London CIV

TCFD Report 2025

For the reporting year ending 31st December 2024

Working together to deliver sustainable prosperity for the communities that count on us all

Contents

Compliance Statement

We confirm that the disclosures in this report, including any third- party disclosures cross-referenced in it, comply with Chapter 2 of the FCA's Environmental, Social and Governance sourcebook requirements.

Dean Bowden, CEO

CEO and Chair: Introduction
Dean Bowden / Mike Craston

We are proud to present London CIV's fifth Task Force on Climate-Related Financial Disclosures ("TCFD") Report as part of our ongoing commitment to climate action and responsible investment.

In the past year, climate has sadly once again become a polarising topic. With the United States leaving the Paris Agreement on the very first day of Donald Trump's presidency and major investors and corporations scaling back climate commitments, the likelihood of the world achieving Net Zero is looking lower than ever. Meanwhile, we continue to see the ever-exacerbating impacts of a warming climate, from floods in Brazil and Bangladesh to heatwaves and droughts in West Africa and Australia. Even here in the UK, farming has been disrupted by unseasonal weather patterns and many homes are at an increased risk of flooding.

At London CIV, we believe this makes it all the more important to take positive action, and ensure our views on climate are heard. This has been a big year for us on climate, with many significant achievements. In 2024 we:

- Developed our new Climate Action Plan (launched in 2025), expanding on our existing climate commitments and setting out a clear action plan towards achieving them.
- Updated our Climate Data Model, to extend coverage and improve performance.
- Included climate-related objectives in new product launches, and added climate parameters to two existing funds. We also launched a Nature-Based Solutions Fund, recognising that our forests, oceans and natural ecosystems will be crucial to mitigating the climate crisis.
- Continued to challenge and push our investment managers, particularly new managers and any who have taken the decision to step back from collaborative climate initiatives. We also updated our standard side letter terms to include contractual commitments for private markets managers to provide climate data.
- Stepped up our engagement work as part of Climate Action 100+ through becoming a contributing investor for CRH plc, one of the top emitters in our portfolio. We also continued to engage with other key contributors through our engagement provider Federated Hermes EOS, as well as via our investment managers.

This report sets out more detail on these activities and summarises our progress towards achieving our climate commitments. In particular, we outline progress against our 2025 target to reduce emissions by 35%. According to our original climate model, we have already met and indeed outperformed this target. With our new Climate Data Model, introduced as part of our ongoing efforts to improve data quality, we are also already achieving the absolute value of our original emissions target. In the "Metrics and targets" section of the report we explain the impact of the new Climate Data Model on our longer term targets.

In 2024 the government also launched its highly anticipated "LGPS Fit for the Future" consultation. We are committed to working with our Partner Funds to ensure considerations around climate risk management and responsible investment more broadly are incorporated into our evolving strategy.

We believe that action on climate is as important as ever.
We continue to maintain our focus on taking proactive steps to mitigate the impacts of climate change.

Signed on behalf of the Board,

Dean Bowden, CEO | Mike Craston, Board Chair

Key metrics as of 31st December 2024

London LGPS Landscape

£53bn held by 32 Partner Funds

£34.4bn[1] pooled through London CIV

Our targets

Net Zero by 2040[2]

Emissions intensity reduction targets for equities and corporate fixed income[3] (35% by 2025 and 60% by 2030)

Engagement and alignment targets for other asset classes[4]

Net Zero operationally by end of 2025

Our progress to date for reporting year ended 31st December 2024 (2023 in brackets)[5]

The following metrics are some of the interim measures used to monitor progress against the targets listed above.

ACS funds

79% climate data coverage

25%

lower Weighted Average Carbon Intensity than the MSCI World[6]

A lower WACI indicates less exposure to carbon intensive industries.

(2023: 35%)

20%

reduction in carbon to value intensity[7]

A lower carbon to value intensity indicates a lower carbon impact on the world.

(2023: 28%)

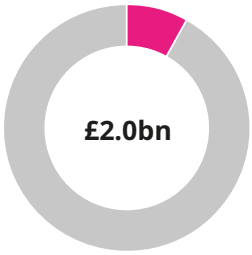
0.42%

revenue-weighted fossil fuel exposure

Low fossil fuel exposure may mean reduced stranded asset risk and a lower impact on global emissions.

(2023: 0.90%)

Private market funds



£1.8bn called to date

71% climate data coverage

>887 $ktCO_2e$

emissions avoided[8]

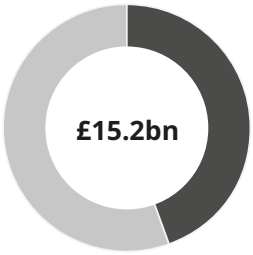
Emissions are avoided when renewable energy from infrastructure assets displaces fossil fuels.

