12% allocation to real estate and infrastructure, including sustainable infrastructure, supports long-term decarbonisation but requires active management of physical risk exposure.
- **UK Index-linked bonds:** ~14% in index-linked bonds provides inflation protection, particularly under scenarios with rising food and energy prices. Additionally, investments in investment grade credit and long term sovereign bonds provide an additional layer of stabilisation.
- **Private Markets:** ~12% allocation to private equity and debt offers diversification but is sensitive to long-term physical risks, especially under Failed Transition. It also enables investment in climate opportunities.

Across all asset classes, we look to manage both risks and opportunities through integration into manager selection, due diligence, and ongoing monitoring. This includes engaging with investment partners to ensure climate-related considerations are embedded in portfolio construction and stewardship, helping to mitigate the potential vulnerabilities identified—particularly in private market exposures. We are working on completing our three-year review of our investment strategy and SAA and will ensure consideration of the results and recommendations of the climate scenario analysis above in the implementation of the strategy.

Funding resilience

We consider climate-related risks as an integral part of our funding strategy[13], recognising their potential impacts on employers, members, and investments through changes in asset pricing, long-term inflation, interest rates, and life expectancy. As we look to review and update our funding strategy by March 31, 2026, we will further advance our data collection, modelling and analysis to better inform our assessment of climate risks and resilience within future funding plans.

A complementary funding analysis forms part of the CSA, assessing our funding position under different climate pathways and capturing the influence of inflation on both assets and liabilities. In parallel, the actuary is analysing the impact of climate change on key liability drivers, including potential effects on member longevity. Additionally, our covenant advisor has assessed the potential impact of climate change on employer covenants and their long-term resilience, providing further insight into employer strength under varying climate outcomes.

Together, these analyses will deliver a comprehensive view of our long-term funding resilience and support the integration of climate considerations into future funding strategy decisions.

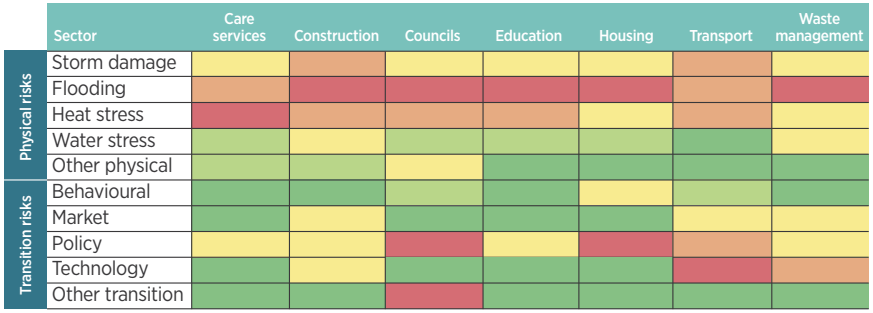
[13] Sourced from the Fund's Annual Report and Accounts 2025
[14] WMPF Funding Strategy Statement 2023

Employer covenant analysis

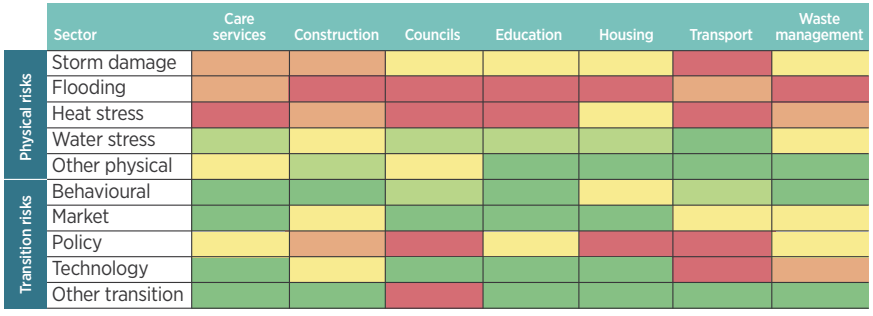
Our new CCFS 2025 stresses the importance of looking at climate-related risks on our funding strategy. To this effect, our covenant advisor provided an assessment of the key climate risks that could affect employers participating in the scheme (assessment conducted since 2019) and implications on employers' ability to pay contributions*.

Assessment of climate risk exposure was done for seven key sectors, considered as being most at risk to climate change. The evolution of sector risk ratings below illustrates our direction of travel - showing how prioritisation has changed over time and highlighting the sectors where more immediate focus may be needed to manage emerging physical risks.

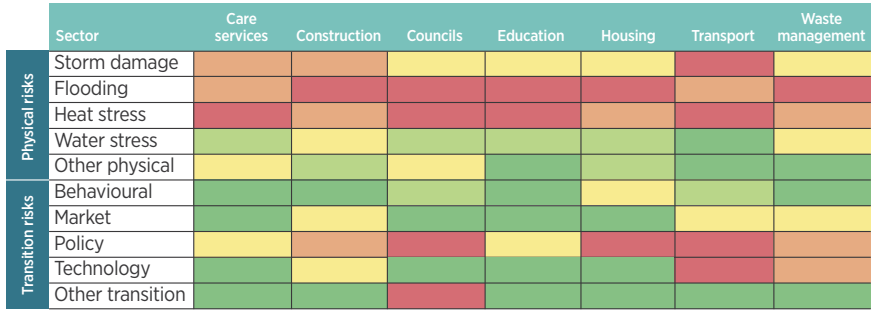
2019 rating



2022 rating



2025 rating



Prioritisation key

- 1) Key priority
- 2) Detailed planning
- 3) Commence planning
- 4) Active monitoring
- 5) Be aware

**This material provided by PwC is an illustration drawn from wider covenant advice prepared for the Fund. It is not intended to constitute professional advice and should not be relied upon as such.*

Source: PwC Analysis

Figure 6 Heatmap showing the climate risk exposure of key employer sectors

As in the 2019 and 2022 assessments, flooding remains the most widespread and direct risk for employers across all sectors, with flood risk management identified as a key priority in five of the seven. There has been some targeted increase in physical risk exposure — for example, heat stress in the housing sector — reflecting the pattern of recent climate events. Transition risks have also risen in the waste management sector, as new policies extend carbon pricing to this area. Although policy-related transition risk has eased slightly in the transport sector, the reduction was not sufficient to alter its classification as a key priority sector.

As next steps, we will work collaboratively with employers to deepen understanding of their specific climate-related risks and demands this may place on capital investment programmes which could impact their capacity to pay contributions. Building on prior engagement, this will help us build a structured framework for assessing and analysing climate risk across employers and sectors, strengthening our overall understanding of long-term resilience.

Investment Risk Management

Identification & assessment of climate-related risks and opportunities

Our risk identification and assessment process considers exposures across asset classes, sectors, and geographies. We use climate data provided by our pooling partner LGPS Central and managers, external climate and ESG providers, company disclosures, industry reports, and outputs from climate scenario analysis to identify areas of heightened vulnerability. This analysis is refreshed annually and feeds into our top down and bottom-up portfolio monitoring.

Internal ESG risk monitoring

The ESG risk monitoring process begins by aligning each portfolio holding with its relevant industry under the Sustainable Industry Classification System (SICS), a sustainability-focused taxonomy developed by the Sustainability Accounting Standards Board (SASB). The SASB Standards, maintained by the International Sustainability Standards Board (ISSB) under the IFRS Foundation identifies the financially material ESG risks most relevant to each SICS industry across 77 industries. By grounding the analysis in SASB and SICS, we ensure its ESG risk assessment focuses on factors with a demonstrable link to valuation, cash flow, and operational integrity of issuers. This approach provides a consistent, comparable, and internationally aligned foundation for monitoring ESG risks across portfolios. Once holdings are classified under SASB industries, the framework is used to analyse and flag high-risk names across portfolios based on their exposure to financially material ESG issues. This allows us to identify sectors or companies where risks may be concentrated and where further due diligence or engagement may be required. The resulting provides a clear and intuitive view of where ESG risks are most significant, supporting evidence-based engagement and portfolio monitoring.

In parallel, we conduct ad hoc screening against external and emerging issue lists, including human rights databases, controversy trackers, and regulatory watchlists. This ensures that high-risk names are also captured even when their risks are not yet fully reflected in existing standards. By combining a SASB-based approach with proactive issue screening, we maintain a comprehensive, forward-looking understanding of our ESG risk exposure—one that links sustainability performance directly to financial materiality and informs responsible investment decision-making.

We aim to extend this analysis to our private market holdings. Private markets company level data and sector classifications are generally scarce and non-standardised, a challenge we hope to overcome by working closely with our pooling partner and GPs. We also aim to further break down climate risks identified into transition and physical risks to prioritise our monitoring and engagement efforts.

Climate risk monitoring metrics provided by LGPS Central

Our pooling partner LGPS Central provides us with climate risk metrics and analysis of our equities, corporate bonds, sovereign debt and private market investments. These metrics are selected in consideration with the framework for managing climate risks and opportunities, regulatory requirements, including alignment with the Department's consultation[15] and the The Financial Conduct Authority's requirements on climate reporting.[16] These requirements are largely in line with the TCFD's recommendations. The metrics are selected in consideration with data and methodology availability, as LGPS Central prioritise sourcing appropriate data from reputable sources and adhere to the methodology prescribed by the Partnership for Carbon Accounting Financials (PCAF). LGPS Central use datasets provided by MSCI ESG Research LLC (MSCI) after gaining comfort from the quality of MSCI's data through their own assessment of MSCI's methodology and their data validation processes.

Data is sense-checked internally by our specialist RI team, and any anomalies are investigated to ensure inaccuracies are promptly addressed.

This data is used by us for portfolio carbon foot printing, assessing alignment to our climate goals and identifying areas of climate risk concentration. See more details in the Metrics & Results section.

Climate scenario analysis

As explained above, we use climate scenario analysis to evaluate the resilience of our portfolio and funding levels under different temperature pathways. We assess materiality based on the scale, likelihood, and time horizon of risks, with particular focus on medium- and long-term impacts (in line with our liabilities). These assessments are integrated into our overall investment risk processes alongside traditional financial and operational risks.

Industry research

Our RI team carries on their own desk-based climate research and analysis through industry reports from renowned institutions like the World Economic Forum (WEF), Transition Pathway Institute (TPI), Intergovernmental Panel on Climate Change (IPCC), etc. These provide insight into evolving climate risks and opportunities, which are essential to stay ahead of the curve.

Climate-focused initiatives

Membership in climate-focused initiatives such as Climate Action 100+, the Institutional Investors Group on Climate Change (IIGCC), and Local Authority Pension Fund Forum (LAPFF) strengthens our ability to identify and assess climate-related risks and opportunities. These collaborations provide access to shared research, inform scenario analysis tools and benchmarks, while also enhancing our influence through collective engagement with high-emitting companies. By participating in these networks, we gain deeper insight into emerging regulatory, technological, and market trends, and are better able to integrate global best practices into our investment decision-making.

[15] DLUHC, Local Government Pension Scheme (England and Wales): Governance and reporting of climate change risks. Consultation can be accessed on DLUHC's website.
[16] FCA, Enhancing climate-related disclosures by asset managers, life insurers and FCA-regulated pension providers. Policy Statement can be accessed on FCA's website.

Spotlight

Insights from the Transition Pathway Initiative (TPI) inform our understanding of companies' management quality scores, helping us evaluate governance and strategic readiness for the low-carbon transition. Guidance from the IIGCC supports our Net Zero Investment Framework (NZIF) alignment assessment, enabling us to classify holdings according to their alignment with a 1.5°C pathway. In parallel, the IIGCC Climate Solutions Guidance, to which we have contributed by sitting on the various working groups and asset class sub-working groups, informs our approach to climate solutions investments, ensuring our allocations are consistent with credible net zero pathways. These inputs collectively strengthen the robustness and comparability of our portfolio climate assessments and investment strategy.

Management of climate-related risks

Managing climate-related risks requires a holistic approach that combines portfolio construction, manager oversight, active ownership, and collaborative advocacy. We adopt a 360-degree framework to mitigate risks and capture opportunities arising from the transition to a low-carbon economy.

Portfolio construction

We integrate climate considerations directly into portfolio construction through allocations, tilts and investments in opportunities:

- **Managing high-carbon exposures:** Allocations to carbon-intensive sectors are carefully assessed for regulatory, physical and transition risks. As part of our ongoing due diligence of the direct property portfolio, we reviewed the results of a physical risk assessment conducted by our property manager, recognising that such risks may materially affect asset valuations.

CBRE

Spotlight: CBRE Investment Management

Our UK direct property portfolio is managed by CBRE Investment Management (CBRE IM), which oversees 39 assets worth £1.1bn across industrial, office, retail, and technology sectors.

Governance and oversight
CBRE IM provides annual decarbonisation updates as part of our broader private markets monitoring process. Oversight of climate-related matters rests with the investment team, including RI specialists, who review manager submissions and ensure consistency with our net zero 2050 objective.