£744m

invested in renewable infrastructure[9]

(2023: £551m)

Passive funds



Passive funds held with BlackRock and LGIM

79% climate data coverage

28%

lower Weighted Average Carbon Intensity than the MSCI World

Although London CIV has no control over these funds, we track key climate metrics to ensure accountability.

(2023: 18%)

41%

reduction in carbon to value intensity[10]

1.02%

revenue-weighted fossil fuel exposure

(2023: 1.50%)

1 Representing £17.2bn public markets AUM (ACS), £2bn private markets AUM (EUUT and SLP) as well as £15.2bn public markets pooled assets managed by BlackRock and LGIM as of 31 December 2024.
2 By 31st December 2040, assets in our equities and corporate credit portfolios controlled by LCIV to be Net Zero across Scope 1 and 2 emissions.
3 Within LCIV ACS funds.
4 New targets introduced in 2025; we will report progress against these in future years
5 Metrics refer to Scope 1 and 2 emissions, unless otherwise specified.
6 London CIV WACI declined 4% in 2024 compared to 2023, whilst the MSCI World WACI declined 17%. A key reason for the relatively large decline in the index is to the impact of technology companies, particularly the Magnificent 7. Therefore, although our absolute performance improved, relative performance compared to the MSCI World is lower than in 2023.
7 Compared to 2020 baseline. London CIV carbon to value intensity increased by approximately 10% in 2024 compared to 2023, whilst MSCI World intensity declined by approximately 24%- again a significant reason for this was the impact of the Magnificent 7 technology companies.
8 Based on data obtained from investment managers; note that this has not been verified by London CIV. Due to data lags for some private market investments, this figure uses a combination of data from 2023 and 2024. Avoided emissions have been apportioned to London CIV based on the ratio of our commitments to total commitments.
9 Includes called capital in LCIV Infrastructure Fund and LCIV Renewable Infrastructure Fund.
10 Compared to 2022 baseline. Note that 2022 baseline data for passive funds was calculated under a previous version of the London CIV Climate Data Model. For more details, please see the case study on page 23.

About Us

We manage the investment of the pension assets of the 32 Local Government Pension Scheme (LGPS) Funds in London, who are our clients and shareholders (Partner Funds). We are one of eight LGPS pools, bringing together c.£34.4 billion investments[1] across 20+ public and private market investment solutions.

Our purpose

Working together to deliver sustainable prosperity for the communities that count on us all

Our values

Collaboration

We work together to build and sustain strong partnerships both internally and externally

Responsibility

We are committed to deliver on our promises, meet the needs of our stakeholders and go the extra mile

Diversity

We respect and celebrate our differences and create an inclusive environment where everyone feels welcome

Integrity

We act with honesty, ethics, and respect in everything we do

The Task Force on Climate-Related Financial Disclosures

The Task Force on Climate-Related Financial Disclosures was established in 2015 by the Financial Stability Board ("FSB") at the request of the G20 to review how the reporting on climate-related issues in financial reporting could be improved.

In June 2017, the TCFD published its final recommendations, providing a framework for financial institutions and non-financial organisations alike to reflect and report on their climate-related risks and opportunities.

As of October 2023 (latest available data), the Task Force had over 4,850 supporters globally, including more than 1,800 financial institutions who were responsible for $222.2 trillion in assets.[11]

Multiple jurisdictions have proposed or finalised laws and regulations to require disclosure aligned with the TCFD recommendations, including the UK, and in December 2021, the FCA published a policy statement introducing TCFD-aligned disclosure requirements for asset managers, life insurers, and FCA-regulated pension providers. For London CIV, these climate-related disclosure rules applied from 1 January 2023.

In late 2023, the TCFD was disbanded, and the recommendations have now become adopted into an IFRS report under IFRS S2. This is expected to be rolled out in the UK from 2026.

The TCFD recommendations provide a framework organised around four themes, as outlined in Figure 1: governance, strategy, risk management, and metrics and targets. The following report has been structured to provide disclosures across each of these topics.

Figure 1: The core elements of recommended climate-related financial disclosures

Governance
The organisation's governance around climate-related risks and opportunities

Strategy
The actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning

Risk Management
The processes used by the organization to identify, assess, and manage climate-related risks

Metrics and Targets
The metrics and targets used to assess and manage relevant climate-related risks and opportunities

11 https://assets.bbhub.io/company/sites/60/2023/09/2023-Status-Report.pdf

Governance

The TCFD recommendations highlight the importance of good governance structures to ensure effective oversight of climate-related risks and opportunities.

A. How the Board oversees climate-related risks and opportunities

Board oversight

The London LGPS CIV Limited ("London CIV") Board of directors (the "Board") approves the overall investment strategy, high-level statements, and policies including our purpose statement and investment beliefs. This includes ultimate accountability for our Responsible Investment and Climate Change policies, emissions reduction targets and Net Zero action plan. Key climate risk disclosures such as the TCFD report play a key role in monitoring progress against those targets.

The Chief Executive Officer ("CEO") is responsible for the day-to-day management of London CIV. The CEO is supported in this by an Executive Committee ("ExCo") which includes other senior managers.

The Chief Sustainability Officer ("CSO") reports directly to the CEO and is responsible for the oversight and management of operational climate-related matters, and for proposing a Climate Action Plan for tackling investment related emissions. This is described in more detail in the following section.

The governance framework is designed to ensure that the Board is accountable for London CIV's overall strategy and governance, including items connected with climate-related risk. The s172 statement in our Annual Report approved by the Board in late June 2024[12] illustrates how the Board paid regard to and interacted with our key stakeholders during the financial year. This includes the wider community in which we operate, and ESG considerations.

The Board maintains oversight by receiving regular reporting on:

- ESG matters as required.
- Responsible Investment and climate-related items at each Investment and Customer Outcomes Committee ("ICO"). The Board will also receive an annual update against the Climate Action Plan, as well as a triennial indepth review.
- Deep dives on key topics to the Board, including as part of the Board's Development Programme.

At executive level, the ExCo receives regular reporting on Responsible Investment-related matters including considerations around new products launches, and periodic deep dives into specific issues and projects.

Partner Funds

Our Partner Funds retain responsibility for their asset allocation and investment strategy, and thus exposure to environmental, social and governance ("ESG") risks and opportunities. We see our role as helping them implement their strategy by providing relevant products, engagement and services and tools such as our climate analytics reporting service and this TCFD report. We have always worked closely with our Partner Funds on the development of investment programmes. We are consulting with our Partner Funds on the Fit for the Future implementation and considering an investment "matrix" concept, to help them to layer their Responsible Investment ambitions (including climate considerations) onto their overall investment objectives.

As signatories to the Financial Reporting Council ("FRC") UK Stewardship Code, we are committed to ensuring that our governance structures and arrangements for strategic decision-making and leadership achieve best practice stewardship for the benefit of Partner Funds and other stakeholders. Climate change is recognised by both us and our Partner Funds as a key strategic risk.

This informs our strategy, products and services, as well as our annual and medium-term financial planning, which is discussed with Partner Funds and approved annually by shareholders.

Positive engagement with our shareholders is crucial to our success. There are a number of formal and informal touchpoints throughout the year, including:

- General Meetings (2 per year): all shareholders invited attend and exercise their shareholder rights.
- Shareholder Committee (4 per year): sub-set of shareholders consults on items such as our strategy, business plan, corporate performance, and shareholder reserved matters.
- Sustainability Working Group (4 per year): all shareholders may attend. The group considers a programme of ESG issues, including in the last year considering the Climate Action Plan.