Metrics and targets
CBRE IM seeks to align its corporate operations with those of its parent organization, CBRE Group, Inc. and its commitment to reach net zero GHG emissions across the value chain by 2040, which follows the Science Based Targets initiative (SBTi). CBRE Group has committed to achieving net zero by 2040, supported by the following targets:

- 50% absolute reduction in Scope 1 and 2 emissions (corporate operations) by FY 2030
- 55% reduction in Scope 3.11 emissions intensity (buildings managed for clients) by FY 2030
- 100% renewable electricity by end of 2025
- Full fleet electrification by the end of 2035

At the asset level, CBRE IM reports Scope 1, 2, and 3 emissions, with ongoing collaboration to expand data coverage across the portfolio. It has also set a net zero by 2050 target in line with the Net Zero Asset Managers initiative (NZAMi) guidance. Outputs from CBRE IM's climate scenario analysis will inform our broader physical risk mapping and feed into portfolio-level RAG (Red-Amber-Green) assessments under the Private Markets Decarbonisation Roadmap (PMDR)[17].

Assets identified as higher risk will be prioritised for engagement on adaptation and resilience measures, such as flood prevention, building retrofits, and energy efficiency upgrades.

Performance and benchmarking
CBRE IM reports annually against the Global Real Estate Sustainability Benchmark (GRESB[18]) and CRREM (Carbon Risk Real Estate Monitor)[19] frameworks to track decarbonisation and risk management progress.

- GRESB coverage across our CBRE IM managed property portfolio has steadily improved: 48% (2022) → 66% (2023) → 79% (2024) → 73% (2025).[20]
- GRESB participation score increased from 74 (2022) to 84 (2025), reflecting enhanced asset-level data collection and stronger alignment with recognised sustainability benchmarks.

Progress on GRESB scoring, CRREM alignment, and data completeness is reviewed annually to ensure WMPF's decarbonisation pathway remains on track. Below is a progress update on key performance indicators from the GRESB reports.

[17] PMDR
[18] GRESB
[19] CRREM
[20] CBRE uses a consultant for data collection. The reduced coverage in the 2025 GRESB report is largely on account of delays in data collection in a few tenant-controlled assets that were not reported back in time for the report submission.

The table below compares our CBRE IM managed property portfolio's current and previous GRESB results on emissions and energy intensity, reflecting our continued commitment to transparency, improved data coverage, and strengthened ambition to reduce emissions.

Table 3 A comparison of the 2024 and 2025 GRESB results on emission intensity of our CBRE IM managed direct property portfolio

GHG Intensity

Metric	2024 GRESB results	2025 GRESB results	Change	Interpretation
% floor area covered	30%	31%	▲ +1%	Progress in GHG data collection across the portfolio.
Not covered – % floor area without 100% data coverage	54%	46%	▼ –8%	Improvement in GHG data completeness, signaling an increase in total floor coverage.
Assets above GHG pathway	10	6	▼ –4	Fewer assets exceeding their Paris-aligned GHG limits.
% floor area above pathway (GHG)	82%	29%	▼ –53%	Significant decline in non-aligned floor area, reflecting decarbonization progress.
% floor area without CRREM pathway	17%	23%	▲ +6%	Increase in unmapped asset types — assets without a published CRREM GHG pathway.

Table 4 A comparison of the 2024 and 2025 GRESB results on energy intensity of our CBRE IM managed direct property portfolio

Energy Intensity

Metric	2024 GRESB results	2025 GRESB results	Change	Interpretation
% floor area covered	27%	31%	▲ +3%	Strong progress in energy and GHG data collection across the portfolio.
Not covered – % floor area without 100% data coverage	56%	46%	▼ –10%	Progress in data coverage, signaling increased completeness across all assets.
Assets above CRREM energy pathway	8	6	▼ –2	Fewer assets exceeding their Paris-aligned energy limits.
% floor area above CRREM energy pathway	80%	29%	▼ –51%	Large decline in non-aligned floor area, indicating improved energy performance.
% floor area without CRREM pathway	17%	23%	▲ +6%	Increase in unmapped asset types — assets without a published CRREM energy pathway.

Strategy and risk identification

CBRE IM has undertaken a physical climate risk assessment across the direct property portfolio they manage on our behalf. The analysis models potential exposure to key acute and chronic hazards such as river and surface flooding, coastal flooding, storm events, wildfires, extreme heat, subsidence, and landslides.

The initial assessment used Representative Concentration Pathway (RCP) 8.5, representing a high-emissions (≈4.9°C) scenario, providing a conservative stress test of long-term physical risks. We intend to expand this analysis across a broader set of policy-aligned scenarios (1.9°C–3.7°C) to enhance insights, strengthen our internal CSA framework, and capture a wider range of potential outcomes.

CBRE IM also monitors asset level emissions to identify high emitting assets and develop a suitable decarbonisation plan.

Physical risk overview

Key findings from physical climate risk assessment:

- Coastal and surface flood risk is minimal, with exposures confirmed for most assets as low or very low through additional validation using UK Environment Agency data.
- Surface flood exposure will be investigated further to assess whether assets are vulnerable to identified hazards and residual risk is present. CBRE IM will engage with its property managers in the first instance and instruct specialist consultants where appropriate.
- Storm, wildfire, and extreme heat risks are assessed as low, with no material increase projected through 2100.
- Chronic risks such as subsidence and drought require ongoing monitoring due to local soil and infrastructure dependencies. CBRE IM is engaging with technical partners to strengthen data confidence and mitigation planning.
- Model accuracy[21] averaged approximately 82%, with highest confidence for flooding and landslide data.

[21] Low-risk assets are defined as those receiving an A or B rating across all physical climate hazards in scope, while high-risk assets are those rated C to F.

- **Climate opportunities:** We invest in clean energy infrastructure and other climate-aligned opportunities via private market investments, recognising their role in supporting both decarbonisation and long-term returns.

Spotlight

We have committed £20Mn to the British Sustainable Infrastructure Fund managed by Gresham House. The fund invests in platform companies like Fischer Farms - a vertical farming business that is using renewable energy and agri-tech to develop a sustainable farm for the future.

- **Mandates with a climate tilt:** Allocations to public market mandates with a climate/sustainable tilt undergo thorough initial due diligence and continuous monitoring. For instance, our sustainable equity funds have demonstrated a significantly lower carbon footprint compared with global benchmarks.

Spotlight

We have invested ~£2.5bn (~12% of our total AUM) in LGPS Central Climate Multifactor Fund that replicates a customised index solution from MSCI with a climate tilt. The fund's exposure to clean technology businesses, measured in revenue terms, is ~6.4%, exposure to clean technology businesses helps us participate in climate leaders. Similarly, ~40% of the companies in the fund have committed to science-based target setting, ~49% of the companies have a low carbon transition score* greater than 5, and 31% of the companies have an implied temperature rise** trajectory of 2 degrees or less - indicating exposure to businesses well prepared for the low carbon transition.

We have also invested ~£1.3bn in sustainable equity and debt mandates that can help us avoid climate laggards and tap into climate leaders that are achieving real-world decarbonisation outcomes.

*Low carbon transition score: a quantitative assessment of a company's exposure to climate-related transition risks and opportunities, as well as its management of those factors

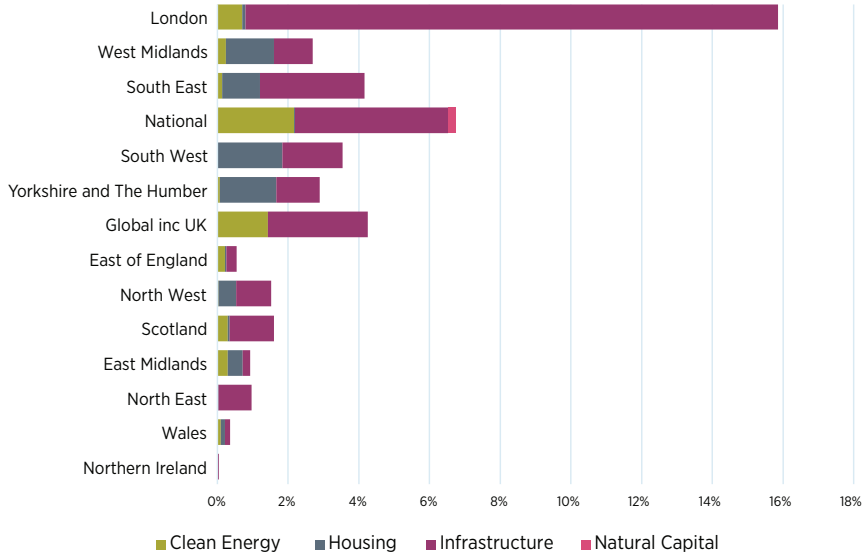
**Implied temperature rise: a metric that estimates the potential global warming impact of a company or portfolio by comparing its projected greenhouse gas emissions against its fair share of the remaining global carbon budget

- **Local investing:** We seek to invest locally where investment opportunities meet our return and risks objectives. We published our Local Investment Impact Report prepared by the The Good Economy. This report highlights how local and regional needs are met, extending to those pertaining to climate-related risks and opportunities.

Spotlight

Out of our £4.8bn private markets portfolio, at least £2.2bn is invested in the UK. Of this, ~6% is invested in clean energy and natural capital assets, while ~40% invested in infrastructure and housing also includes climate-forward assets like waste-to-energy infrastructure and energy efficient houses.

Distribution of WMPF clean energy, housing, infrastructure and natural capital assets* within the UK



*Assets only included funds that were analysed by The Good Economy as of 31st December 2024

Figure 7 Graph showing the clean energy, housing, infrastructure and natural capital asset distribution across the UK

Breakdown of clean energy and natural capital

Clean Energy and Resource Efficiency	
42 investments into clean energy assets, including	
18 solar investments	
3.3 GW capacity	From 2 solar investments
10 onshore and offshore windfarm assets	
3.6GW capacity 765 turbines	From 6 wind investments From 6 wind investments
5 battery and clean energy storage investments	
2.1 GW capacity	From battery & storage assets
2 biomass facilities	
239 jobs	Created from biofuel site
6 other clean energy, including	
3 investments	In mixed renewable energy portfolios
1 investment	In district heating infrastructure
1 investment	In 3.7MW hydroelectrical scheme
1 investment	In resource efficient vertical farming operations

Natural Capital	
1 natural capital asset, supporting	
30 habitat banks	794 hectares completed

Figure 8 Table showing the clean energy, resource efficiency and natural capital assets assessed in the 2025 Good Economy report

Climate stewardship

Climate stewardship, primarily through manager selection, monitoring, engaging with issuer companies in our portfolio and voting, is an important lever to manage climate related risks and opportunities.
As part of our CCFS 2025, we set a target to both:

1) Engage our asset managers by 2027 and report on their progress against setting net zero targets; and
2) Develop an engagement plan for a targeted list of high-emitting companies, and report on progress and outcomes by 2026.

Manager selection and monitoring:
LGPS Central aim to achieve net zero (Scope 1 &2) by 2050 or sooner[22], with a 50% reduction in financed emissions by 2030 for listed equities and corporate bonds. These targets are well aligned with our own net zero commitments.

We, together with our pooling partner, conduct thorough RI due diligence while selecting managers. Compatibility of the manager's net zero approach is one of the primary factors assessed. We aim to ensure that our RI and climate expectations are consistently reviewed, aligned, and embedded across all investment and partnership agreements – whether managed directly or via our pooling partner LGPS Central.

Similarly, our managers are expected to demonstrate integration of climate risk in their processes and review their progress on a quarterly basis a s part of our manager monitoring process.

Spotlight

We, alongside the British Business Bank, made a cornerstore investment of £40mn to the Mercia Evolution Fund. Staying true to our RI principles, we had clauses included in the Limited Partner Agreement that required the manager to target net zero in its portfolio by 2050, inclusion of GHG emissions as a key materiality factor in appraisal of the portfolio and requiring portfolio companies to report on their emissions on an annual basis, amongst other ESG and climate considerations. In addition to this, the manager has agreed to review the PMDR framework which helps calculate alignment of portfolio companies to net zero and ensure all staff are appropriately trained in RI policy.

[22] For listed equities, corporate bonds, sovereign debt, and property

The current status of our managers' net zero commitments and climate integration strategy as of March 31, 2025 is:

- Among public market managers currently outside the investment pool, approximately 77.5% by AUM are covered by a net zero commitment at the investment house level.
- Out of these managers, more than half have adopted net zero commitments or targets, although the scope, ambition, and degree to which these apply to underlying strategies vary. These commitments are typically set at the firm level rather than at the specific fund level and are often reinforced through participation in collaborative initiatives such as the Net Zero Asset Managers Initiative (NZAM) and Climate Action 100+.
- We aim to work in collaboration with LGPS Central to extend this analysis to managers held inside the investment pool and enable a comprehensive assessment across all public market mandates.
- Within private markets, approximately 80% of our property portfolio is managed by CBRE, which has established a global commitment to achieve net zero emissions by 2040, validated by the Science Based Targets initiative (SBTi).[23]

Below are some examples of climate-related discussions with our managers:

a) Approach to climate integration

At the quarterly monitoring meeting with Aegon Asset Management, the team demonstrated their structured approach to identifying and managing climate-related risks. They integrate ESG and climate analysis into credit research using proprietary frameworks that assess both financial materiality and transition readiness. Over 90% of holdings have to be in their top 3 (from 5) ESG categories and at least 80% invested in Climate Transition 'leaders, prepared or transitioning'. Climate upgrades and downgrades are tracked and influence investment decisions, with attribution analysis showing a bias toward upgrades. The fund's climate focus does not restrict the investable universe or compromise returns; peer group analysis confirms leading relative performance since inception. The fund's global remit enhances diversification and resilience, notably outperforming UK-focused peers during the 2022 Gilt/LDI crisis. The fund aims to decarbonise by 30% by 2030 and demonstrates a c50% lower carbon intensity than its benchmark with sector allocations reflect management of transition risks.

b) Climate reporting

In our meeting with Capital Group, we learnt that the team is developing an enhanced reporting framework for sovereign carbon emissions within its Emerging Market Debt (EMD) portfolio. The approach considers multiple carbon metrics to better reflect the socio-economic context of emerging market countries and avoid over-reliance on production-based emissions. This approach aligns with broader industry thinking on the topic, with data sourced from external data providers. We are partnered with them as the pilot client for this new reporting offering.

We, along with LGPS Central, also held meetings with our segregated equity managers after last year's proxy season to discuss their voting approach to climate and other ESG topics. Some highlights from these discussions included:

c) Approach to Climate Stewardship

We met with Impax, who demonstrated a continued commitment to achieving their net zero targets and using a proactive and principles-based approach to climate stewardship. Impax assesses progress against net zero commitments annually across all holdings, with climate change identified as a material risk within its proprietary Corporate Resilience Analysis. The manager typically votes against the Chair of the Audit Committee where companies show insufficient progress on climate objectives and uses engagement to inform future voting decisions. Impax's methodology is aligned with the Net Zero Investment Framework (NZIF), and recent updates to NZIF 2.0 are being reviewed to refine their approach. Collaborative engagements with companies such as Linde further reinforce their commitment to driving climate action and accountability.

[23] SBTi

Engagement & voting

Climate change remains a key engagement theme for us. We, through LGPS Central, their stewardship provider EOS at Federated Hermes, and other industry wide stakeholders, collaborate with investee companies to drive global change, expecting all investee companies to manage material risks, including climate change. Below is a summary of a metric we are tracking to measure how effective stewardship activities supports the management of our climate risks.

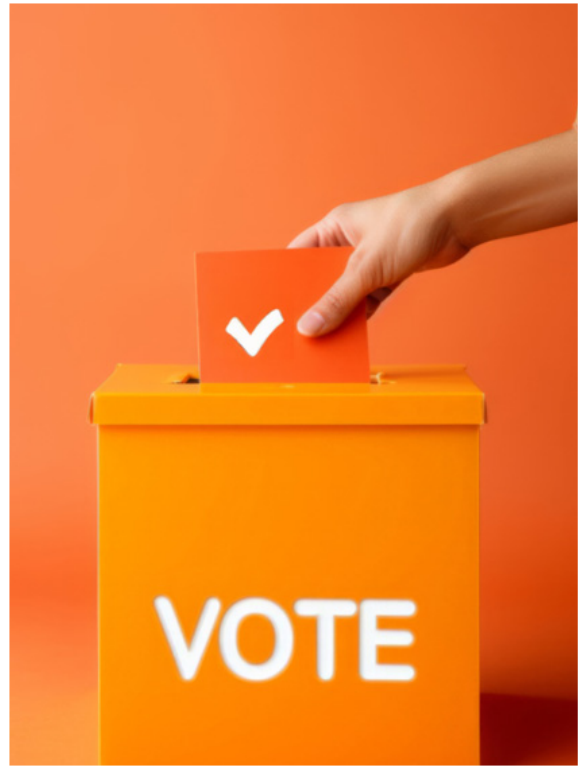
Metric	Listed equity	Corporate fixed income
% financed emissions covered by climate-related engagements by EOS	63.3%	14.1%

We recognise that engagements in the corporate fixed income space are low and will work with our pooling partner and stewardship provider to improve this. However, we note that this metric only measures engagements done by EOS and aim to expand the coverage to include engagements done by LGPS Central's RI team, investment managers and other stewardship providers including LAPFF.

Our pooling company has developed a stewardship effectiveness matrix which determines how progress is measured against defined engagement objectives. Below is a snapshot of this matrix for assessing success of climate-related engagements.

Table 5 Our pooling company's stewardship effectiveness matrix to measure the progress of defined engagement objectives

	Climate
Level 3: Successful outcome	• Company demonstrates alignment with LGPS Central net zero strategy.
Level 2: Moderate progress	• Progress observed in the Climate Action 100+ Benchmark Framework, CDP. • Companies improving on TPI management quality ladder. • Companies are partly aligned with LGPS Central net zero strategy.
Level 1: Minimum expectations	• Companies disclosing data to facilitate carbon performance assessment if relevant.
Level 0: No improvement	• No progress has been made.



Our Voting Principles[24] align with LGPS Central's, incorporating climate considerations such as market transformation, net zero, and climate lobbying. These principles describe how we may vote against certain resolutions where companies have not demonstrated an adequate response to managing material climate-related risks. All votes are transacted through LGPS Central, which ensure uniform signalling to companies through engagement and escalation on our behalf.

Escalation is an important tool to support engagement efforts. Escalation can include voting against management recommendations, public statements, AGM attendance, and filing shareholder resolutions. Below is the issuer escalation process for public equities, involving four levels. Escalation action is determined on a case-to-case basis.

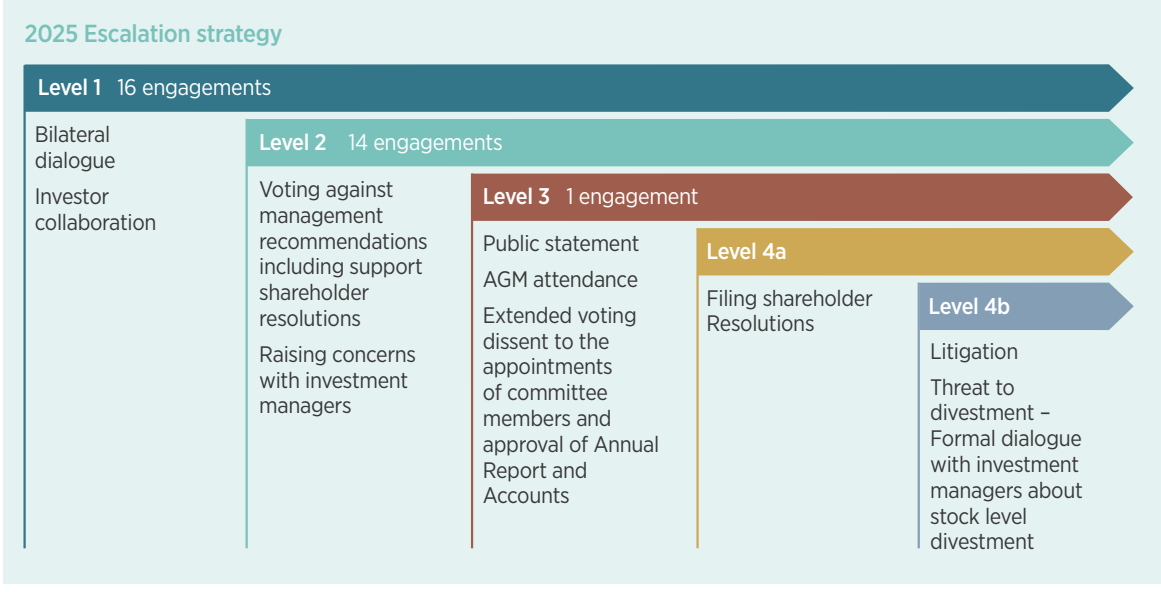


Figure 9 Diagram showing our pooling company's defined escalation strategy for investee companies

[24] WMPF Voting Principles

To carry out implementation of our targets, we, together with LGPS Central, have developed a priority list for our climate specific stewardship. These companies have been chosen following an assessment of issuer contribution to our financed emissions and our capacity to leverage change through engagement, and are reviewed annually to ensure the priority list remains relevant:

Table 6 A priority list of companies identified with the most significant climate-risks and engagement opportunity within our portfolio

Company name	Weight in listed holdings	Financed emissions	Contribution to financed emissions	Climate-related vote summary 2024-2025	Escalation levels
Shell	0.20%	12,505	2.69%	2024: Voted against management's recommendation to approve Shell's Energy Transition Strategy 2024: Abstained from voting on a resolution advising Shell to align its medium-term GHG emissions reduction target on Use of its Energy Products (S3) with the goal of the Paris Agreement	Level 2
CRH	0.20%	12,505	2.69%	2023: Voted against the company's financial statements and statutory reports due to insufficient consideration of climate-related factors, subsequently writing to the company to explain its rationale and request further dialogue.	Level 1
Holcim	0.02%	5,467	1.19%	2024: Voted for management's recommendation to approve Holcim's Climate Report	Level 2
Glencore	0.08%	4,674	1.01%	2024: Abstained from voting on Glencore's resolution for approving its 2024-2026 Climate Action Transition Plan 2024: Voted against re-election of two directors due to concerns related to inadequate management of climate-related risks from exposure to coal	Level 2
Arcelor Mittal	0.01%	4,005	0.86%	n/a	Level 2

Company name	Weight in listed holdings	Financed emissions	Contribution to financed emissions	Climate-related vote summary 2024-2025	Escalation levels
RWE	0.01%	3,439	0.74%	No dissent votes due to constructive engagement with the company	Level 2
Bp	0.11%	1,695	0.37%	2023: Voted against the Financial Statements and Statutory Reports, CEO, and Chair due to concerns pertaining to the management of climate risk. 2025: Voted against the Chair, SID, and Safety & Sustainability Committee Chair at the AGM due to governance and climate strategy concerns.	Level 2
Cemex	<0.01%	1,213	0.26%	n/a	Level 2
BHP	0.11%	1,174	0.22%	2024: Voted against management's recommendation of approving BHP's Climate Action Transition Plan	Level 1
Rio Tinto	0.02%	1,032	2.69%	2025: Voted against approval of the company's climate action plan as targets covering Scope 3 emissions were not presented. Voted against approval of remuneration reports due to climate performance metrics being counted twice as part of both short term and long-term remuneration KPI.	Level 1

Engagement & voting case studies

Shell plc

Objective:

Short-term: Build an effective engagement relationship with the company.

Long term: Ensure that Shell's net zero policy is aligned with a 1.5°C temperature increase.

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

Outcome: Shell's long-term business strategy and key future dates were clarified. This marks significant progress towards achieving the short-term objective of this engagement. Getting further clarity on how Shell's net-zero commitment is resilient to economic scenarios, especially in relation to global liquified natural gas demand over the next few decades, is expected.

Progress and disclosure of alignment with various climate outcomes:
Moderate - Introduction of absolute Scope 3 emissions reduction targets and disclosure of alignment with various climate outcomes

RWE AG

Objective: To mitigate stranded asset risk associated with gas infrastructure investments.

Engagement: LGPS Central met with RWE's investor relations to discuss concerns regarding the German utility company's ability to mitigate stranded asset risk associated with its gas infrastructure investments. The firm has an aim to be net zero by 2040, however the decarbonisation pathways for the gas assets rely on green hydrogen (in Germany) and carbon capture storage (in the UK). Due to the nascency of the technologies, the degree to which RWE can decarbonise its gas assets relies on a supportive policy environment ensuring that the technologies would be economically viable.

Outcome: The need to engage with German and UK policymakers on the development of green hydrogen and carbon capture storage was emphasised. The company outlined that they engage with policymakers however didn't provide much detail on their advocacy activities. Further details of their advocacy details were requested in writing and encouraged RWE to disclose their advocacy activities publicly. LGPS Central will continue to engage with RWE on this issue. The company also outlines that the phase out of coal will not be viable until 2030 due to mandatory national requirements.

Progress: Moderate - RWE has responded with evidence of lobbying activity (German lobby register) and committed to improving transparency in future disclosures

BHP

Objective: Enhanced disclosure on Just Transition.

Engagement: Through CA100+, LGPS Central met with BHP regarding the closure of the Mount Arthur thermal coal mine, which was due to close in 2045 but will now close in 2030. There are approximately 2,200 employees at risk of job loss. Although BHP has committed to the responsible closure of the mine in 2030, the company was asked to provide reassurance on how this commitment will be met. The company confirmed that they have set up the Tomorrow, Together Initiative, which aims to support BHP employees in identifying an appropriate pathway post-closure for the workforce. When the company was questioned regarding the progress of the initiative, the company confirmed that they have assigned costs to re-training and redeployment. However, the company has not disclosed these costs outside of the usual rehabilitation costs. BHP explained that consultations have taken place with employees to consider the appropriate levels of retraining and redeployment while considerations regarding contract workers are being managed by their agencies. The company confirmed that it wants to allow workers to reconsider their plans and change their minds about where they want to relocate after the mine closure.

Outcome: The company acknowledged the rationale behind public disclosures, omitting specific Tomorrow, Together Initiative metrics.

Progress: Moderate - Engagement led to the disclosure of provisions amounting to $30 million community fund supporting retraining and regional development.

BHP

Table 7 A list of organisations and initiatives that our pooling company or ourselves actively participate in

Collaboration and advocacy

We are an active participant in national and international initiatives to support a just and orderly climate transition. We collaborate through:

Organisation	Remit
LGPS Central Limited	**LGPS Central** – leveraging pooled stewardship capabilities to influence change.
Federated Hermes	**EOS at Federated Hermes** – Stewardship manager appointed by LGPS Central carrying out a large majority of our RI engagement and voting activities
Local Authority Pension Fund Forum	**The Local Authority Pension Fund Forum (LAPFF)**[25] – engaging with companies on decarbonisation, climate lobbying, and transition planning.
PRI Principles for Responsible Investment	The PRI is the largest RI-related organisation globally and helps with research, policy influence and collaborative engagement. WMPF has been a signatory with the PRI since 2011.
Transition Pathway Initiative	**Transition Pathway Initiative**[26] – research & data centre focusing on company policies and performance with regard to a low carbon economy.