12 https://londonciv.org.uk/reports-and-regulatory-information

B. How management assess and manage climate-related risks and opportunities

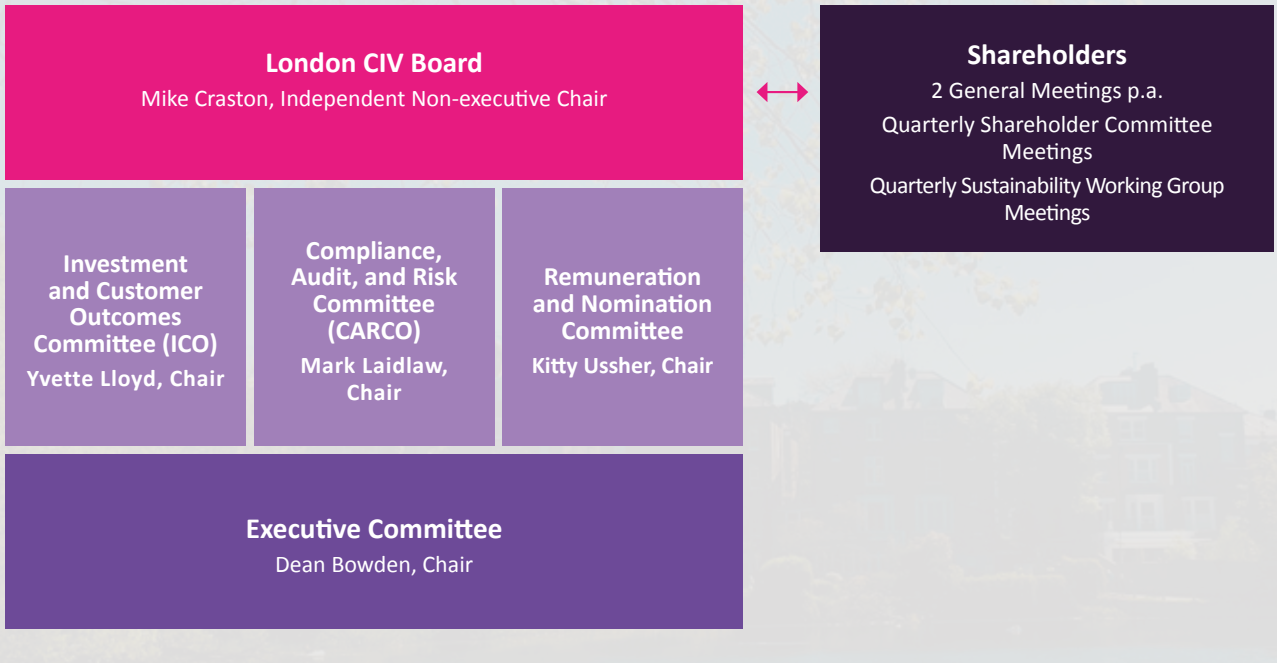
As described above, the day-to-day management of London CIV is delegated to the CEO, who discharges this responsibility through the ExCo. The ExCo develops and implements our corporate strategy, of which climate-related objectives are an integral part. The Chief Investment Officer ("CIO"), working with the CSO is responsible for managing the integration of climate change risk management into fund design, implementation, and overall investment decision making. The CSO attends the Investment Team and Executive Investment Committee meetings to monitor progress on integration and produces a quarterly report to the ICO.

The CSO is supported by a team of three Responsible Investment ("RI") specialists who monitor climate performance across key exposure and impact metrics. The team meets with investment managers on a quarterly basis to monitor compliance with our Climate Change Policy and Stewardship Policy.

It also works with the investment team to agree whether climate considerations or targets need to be built into the development of each new investment fund, and this is discussed at the Executive Investment Committee. Further details are outlined in the Strategy and Risk Management sections of this report. The arrangements for reporting to, and monitoring progress by, the Board, the ICO and ExCo are described in the section above.

We take a proprietary approach to prioritising stewardship themes for proactive engagement. Climate Change is one of the priority areas. The RI team will use the data shown in this report to target investments for engagement. For example, we will consider our higher emitting funds and underlying companies, as well as where data provision could improve. Our climate-related engagement activity is supported by an outsourced voting and engagement service provider. This activity is informed by our Stewardship Policy and Voting Guidelines, which are reviewed annually, informed by our annual stewardship outcomes assessment. We also oversees the voting process and considers other advice (such as that from the Local Authority Pension Fund Forum). From time to time, it may make a direct voting choice on this basis.

Figure 2: London CIV committee structures and oversight of climate risks



Strategy

The TCFD recommendations call on asset managers to describe how climate-related risks and opportunities are factored into investment strategies.

A. Climate-related risks and opportunities identified over the short, medium, and long term

Definitions and taxonomy

Every year London CIV considers exposure to climate-related physical and transition risks across the following time-horizons:

- Short-term: within 2-3 years
- Medium-term: within 5-10 years
- Long-term: >10 years

In line with TCFD guidelines, London CIV divides climate-related risks into two major categories:

Table 1: TCFD risk categories

Risk category	Description
Transition risks	Risks and opportunities associated with the transition to a lower-carbon economy. This includes risks associated with policy changes designed to discourage carbon-intensive activities, technological changes, shifts in consumer demand, changes in investor sentiment, reputational risks and disruptive business model innovation.
Physical risks	Risks related to the physical impacts of climate change. These risks can be event-driven (acute) or result from longer-term shifts in climate patterns (chronic).

Our key climate-related risks and opportunities

The primary and most material way in which climate change is likely to impact London CIV is through the impact on the underlying assets within our funds. In line with the TCFD framework, we have identified several climate-related risks and opportunities which have the potential to have a material financial impact on these assets, as outlined in Table 2. The resulting impact of these effects on the business is discussed in the following section.