Organisation	Remit
IIGCC The Institutional Investors Group on Climate Change	**The Institutional Investors Group on Climate Change (IIGCC)**[27] – developing and applying net zero investor frameworks, participating in smaller working groups to produce industry guidance on different aspects of climate change investment risks management. **Paris Aligned Asset Owners**[28] – a global asset owner initiative that showcases our commitment to achieving net zero by 2050 or sooner through annual reporting of our progress to decarbonisation.
Climate Action 100+ Global Investors Driving Business Transition	**Climate Action 100+**[29] – for collaborative investor engagement with largest 169 companies responsible for global corporate emissions.

Spotlight

- We contributed to IIGCC's Climate Solutions Guidance, published in July 2025, which supports investors in identifying and assessing investments aligned with credible net-zero pathways.
- We reviewed and provided feedback to IIGCC's Externally Managed Funds Guidance, due to be published at the end of 2025, which provides additional guidance to allocators on how to drive decarbonisation efforts in investments that are externally managed.

[25] LAPFF
[26] TPI
[27] IGCC
[28] PAAO
[29] CA100+

Spotlights

Global Investor Statement to Governments on the Climate Crisis[30]
Signed by 534 financial institutions representing $29 trillion in assets under management, this statement is a unified call to action urging governments to implement policies that support a climate-resilient, net zero emissions economy by 2050 or sooner.

The statement outlines five key areas for government action:

1) Enact economy-wide public policies to drive systemic change.
2) Implement sector-specific strategies, particularly in high-emitting industries.
3) Address nature, water, and biodiversity-related challenges that both contribute to and result from the climate crisis.
4) Mandate climate-related disclosures across the financial system to enhance transparency and accountability.
5) Facilitate increased private investment in climate mitigation, resilience, and adaptation—especially in emerging markets and developing economies.

We signed the statement in September 2024, recognising the urgent need for a globally coordinated approach to address systemic climate risks—both within our economies and across our investment portfolios.

Asset Owner Climate Stewardship Statement[31]
The Asset Owner Stewardship Statement was co-authored by The People's Pension, Brunel Pension Partnership, and Scottish Widows as a call to action for asset managers to strengthen and evolve their climate stewardship strategies. The statement set out five core expectations from asset managers on policy engagement, collaborative initiatives, prioritisation frameworks, voting approach and resourcing on stewardship teams. We supported the statement alongside investors representing $1.5 trillion in assets under management and looking to further engage with our managers on their climate approach.

Investor Engagement on Climate Transition Plans: Collaborative Call for Climate Transition Plan disclosure[32]
As part of our ongoing commitment to robust climate stewardship, WMPF signed on to the investor letter coordinated by the Local Authority Pension Fund Forum (LAPFF) and CCLA Investment Management (Churches, Charities and Local Authorities Investment Management) addressed to all companies in the FTSE 100 index The letter calls for each company to publish its climate transition plan and submit it to an annual shareholder vote, supporting transparency and accountability on progress toward the Paris Agreement 1.5°C goal. With participation from over 50 collaborating investors representing more than £3 trillion in assets under management, this engagement aims to strengthen corporate accountability by promoting transparent, credible, and measurable decarbonisation strategies.

[30] Global Investor Statement to Governments on the Climate Crisis
[31] Asset Owner Climate Stewardship Statement
[32] More details on the letter to FTSE 100 Index companies can be found on LAPFF's website

Metrics & Results

To monitor climate-related risks and opportunities in our portfolio, we track a set of quantitative metrics that provide insight into both current exposures and progress toward our climate objectives. These metrics are reported annually and used to inform investment decisions, manager oversight, and engagement priorities.

Scope

Over time, the scope of analysis and the metrics employed has expanded and evolved to keep abreast of the latest methodologies and available data. As of 31 March 2025, we measure the carbon footprints of our equities, corporate bonds, sovereign debt portfolios. We are also in the process of completing carbon foot printing of our private market assets for the purpose of baselining and future target setting.

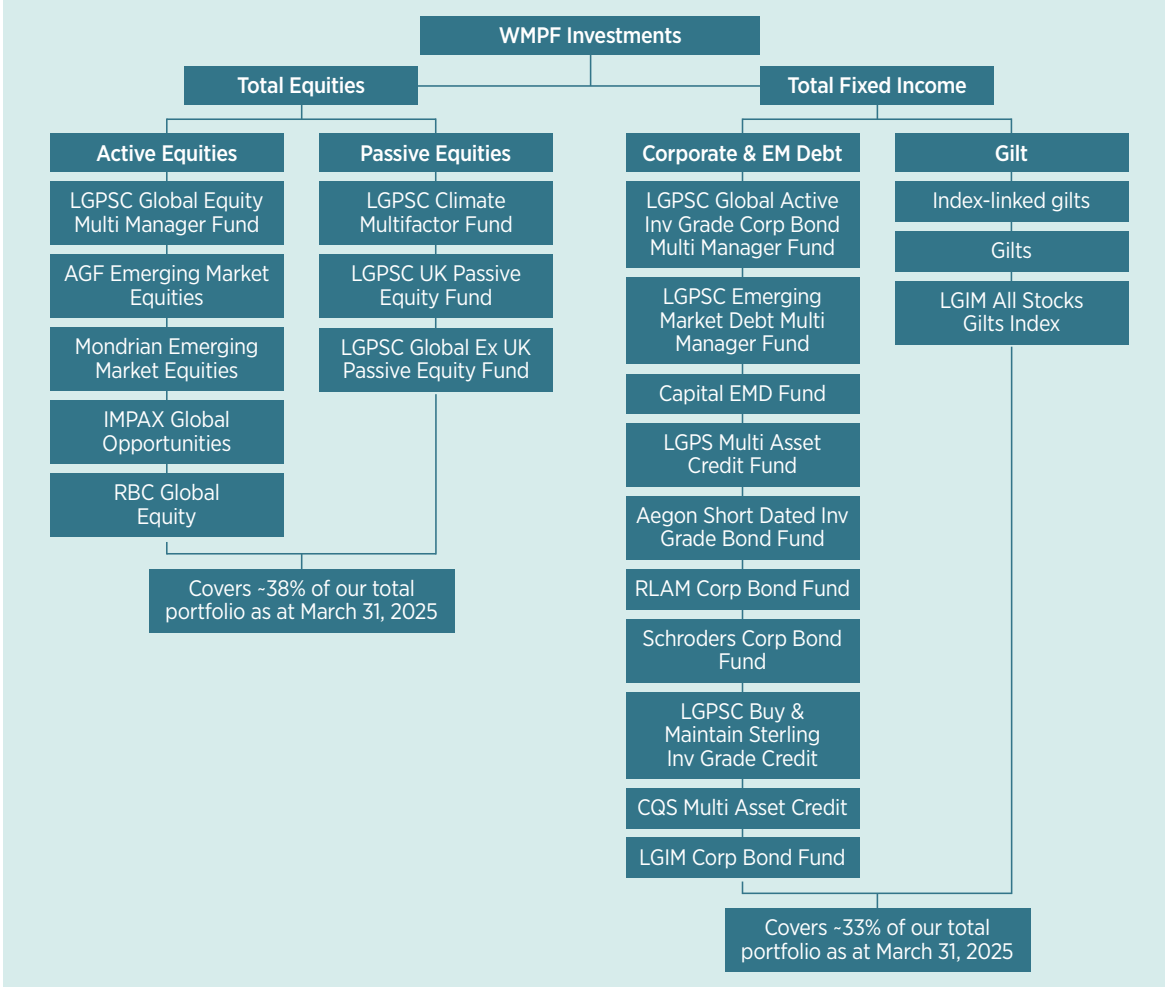


Figure 10 Diagram showing the funds covered in the climate analysis by asset class

Our Climate Targets & Metrics

Reducing emissions

Purpose

To reduce the emissions made by the companies and sectors we invest in

Targets

Short term: 50% reduction in investment portfolio carbon emissions by 2030 (baseline of 2019)

Long term: Net zero scope 1, 2 and 3 GHG emissions across all asset classes by 2050

Table 8 Comparison of the different carbon emission metrics used in the climate analysis

	Metrics monitored		
Metrics	**Financed emissions**	**Normalised financed emissions**	**Weighted average carbon intensity (WACI)**
Absolute/ Intensity	Absolute	Intensity	Intensity
Definition	Financed emissions calculates the absolute tonnes of CO_2 equivalent for which an investor is responsible.	This metric measures the financed emissions for every £1 million invested.	WACI measures exposure to carbon-intensive companies.
Questions answered	What is my fund's total carbon footprint?	What is my fund's normalised carbon footprint per million GBP invested?	What is my fund's exposure to carbon-intensive companies?
Units	tCO_2e	tCO_2e/£m invested[33]	tCO_2e/$m sales[34]
Comparability	No; does not take size into account	Yes; adjusts for fund size	Yes

[33] Normalised financed emissions uses GBP as the base currency as this is the currency used for our investments.
[34] WACI uses USD as the base currency due to USD's prevalence in global corporate reporting.

Listed equity

The analysis covers eight equity portfolios (shown in scope above) totalling approximately £7.7bn AUM as of March 31, 2025. Each fund's carbon footprint is evaluated in comparison to the primary market index in which it predominantly invests.

Key highlights below:

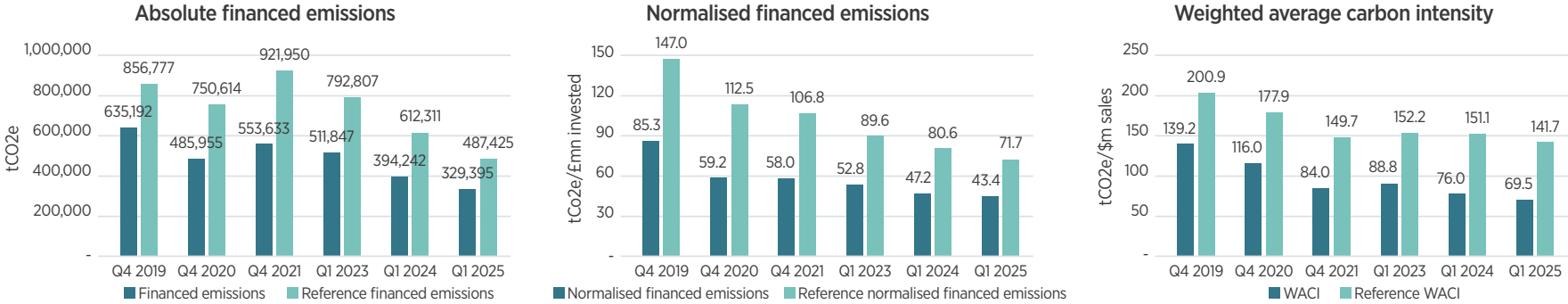


Figure 11 Graphs showing absolute & normalised emissions and the weighted average carbon intensity of our listed equity portfolio and its benchmark since 2019

Table 9 Climate-related datapoints on our listed equity portfolio including emission reduction values and data quality/coverage values

Particulars	Value
% listed equity AUM covered	100%
Absolute emissions reduction vs 2019 baseline	~48%
Normalised financed emissions reduction vs 2019 baseline	~49%
Normalised financed emissions lower vs benchmark	~51%
WACI reduction vs 2019 baseline	~50%
WACI lower vs benchmark	~51%
Reported data	90%
Estimated data	7.7%
Missing/unavailable data	2.3%
% AUM with PCAF data quality score 2	~89%

Table 10 The breakdown of the aggregate reference benchmarks used for our listed equity portfolio

The table summarises the reference indices that we used:

Investment universe (most predominant)	Reference index
UK equities	FTSE UK All Share Index
Developed markets	FTSE All-World Index
Emerging markets	FTSE Emerging Index

The reference index illustrated in the above graphs is reflective of a portfolio weighted reference index of the above indices.[35]

[35] i.e., if 10% of the Fund's equity NAV was invested in UK equity portfolios, 10% of the reference index would be reflective of the FTSE UK All Share Index.

The charts on the previous page depict the downward trend of absolute & normalised financed emissions and WACI for the listed equity portfolio from 2019 (baseline) to 31 March 2025. The portfolio's normalised financed emissions have decreased by ~49% since 2019, vs a reference benchmark reduction of ~43% during the same period. Similarly, there has been a ~50% reduction in WACI of the portfolio, compared to a ~30% reduction in the reference benchmarks' WACI in the same period.

In 2019, the utilities and materials sectors were the biggest sources of financed emissions, making up 33.4% and 30.6% respectively. Since then, both sectors have reduced their WACI — utilities by 49.5% and materials by 20.6%. Their portfolio weights also fell by 2.0 and 1.7 percentage points, further reducing total and normalised financed emissions, as well as WACI. Overall, the drop in emissions reflects both a shift away from carbon-intensive sectors and decarbonisation by the companies themselves.

The portfolio's normalised financed emissions and WACI are now 39.5% and 51.0% lower than those of the reference index. This difference is mainly due to the portfolio's lower exposure to utilities and materials. The portfolio is 0.8 percentage points underweight in utilities and 0.1 percentage points underweight in materials compared to the benchmark. In addition, the portfolio excludes major high-emitting materials companies such as Tata Steel and Cemex and holds smaller positions in Holcim and ArcelorMittal. Together, these factors contribute to its lower overall emissions profile relative to the benchmark.

Data availability

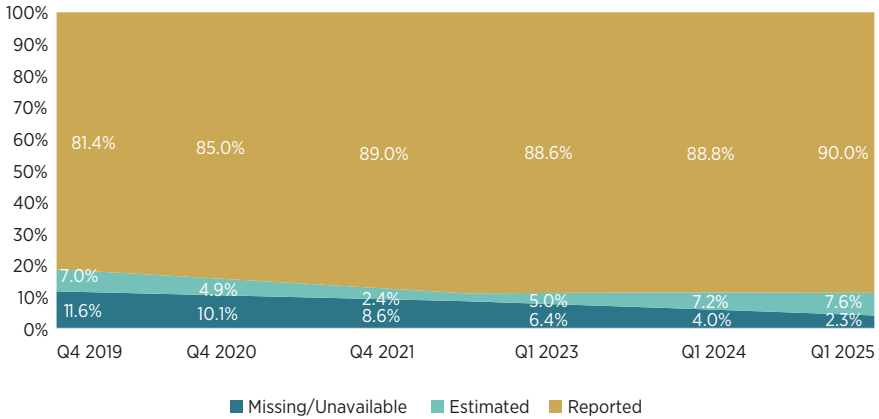


Figure 12 Graphs showing the proportion of missing/unavailable, estimated and reported climate data for our listed equity portfolio since 2019

While data availability for listed equities has been relatively strong since beginning carbon foot printing, the graph above illustrates an improving trend as the reported data is seen improving over time, while the estimated and missing data is seen reducing. A high level of data availability implies the aggregated carbon metrics are more reflective of the portfolio's overall carbon emissions profile. Where data availability is lower, aggregated carbon metrics are more likely to be skewed and therefore less reflective of the actual portfolio emissions.

We use the Transition Pathway Initiative (TPI) Management Quality score as another indicator of climate risk management. The TPI Management Quality score evaluates and tracks the quality of companies' governance and management of their GHG emissions.

TPI Management Quality score

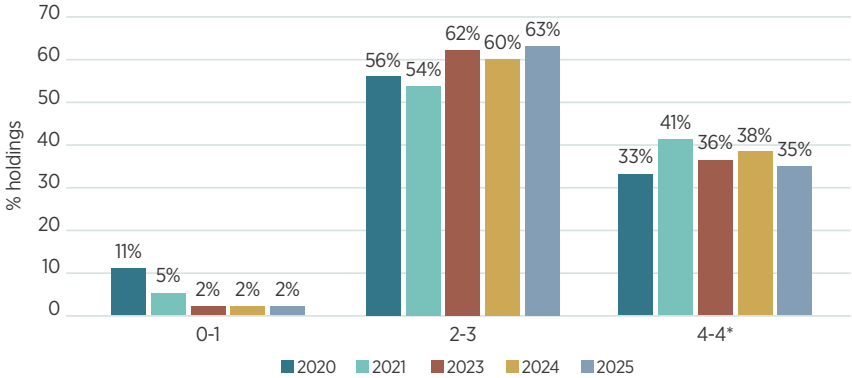


Figure 13 Graphs showing the TPI management quality scores for our listed equity portfolio, where available, since 2019

The total number of companies in the TPI's Management Quality score database increased to 2060 in 2025 compared to 1058 in 2024. The number of companies in scope for this analysis within our listed equity portfolio has increased from 287 in Dec 2020 to 937 as of March 31, 2025. As at this date, none of the companies have a score of 0 – unaware of (or not acknowledging) climate change as a business issue.

2% of the companies covered by TPI's analysis are still at an early stage of establishing carbon management and reporting processes, with 27 companies acknowledging climate change as a business issue (level 1) and 43 building capacity to report on progress (level 2). 63% of the companies are currently integrating climate change into their operational decision making (level 2-3). The percentage of companies with a Management Quality score of 4 or 4* has decreased from 38% in 2024 to 35% in 2025, but this should be seen relative to the greatly expanded coverage. A score of 4 or 4* indicates number of companies evidencing a strategic and holistic understanding of the risks and opportunities related to low-carbon transition.

Corporate fixed income

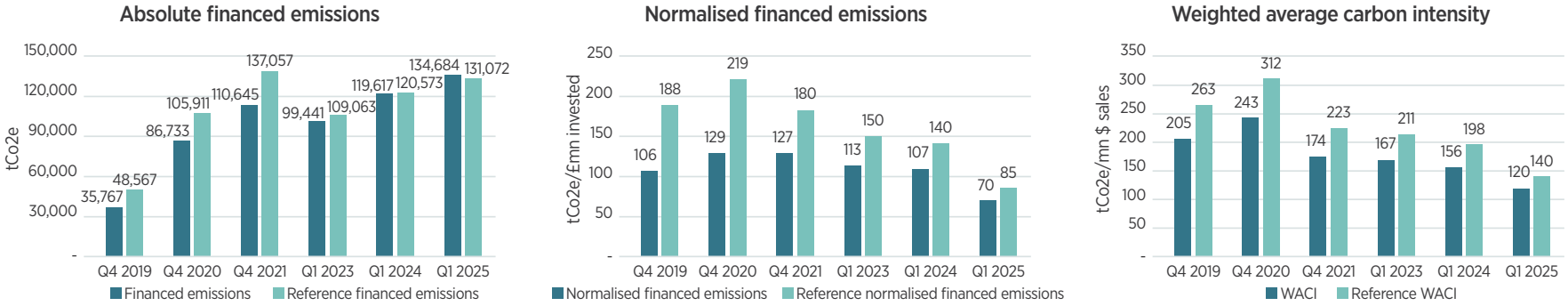


Figure 14 Graphs showing absolute & normalised emissions and the weighted average carbon intensity of our corporate fixed income portfolio and its benchmark since 2019

Table 11 Climate-related datapoints on our corporate fixed income portfolio including emission reduction values and data quality/coverage values

Particulars	Value
% listed corp FI AUM covered	100%
Absolute emissions increase vs 2019 baseline	~276%
Normalised financed emissions reduction vs 2019 baseline	~34%
Normalised financed emissions lower vs benchmark	~17%
WACI reduction vs 2019 baseline	~24%
WACI lower vs benchmark	~14%
Reported data	65.6%
Estimated data	10.1%
Missing/unavailable data	24.3%
% AUM with PCAF data quality score 2	~25%

The analysis covers ten corporate and emerging market bond funds accounting for ~£3.3bn in AUM as on March 31, 2025.[36] Our gilt portfolios are analysed separately in the sovereign emissions section below.

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

Table 12 The breakdown of the aggregate reference benchmarks used for our corporate fixed income portfolio

Fund	Reference index
LGPS Central Global Active Investment Grade Corporate Bond Multi Manager Fund	50% Sterling Non-Gilt Index + 50% ICE BofA Global Corporate Index
Aegon Short Dated Investment Grade Bonds Fund	ICE BofA Global Corporate Index
RLAM Corporate Bond Fund	ICE BofA Sterling Non-Gilt Index
Schroders Corporate Bond Fund	ICE BofA Sterling Non-Gilt Index
Capital Group Emerging Markets Debt Fund	JP Morgan EMBI Global Diversified Index
LGPS Central Buy and Maintain Sterling Investment Grade Credit	ICE BofA Sterling Non-Gilt Index
LGIM Corporate Bond Fund	ICE BofA Sterling Non-Gilt Index
LGPS Central Global Active Emerging Market Bond Fund	JP Morgan EMBI Global Diversified Index
LGPS Central Global Active Multi Asset Credit Fund	There is no benchmark data available for this fund. Therefore, it does not form part of the reference benchmark metrics.
MCQS Multi Asset Credit Fund	There is no benchmark data available for this fund. Therefore, it does not form part of the reference benchmark metrics.

The charts on the previous page depict the trend of absolute & normalised financed emissions and WACI for the corporate fixed income portfolio from 2019 (baseline) to 31 March, 2025. The portfolio's normalised financed emissions have decreased by ~34% since 2019, vs a reference benchmark reduction of ~55% during the same period. Similarly, there has been a ~41% reduction in WACI of the portfolio, compared to a ~47% reduction in the reference benchmark's WACI in the same period. While the portfolio's rate of reduction is somewhat lower than the benchmark's, this reflects the fact that the benchmark started from a much higher emissions baseline. The portfolio has maintained a consistently lower emissions intensity over time, reflecting a more efficient starting position and a disciplined investment approach within its mandate, which naturally limits the scope for further percentage reductions relative to the benchmark. Notably, the portfolio is marginally oerweight in the utilities sector, implying that lower cliamte metrics are driven by issuer selection.

The increase in absolute portfolio emissions can be attributed to increased allocations to fixed income assets[37] from ~9.7% in 2019 to ~16% as on Q1 2025. However, while overall exposure to fixed income assets has increased, the growth has been more pronounced in non-emerging markets, investment grade corporate bonds and a short-dated bond fund with a climate tilt. These funds tend to exhibit lower financed emissions and carbon intensity relative to emerging market portfolios, thereby contributing to the WMPF's lower climate metrics within its corporate fixed income allocation.

On accounting for fluctuations in NAV, i.e. via normalised financed emissions, we notice a downward trend in emissions (decrease of ~34%). Similar to equities, this is both on account of a strategic reduction in allocations to carbon-intensive sectors such as utilities and materials (in 2019, the utilities and materials sectors accounted for 45.3% of the portfolio's financed emissions. As of 2025, the normalised financed emissions associated with these sectors has decreased by 8.8% and 47.8% respectively. In addition, the WACI associated with the materials, industrials and energy sectors decreased by 61.7%, 28.8% and 16.2% respectively, from 2019), and due to measurable decarbonisation efforts by investee companies over the period.

[36] Excluding liquid assets in cash/money market funds.
[37] There has been an allocation to a new emerging market debt fund over the years – however, this has been smaller in proportion to allocations to other investment grade corporate bond and multi-asset credit funds.

Data availability

Corporate fixed income data availability over time

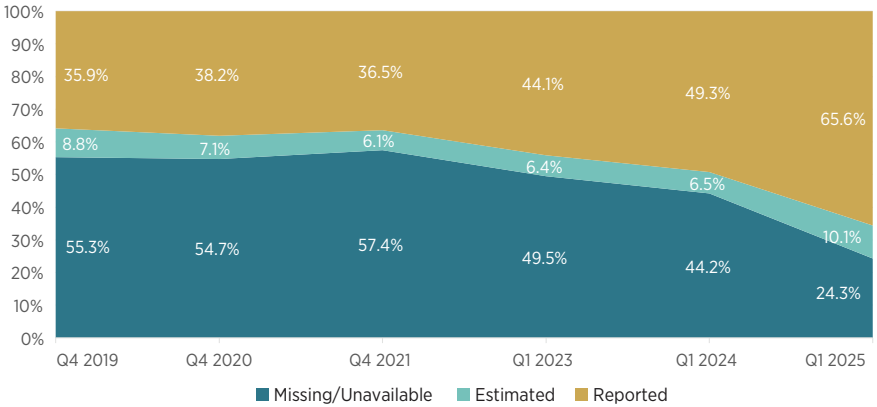


Figure 15 Graphs showing the proportion of missing/unavailable, estimated and reported emission values for our corporate fixed income portfolio since 2019

Unlike equities, data availability for fixed income assets has been notably weaker in prior years. However, since we began carbon foot printing there has been a notable improvement in data availability for the asset class.

Restatements
Poor data availability, lag in companies' emissions reporting, and ongoing methodology updates can often lead to restatements of previously reported emissions data. While restatements within equities have been relatively minor—reflecting improved data coverage and quality—this is not yet the case for fixed income assets. The data landscape for fixed income (including sovereigns, emerging market corporates, and asset-backed securities) continues to evolve, which may result in more significant restatements over time.

We have chosen to include fixed income data for transparency; however, these figures should be interpreted with caution given the potential for larger revisions as data quality improves.

As seen in the table below, fixed income portfolio data reported in 2024 has been restated by 42% on an absolute basis compared to the 221% restatement of the benchmark. As all funds have been included in this analysis, this restatement is largely on account of increased data availability and improving data quality & coverage across the fixed income portfolio. Corporate data coverage for scope 1 and 2 financed emissions increased by 14.3% and 23.7%, for the portfolio and reference index respectively. These restatements are more pronounced in absolute measures, such as financed emissions, where additional values are simply aggregated within the total. In contrast, relative measures such as WACI will be less affected, as new values are weighted during aggregation.

Table 13 Restated emission values for our listed equity and corporate fixed income portfolios reported in 2024 following analysis undertaken in 2025

Data for	Asset class	Metric	Portfolio value reported internally in 2024	Reference index value reported in 2024	Portfolio value restated in 2025	Benchmark value restated in 2025	Change from restatement (portfolio)	Change from restatement (benchmark)
Q1 2024	Listed equity	Financed emissions	401,894	647,217	394,242	612,311	-1.9%	-5.4%
		Normalised financed emissions	47.5	86.6	47.2	80.6	-0.6%	-6.9%
		WACI	75.8	153.1	76.0	151.1	0.3%	-1.3%
	Corporate fixed income	Financed emissions	83,999	37,540	119,617	120,573	42.4%	221.2%
		Normalised financed emissions	105.5	66.3	106.1	140.4	1%	111.8%
		WACI	167.1	215.7	155.8	197.5	-6.8%	-8.4%

It is important to note that reference benchmarks for the LGPS Central Global Active Multi Asset Credit Fund and the Manulife CQS Multi Asset Credit Fund have not been included in this analysis due to unavailability of climate data. As a result, the reference benchmarks' absolute, normalised emissions and WACI are understated to that extent, leading to the distorted figures. Comparison with benchmark data is not recommended. We have included snapshots of how the data will look without including the multi-asset credit funds' emission metrics in the appendix.

Considerations and next steps

We recognise the decarbonisation of our portfolio will not be linear and that backward-looking emissions data may not be reflective of our portfolio's forward-looking performance. There are limitations to the methodologies used to calculate emissions data which can result in large variations, particularly as data becomes more readily available and updated. Therefore, it is important to understand any limitations and incorporate emissions data with other climate-related metrics. Investing in decarbonising technologies might raise our emissions short-term, due to the initial energy use, infrastructure development and transition period, but it will be crucial in achieving real world decarbonisation. Not all sectors and countries will decarbonise at the same rate, and each will face unique challenges and barriers. Some areas are still developing in terms of data coverage and quality. This will need to be considered in our reporting outputs and analysis.

We will continue to work with LGPS Central and data providers to perform attribution analysis to disclose factors behind changes in emissions performance, where possible.

Aligning our assets

Purpose

To provide a forward-looking assessment of how the companies we invest in are managing climate risk and their likelihood of achieving net zero by 2050.

Targets

Short term: 50% of assets to be aligning or aligned to a net zero pathway or achieving net zero by 2030

Long term: 100% of assets to be aligning or aligned to a net zero pathway or achieving net zero by 2040

Methodology

Criteria for assessing alignment[38] will be developed alongside the consideration of data availability but we will look to use known initiatives such as the 'NZIF 2.0 framework'[39] for public markets. Assets will be evaluated based on specific criteria and placed into one of four categories. Assets not meeting any criteria will be labelled as not aligning, indicating they lack a commitment to decarbonise in line with global net zero goals.

[38] Based on % assets under management. Includes listed equity and listed corporate fixed income only.
[39] NZIF Framework 2.0

We have obtained data on public markets alignment using the NZIF methodology developed by IIGCC. It uses the following indicators to measure alignment:

Table 14 Definitions for the different alignment categories defined by the IIGCC Net Zero Investment Framework

Criteria		Committed to aligning	Aligning to a net zero pathway	Aligned to a net zero pathway	Achieving net zero
Criteria	Definition:	Assets with a long-term decarbonisation goal aligned with achieving global net zero by 2050	Assets with emissions not yet aligned with a net zero pathway, but they have science-based targets and a decarbonisation plan, making them ready to transition	Assets with science-based targets, a decarbonisation plan, and emissions in line with a net zero pathway, indicating managed transition risk at the asset level	Asset meets all criteria and maintains net zero emissions over time
The asset meets and maintain regional and sector-specific emission levels and will continue to do so by 2050.					✓
Emission performance: emissions (absolute/intensity) match net zero requirements				✓	✓
Capital allocation: investment spending aligns with net zero goals				✓	✓
Decarbonisation plan: detailed plan for reducing GHG and increasing green revenues			✓	✓	✓
Disclosure: report on emissions, including scope 1, 2, and significant scope 3			✓	✓	✓
Targets: set clear, science-based short- and medium-term GHG reduction targets			✓	✓	✓
Ambition: long-term goal to reach net-zero emissions by 2050		✓	✓	✓	✓

Below is the net zero alignment data for listed equities and corporate fixed income as on March 31, 2025 (based on the above indicators)[40]:

Listed equity net zero alignment

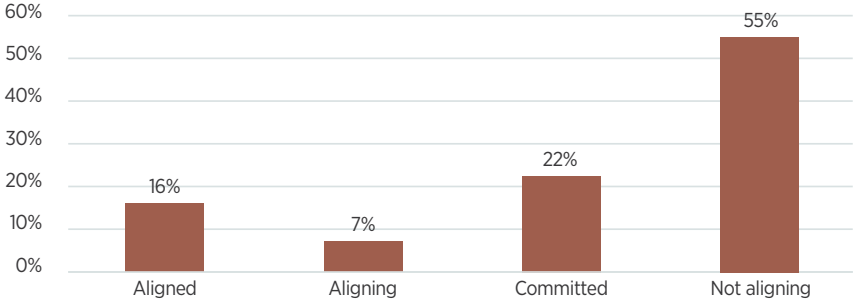


Figure 16 Graph showing the alignment of investee companies in our listed equity portfolio to categories in the IIGCC Net Zero Investment Framework

Corporate fixed income net zero alignment

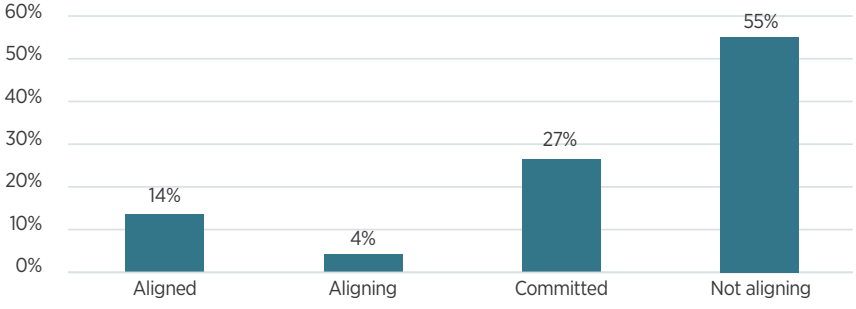


Figure 17 Graph showing the alignment of investee companies in our corporate fixed income portfolio to categories in the IIGCC Net Zero Investment Framework

There are several reasons why a large share of companies may be classified as "not aligning" (or lower on the maturity scale) in both listed equity and fixed-income universes:

- **Data gaps and disclosure limitations**
  Many companies—especially outside developed markets—do not disclose full Scope 3 emissions or credible transition plans. Fixed-income issuers generally provide even less climate data, making alignment harder to assess.
- **Legacy business models/high-emitting sectors**
  Firms in sectors such as utilities, materials, and energy often have high embedded emissions and lack credible 1.5 °C transition strategies, making alignment more difficult.
- **Timing/transition path distance**
  Many companies are still developing credible net-zero pathways and have yet to demonstrate measurable emissions reductions or aligned capital spending.
- **Sector and asset-class complexity**
  Fixed-income issuers (e.g., EM corporates, asset-backed securities, high-yield bonds) face more complex governance and weaker disclosure, limiting coverage and increasing the share of "not aligning" assets.
- **Assessment thresholds and strict criteria**
  NZIF's alignment criteria are stringent, and most issuers do not yet meet all requirements—so many remain classified as "not aligning" by default.
- **Data provider inefficiencies**
  The current alignment metric provided by the data provider is a point in time metric and therefore does not allow for comparison over the previous years. The change in alignment data would only be attributable to changes in sector and stock allocations, thereby removing the ability to perform an analysis of net zero alignment trends.

We are considering all of these limitations when taking a decision on the final framework/criteria we want to use to assess alignment. The above charts have been provided to ensure openness and transparency in our reporting. However, this data provides a useful baseline for assessment of alignment in future years.

[40]Data has been scaled to remove missing/unavailable data. The proportion of data missing for listed equity and corporate fixed income is 3% and 51% respectively.

Sovereign emissions

Measuring sovereign carbon emissions is complex. Compared with corporate activities, the economic activities of a country are much broader in nature. They encompass the production and consumption of goods and services, distribution and trade activities. Consequently, the data associated with sovereign carbon emissions are more diverse and should be kept separate from corporate fixed income emissions reporting.

It is important that sovereign carbon emissions be interpreted in the context of a country's economic development and structure.

Below is the emissions profile of our gilt holdings encompassing ~ £3.8bn[41] of AUM as on March 31, 2025.

Table 15 The production and consumptions emissions associated with our gilt holdings assessed

Particulars	Value	Description
Production emissions (absolute tCO2e)	683,789	Absolute carbon emissions measuring the total level of greenhouse gases (GHG) emitted by a country over a specific period of time.
Consumption emissions (WACI tCO2e/$mn revenue generated)	8	Intensity metrics provide a 'per unit' measure, such as population or GDP, this normalisation allows for a comparison between countries of varying size.

Since UK gilts currently constitute ~80% of our sovereign emissions, we have assessed the UK's forward-looking emissions trajectory below to provide insight into how our net zero goals will be achieved for the sovereign portfolio.

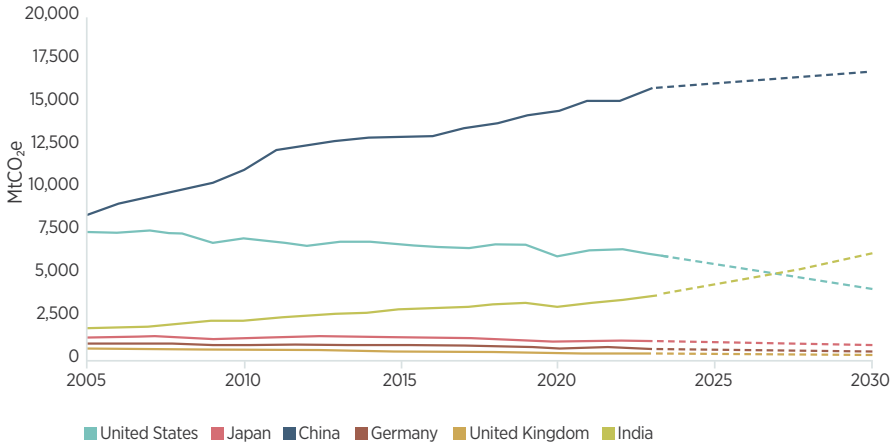


Figure 18 Graph showing the absolute production-based emissions of the US, Japan, China, Germany, UK and India since 2005 and projected to 2030

Absolute production-based emissions (excluding land-use, land-use change and forestry (LULUCF)) - the total volume of GHG emissions generated within a country's borders from the production of goods and services, usually reported in metric tonnes of CO_2-equivalent (tCO_2e).

[41] This AUM is associated with only our pure gilt holdings. Other funds like the Capital EMD fund, LGPS Central Global Active Emerging Market Bond Fund, and LGPS Central Global Active Multi Asset Credit Fund, amongst others, have sovereign allocations too, the emissions for which have also been included in the total production and consumption emissions shown in the table.

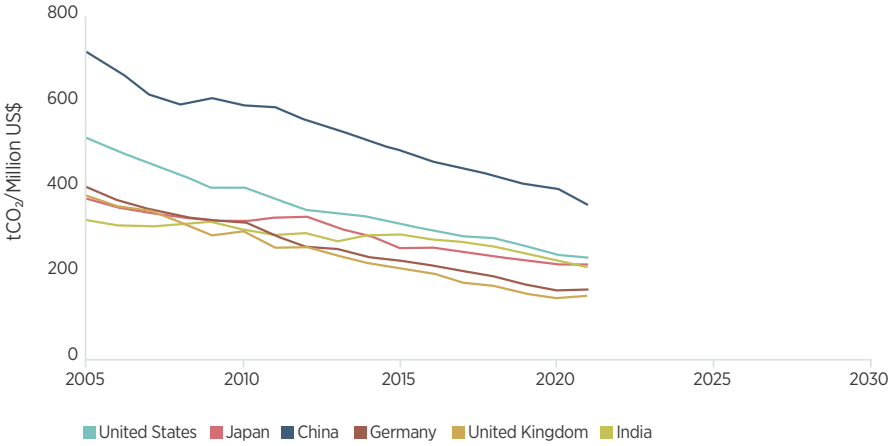


Figure 19 Graph showing the consumption intensity per GDP of the US, Japan, China, Germany, UK and India since 2005

Consumption intensity per GDP (Exc LULUCF) - is a measure that shows how much GHG emissions are generated by a country's consumption activities relative to the size of its economy, adjusted for purchasing power, i.e. amount of CO_2 (or CO_2-equivalent) emissions produced per unit of economic output, adjusted for local purchasing power.

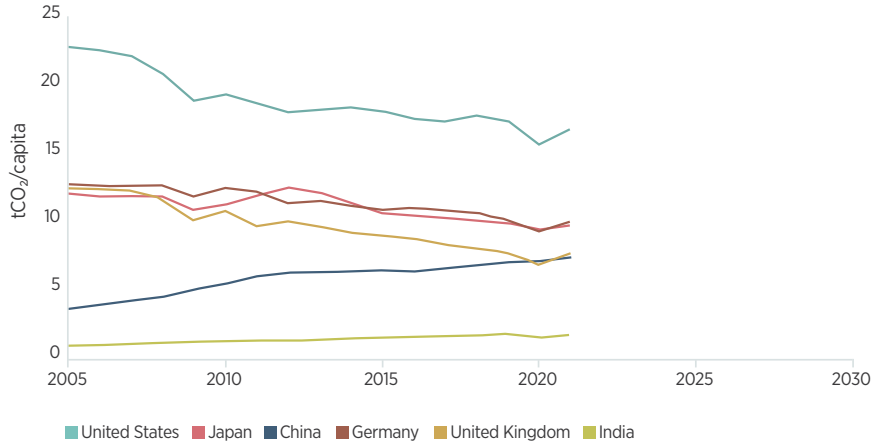


Figure 20 Graph showing the consumption intensity per capita of the US, Japan, China, Germany, UK and India since 2005

Consumption intensity per capita (Exc LULUCF) – is a measure that shows how much GHG emissions are generated by a country per capita.

The above analysis is taken from the TPI's Assessing Sovereign Climate-related Opportunities and Risks (ASCOR)[42] Project. This is an investor-led framework of indicators to assess how countries are managing the low-carbon transition and its impacts. In the graph on the previous page, we can see that the UK's absolute emissions trajectory is the lowest compared to the top 6 largest countries by GDP. Even the consumption intensity per GDP of the UK is following a downward trajectory as seen on the graph on the left. However, due to its significantly smaller population, its emissions intensity per capita is higher compared to more populous countries like India and China – albeit on a downward trend (as seen on the graph on the right).

[42] ASCOR

ASCOR assessment - On the whole, the UK, classified as an advanced economy, scores well in areas like climate legislation, adaptation and transparency in climate spending. It scores partially well when it comes to emission trends and targets, falling short of expectations for advanced economies adopting an accelerated target to 1.5 degrees alignment. Additionally, carbon pricing and sectoral transition plans are areas where it has shown partial progress, but more can be done like mandating an inclusive and institutionalised approach to a just transition. As next steps, we will continue to feed into UK government policy consultations, where possible, with respect to the country's net zero strategy. We will also work with our sovereign fund managers and other industry stakeholders to further evolve the sovereign emissions data assessment and reporting landscape, particularly for emerging market sovereigns, to ensure greater transparency and prioritisation of efforts.

Private markets

Our private-markets approach uses two complementary initiatives.

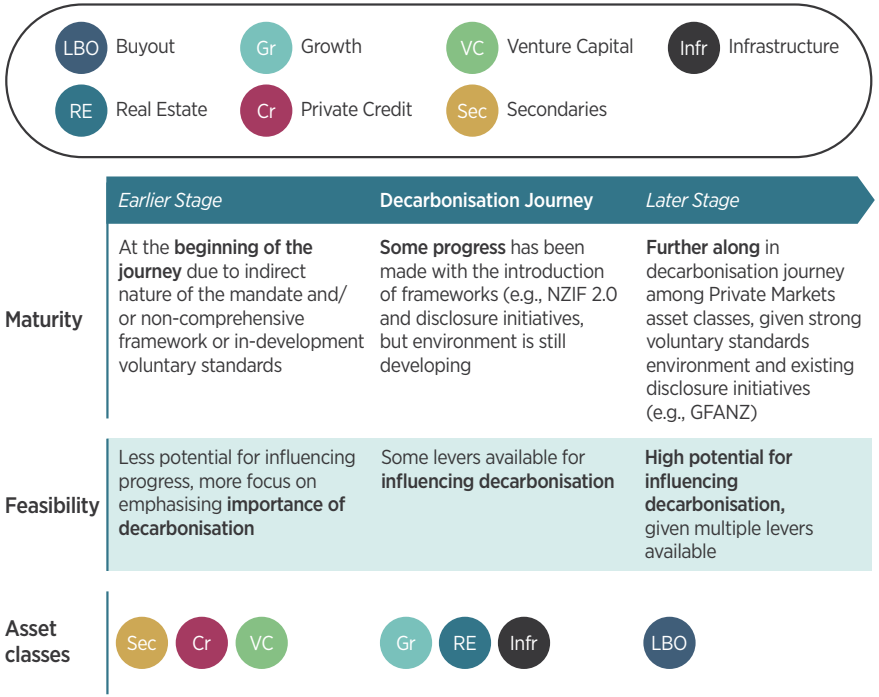
- The ESG Data Convergence Initiative (EDCI), an industry effort supported by the Institutional Limited Partners Association (ILPA) that provides a standard KPI set for private equity/credit that aligns with the GHG Protocol for Scopes 1–3 and is designed to interoperate with the EU Sustainable Finance Disclosure Regulation (SFDR) Principal Adverse Impacts (PAI). EDCI fields can be mapped to PAI indicators to streamline disclosures.
- The Private Markets Decarbonisation Roadmap (PMDR) supplies the alignment framework: its pathway expectations are consistent with the IIGCC Net Zero Investment Framework and sectoral pathways from the Science Based Targets initiative (SBTi) and the International Energy Agency (IEA).

Used together, EDCI and PMDR provide a coherent, standards-aligned basis to assess alignment at asset and fund level and to form a single manager-level view. As the approach matures, our objective is to establish a robust, auditable baseline and to progressively strengthen data coverage and quality.

Some key considerations for baselining our private markets portfolio include:

1) **Different baselines** – Each private market sub-asset class is at a different stage of the decarbonisation journey. For example, private credit or venture capital assets are still at a very nascent stage due to the indirect nature of the mandate or non-comprehensive frameworks for reporting. On the other hand, progress has been made by real estate and infrastructure asset managers with identifiable levers available for influencing decarbonisation. This may mean different baselines for the different sub-asset classes to reflect quality and coverage of the data being reported.

Summary of where each asset class is on the decarbonisation journey



Note: Infrastructure asset class includes Natural Resources equities; Asset classes plotted on the scale relative to each other

Source: Bain & Co: Decarbonisation in private markets

2) **Engagement** – The lack of standardised frameworks/reporting standards in the private markets space means that data gaps need to be filled by engaging with private market managers. We have commenced the process of collating asset level climate data from our managers, although this has proved to be an iterative process, with guidance and capacity building required on our part in terms of how the above templates need to be filled.
3) **Tools for data collection** – There are a few tools available in the market that assist in asset level data collection from private managers to create a centralised database. We are exploring their feasibility with our pooling partner, to streamline our data collection process.

Enabling the transition through climate solutions

In line with our defined ambition, we are working closely with LGPS Central to define and assess climate solutions exposure across our portfolio, using the IIGCC's definition as a guiding framework — focusing on activities, goods or services that, according to credible pathways, need to scale substantially to enable the global economy to reach net zero. Together with LGPS Central, we are developing a consistent approach to classification, data collection, and reporting of climate solutions exposure across asset classes. In public markets, we are evaluating metrics such as clean tech revenue, sector-level alignment, and other forward-looking indicators including green capital expenditure and innovation signals. In private markets, we are engaging with managers and leveraging proxies such as investments in renewable infrastructure. This collaborative effort aims to build a consistent, asset class-based view of climate solutions exposure, enhance data coverage, and support integration into investment decision-making and reporting over time.

Operational emissions

We recognise that our own operational footprint, while modest compared to our financed emissions, is an important part of demonstrating leadership and accountability in climate action.

In our latest climate strategy, we set ourselves a target to:

1) Measure our operational emissions and establish a suitable baseline by 2026
2) Achieve net zero operational emissions by 2050 at the latest

Baseline

We have successfully completed the measurement of our operational emissions[43]. Following analysis of emissions and energy data from 2019 to 2025[44], we have decided to adopt **2019 as our operational baseline year**. This reflects a normal pre-COVID period of activity and includes both electricity and gas use at our former office (Mander House).

- Electricity data: All electricity consumption figures for both Mander House and i9 (our new office building) are based on TotalEnergies (TE) consumption reports.
- Gas data: For 2019, gas data up to September was estimated using historic consumption patterns, with October–December based on actual meter readings. From 2020 onwards, all gas data is based on actual readings collected and apportioned to us, based on office floor space occupied.
- These data sources provide a sufficiently robust basis for establishing a 2019 baseline.

[43] While major scope 1 & 2 emissions of the Fund have been included, some minor emissions related to owned vehicles may not be covered due to difficulties in measuring.
[44] Up to 31 July, 2025

Analysis

Below are the results of our analysis and progress made in reduction of operational emissions over calendar years (CY)[45]:

Total energy consumption

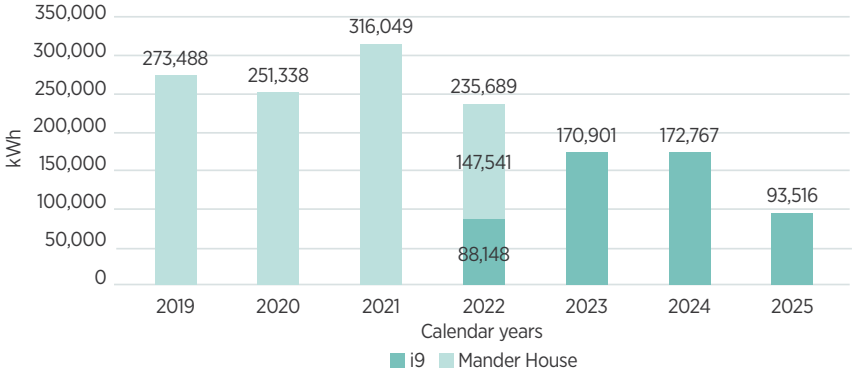


Figure 21 Graph showing the energy consumption associated with our own operations since 2019

Total operational emissions

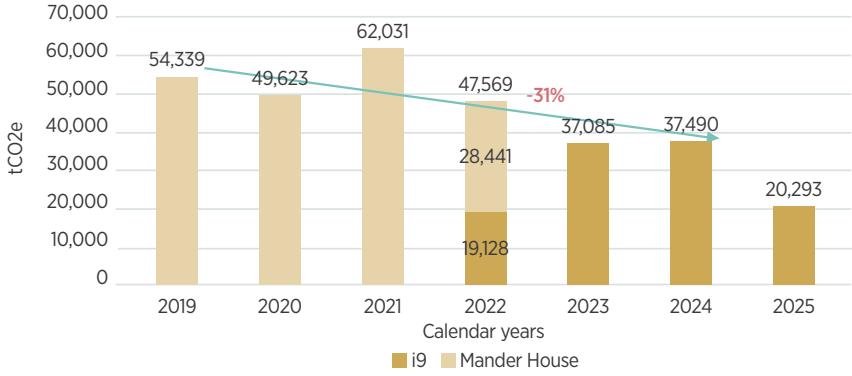


Figure 22 Graph showing the emissions associated with our own operations since 2019

Results

Drop in energy consumption from 2019 to 2024	37%
Reduction in absolute emissions from 2019 to 2024	31%
Drop in energy consumption due to shift from Mander House to i9	~46%[46]
Reduction in absolute emissions due to shift from Mander House to i9	~40%[47]

- In April 2022: Decrease in energy consumption and emissions is on account of move from Mander House to i9 which is entirely electrified (Mander House used both gas and electricity) and also more energy efficient.
- Method of heating in Mander House was a blast furnace which was highly polluting and emission intensive

Next steps

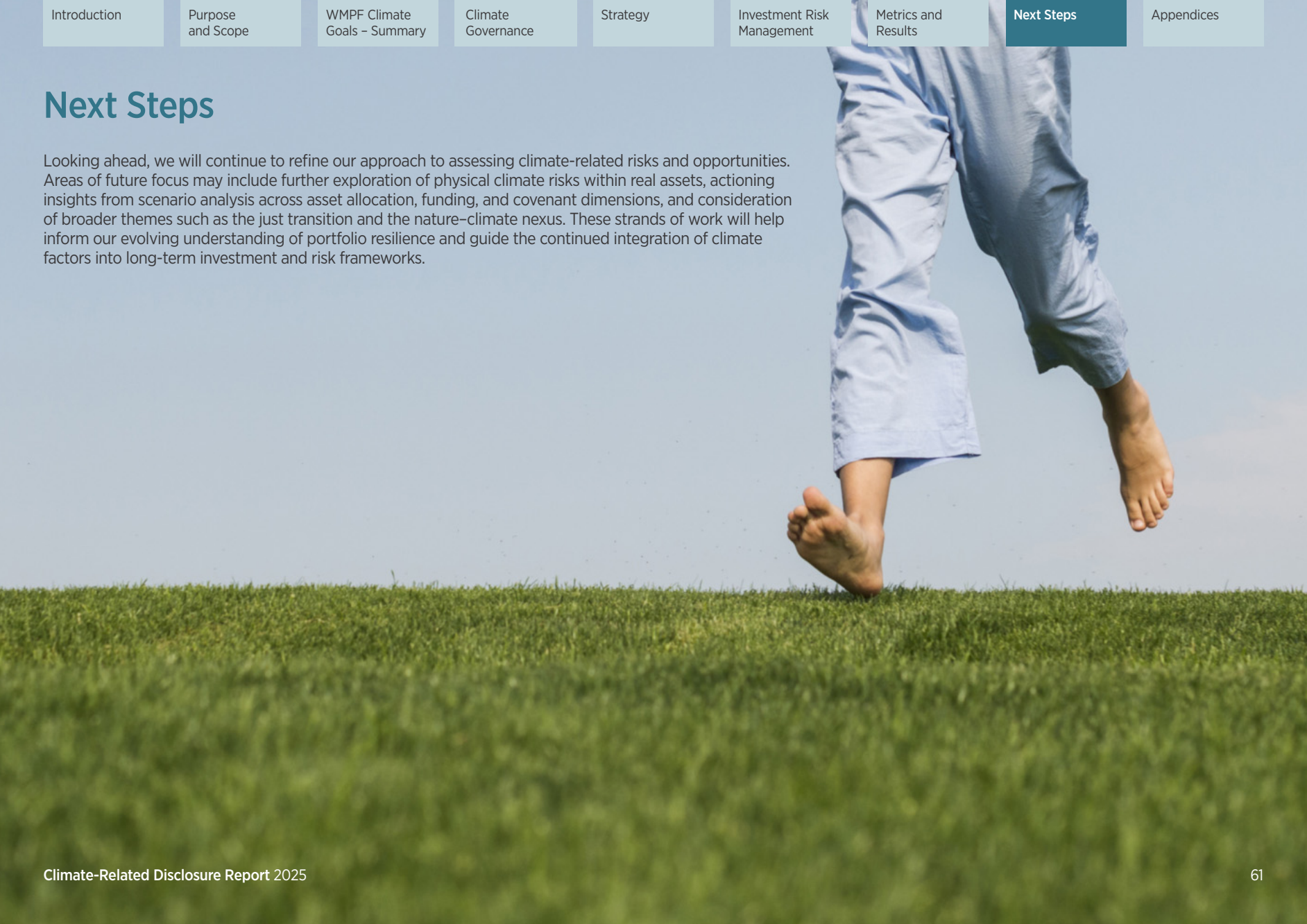
- Evaluate feasibility of switching to a renewable energy provider– current energy provided TotalEnergies has 49% renewables in total energy mix.
- Conduct employee awareness sessions on how to reduce operational emissions through more efficient use of office equipment.
- Engage with the landlord on ways to further decrease energy consumption/ improve energy efficiency in the building.
- Plan to collect data on employee business travel and transport to and from homes to the office to begin addressing our scope 3 emissions.

Important to note that 2020-21 data may be understated due to impact of the COVID-19 pandemic. This may lead to an overstatement of reduction in absolute emissions. We will look to develop reporting in the coming years based on intensity metrics (per capita energy consumption or per sqft energy consumption) to enable more sophisticated comparison.

[45] The data for 2025 is only from 1 January 2025 to 31 July 2025.
[46] Reduction in energy consumption has been calculated by comparing the average consumption in both offices from 2019 to 2022 (extrapolated) in Mander House and from 2022 (extrapolated) to 2024 in i9.
[47] Reduction in absolute emissions due to shift from Mander House to i9 has been calculated by comparing the average emissions in both offices from 2019 to 2022 (extrapolated for the full year) in Mander House and from 2022 (extrapolated for the full year) to 2024 in i9.

Next Steps

Looking ahead, we will continue to refine our approach to assessing climate-related risks and opportunities. Areas of future focus may include further exploration of physical climate risks within real assets, actioning insights from scenario analysis across asset allocation, funding, and covenant dimensions, and consideration of broader themes such as the just transition and the nature–climate nexus. These strands of work will help inform our evolving understanding of portfolio resilience and guide the continued integration of climate factors into long-term investment and risk frameworks.



Appendices

Asset class-wise climate scenario impacts on cumulative returns[48] (%)

Table 16 The impact of the four climate scenarios on asset class cumulative returns in 5- and 40- years' time horizons

Modelling asset class[49]	% allocated[50]	5Y rapid	5Y delayed	5Y limited	5Y failed	40Y rapid	40Y delayed	40Y limited	40Y failed
MSCI World Equity	13%	-2.1%	+3.1%	+3.2%	+1.9%	+20.1%	-2.0%	-32.7%	-55.4%
Emerging Markets Equity	5%	0.6%	3.1%	2.0%	0.3%	26.2%	1.8%	-36.0%	-56.6%
MSCI ACWI ESG Equity	9%	-1.0%	3.0%	2.9%	1.6%	22.5%	-0.4%	-33.1%	-55.9%
MSCI Paris Aligned Equity	2%	0.2%	2.7%	2.6%	1.3%	22.2%	-0.8%	-29.3%	-48.1%
MSCI Completely Paris Aligned Equity	2%	1.9%	2.4%	2.1%	0.7%	27.4%	2.6%	-29.9%	-49.3%
UK Investment Grade Credit	14%	0.5%	0.3%	0.4%	0.2%	0.8%	-0.5%	-1.0%	-2.3%
Multi Asset Credit	4%	-1.1%	1.5%	1.6%	1.4%	0.2%	-1.3%	-2.1%	-7.3%
UK Index-Linked Bonds	14%	1.5%	1.2%	-0.7%	0.1%	-0.9%	-0.8%	3.5%	7.9%
UK Sovereign Bonds	4%	-0.5%	-0.3%	-0.2%	-0.3%	-0.4%	-0.2%	-0.1%	-0.1%
Emerging Market Debt (local currency)	3%	0.4%	-0.1%	0.0%	-0.4%	4.6%	0.9%	-4.9%	-14.7%
Global Private Debt	7%	-0.4%	0.4%	0.7%	0.7%	-1.8%	-0.7%	1.4%	-2.2%
Private Equity	6%	-3.7%	4.7%	4.8%	3.2%	23.7%	-3.6%	-41.1%	-66.9%
Private Infrastructure (US)	4%	1.7%	4.7%	6.6%	0.5%	21.2%	1.8%	-28.9%	-60.7%
Private Infrastructure (Europe)	4%	-3.4%	0.5%	0.5%	3.1%	-1.6%	-8.2%	-21.2%	-22.6%
UK Real Estate	9%	1.5%	4.1%	3.7%	1.9%	22.1%	1.6%	-30.4%	-52.4%
Sustainable Infrastructure	2%	0.7%	3.7%	3.7%	1.9%	17.4%	-0.5%	-27.7%	-49.8%

The outcomes above should be viewed as indicative of relative magnitude and direction, rather than precise forecasts. They help us understand how different climate trajectories could affect modelled asset classes differently and thereby inform our strategic positioning and engagement priorities.

As shown, WMPF's modelled portfolio would likely perform well under a **Rapid Transition** scenario relative to the baseline, benefiting from early alignment with low-carbon growth. Conversely, **Limited or Failed Transition** scenarios could lead to significant long-term value erosion relative to the baseline, particularly in equities and private markets. A **Delayed Transition** presents a mixed outcome relative to the baseline, with moderate positive effects in the near term but potential challenges over longer horizons.

[48] The climate scenario impact is the climate scenario outcome relative to the climate aware baseline. The baseline represents what is assumed the market is currently pricing in. In this analysis, the composition of the climate aware baseline is 5% Rapid Transition, 10% Failed Transition, 35% Delayed Transition, 35% no/low impact and 15% Limited Transition.

[49] The asset classes used in the modelling have been selected by the investment consultant to best represent the portfolio's holdings or the most appropriate asset class proxies for scenario impact analysis.

[50] The % allocated to modelled asset classes are rough estimates based on the strategic asset allocation of the fund as on March 31, 2025. This can be constrained to the specific mappings that can be used in the model and therefore may not exactly match the Fund's current SAA.

Additional information: Listed equities

The below chart refers to holdings % in companies having any exposure to fossil fuel reserves.

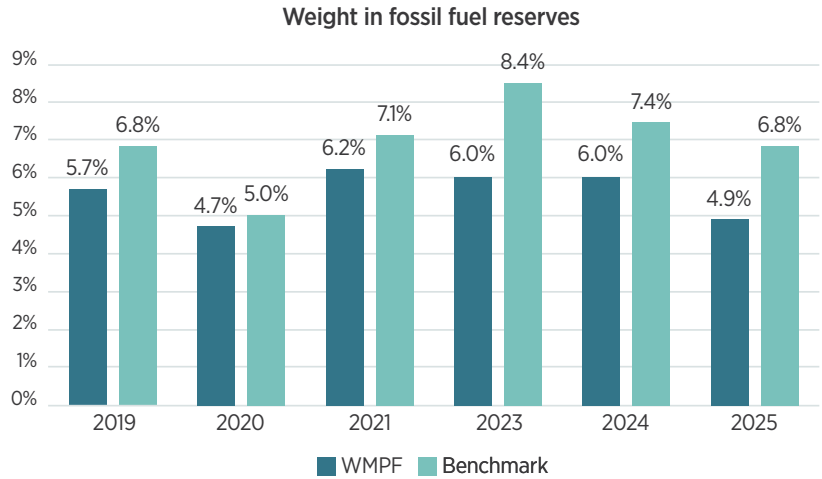


Figure 23 Graph showing the exposure to Weight in fossil fuel reserves in our listed equity portfolio and its benchmark since 2019

However, exposure to companies deriving revenues from fossil fuel reserves is 2% as of March 31, 2025.

The below chart shows holdings % in companies having any exposure to thermal coal reserves.

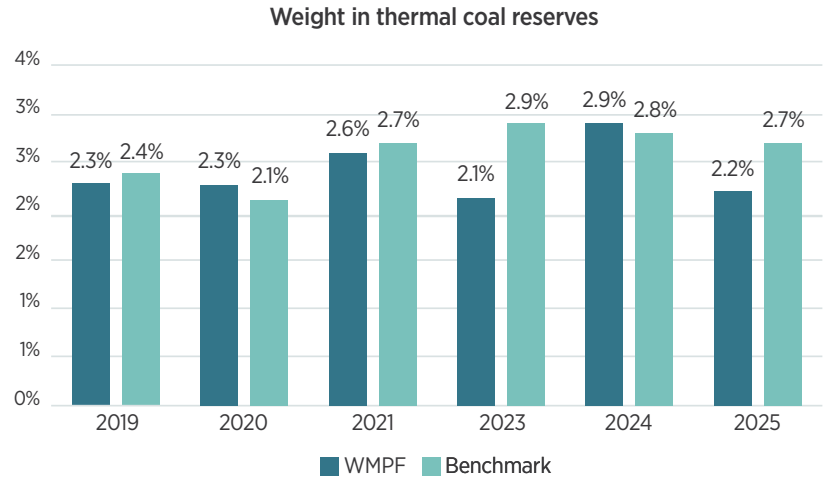


Figure 24 Graph showing the exposure to Weight in thermal coal reserves in our listed equity portfolio and its benchmark since 2019

However, exposure to companies deriving revenue from coal power is at 1.9% as of March 31, 2025.

Additional information: Corporate fixed income

Corporate fixed income data without the LGPS Central and CQS multi-asset credit funds:

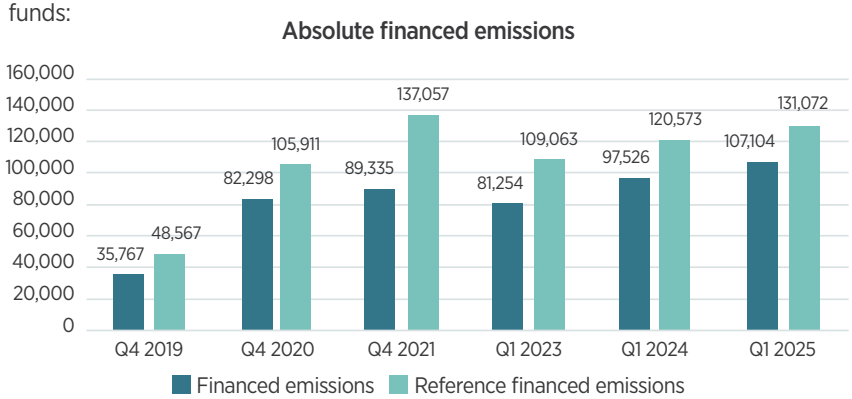


Figure 25 Graph showing absolute emissions of our corporate fixed income portfolio and its benchmark since 2019 excluding the multi-asset credit funds

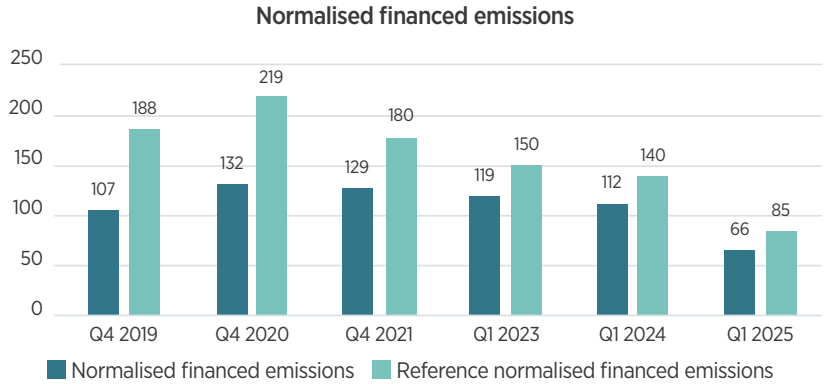


Figure 26 Graph showing normalised financed emissions of our corporate fixed income portfolio and its benchmark since 2019 excluding the multi-asset credit funds

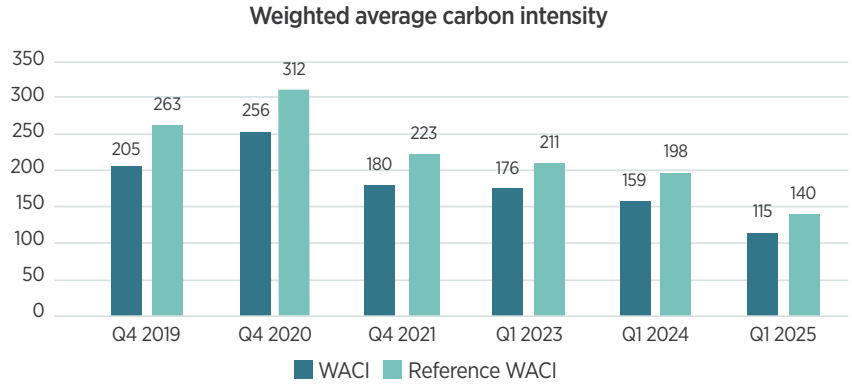


Figure 27 Graph showing WACI of our corporate fixed income portfolio and its benchmark since 2019 excluding the multi-asset credit funds