The impacts and disruption from climate change will vary significantly across assets and asset classes. Disruption from physical climate risks is heavily location-specific, and will also vary by vulnerability and preparedness, whilst transition risks are dependent on specific jurisdictions and markets, and other external factors like technology development and geopolitics. Impacts are often complex and interrelated – for example, strong regulatory action may reduce exposure to physical risk hazards, but presents significant transition risk, whilst inaction may delay legislative impacts but exacerbate physical disruption.

As we invest across a wide range of sectors, geographies and asset classes, the range of potential impacts on the portfolio is broad. We have therefore drawn on the analysis of the TCFD framework to summarise them.

Table 2 provides a high-level outline of how our assets may be affected, but the extent and timeframes of these impacts will vary significantly by climate scenario and the underlying portfolio construction at any given point in time. For further details on how our assets may be affected under different scenarios, see Strategy Section C.

Strategy continued

Table 2: Climate-related risks and opportunities – based on TCFD framework[13]

Climate-related risks and opportunities	Timeframe to impact	Potential impacts on assets within our funds
Transition risks		
Policy and legal: • Increased emissions costs • Enhanced reporting obligations • Regulation of products and services • Exposure to litigation	Short, medium, and long term	• Increased operating costs • Write-offs, asset impairments and early retirement of assets • Fines and judgements • Reduced demand due to reputational impacts
Technology: • Substitution of products and services in favour of low- carbon alternatives • Unsuccessful investment in new technologies • Costs of transitioning to lower emissions technologies	Medium to long term	• Write-offs and early retirement of existing assets • Reduced demand for products and services • Research and development (R&D) expenditures • Costs to adopt/deploy new practices and processes
Market: • Changing consumer behaviour • Uncertainty in market signals • Increased supply chain costs	Short, medium, and long term	• Reduced demand due to shift in consumer preferences • Increased production costs due to changing input prices • Abrupt and unexpected shifts in energy costs • Change in revenue mix and sources • Re-pricing of assets (e.g., fossil fuel reserves, security valuations)
Reputation: • Shifts in consumer preferences • Stigmatisation of high-emitting sectors • Increased stakeholder concerns	Short to medium term	• Reduced demand for goods/services • Reduced revenue from impact on production capacity (e.g. supply chain interruptions) • Reduced revenue from negative impacts on workforce management and planning • Reduction in capital availability
Physical risks		
Acute: • Increased likelihood and/or severity of extreme weather events such as wildfires, heatwaves, extreme cold, coastal floods, fluvial floods, droughts and cyclones	Short, medium and long term	• Increased capital costs (e.g. damage to facilities) • Increased operating costs • Reduced revenues from lower sales / output • Increased insurance premiums / reduced availability of insurance on "high risk" assets / locations • Reduced production capacity (e.g. supply chain interruptions, disruption, productivity loss) • Higher costs from workforce impacts (e.g. health, safety, absenteeism) • Write-offs and early retirement of existing assets (e.g. due to damage)
Chronic: • Rising mean temperatures • Rising sea levels • Increased water stress • Changes in precipitation patterns • Extreme variability in weather patterns		
Climate opportunities		
• Resource efficiency and circular economy • Changes in energy markets • Changes in products and services • Changes in consumer preferences • Access to new markets • Public-sector incentives • Diversification	Medium to long term	• Reduced operating costs • Increased value of fixed assets • New / shifting revenue streams • Reduced exposure to volatile input prices and stranded assets • Increased access to capital • Increased demand for products and services • Improved competitiveness • Improved reputation • Improved resilience • Increased production capacity • Workforce benefits

13 https://www.tcfdhub.org/Downloads/pdfs/E06%20-%20Climate%20related%20risks%20and%20opportunities.pdf

Assessing the financial materiality of climate risks

Given the complex and changing nature of our clients' portfolios and the interrelated nature of different climate risks, we do not model individual climate risks in isolation. Instead, we model the impact of physical and transition risk separately at a high-level for each of our funds, under several different climate scenarios. The results of this analysis are provided in Strategy Section C. Whilst we recognise that these risks are highly interrelated, as discussed above, we believe considering their impact under different scenarios provides decision-useful information to help manage our exposures under variable assumptions.

- **Transition risks:** We model the financial impact of transition risks on our underlying assets through carbon pricing models, as an indicator of wider legislative and market impacts. This allows us to estimate the carbon earnings at risk across our funds.
- **Physical risks:** We model the expected financial impacts from seven different climate hazards at an asset, fund and portfolio level under different scenarios, relative to a baseline. This allows us to estimate the proportion of asset value at risk across our funds.

Our data provider is S&P Global Sustainable1, and we draw on their methodologies for measuring both carbon earnings at risk and physical risk.

For further details please see 'Strategy, Section C' and Appendix 3.

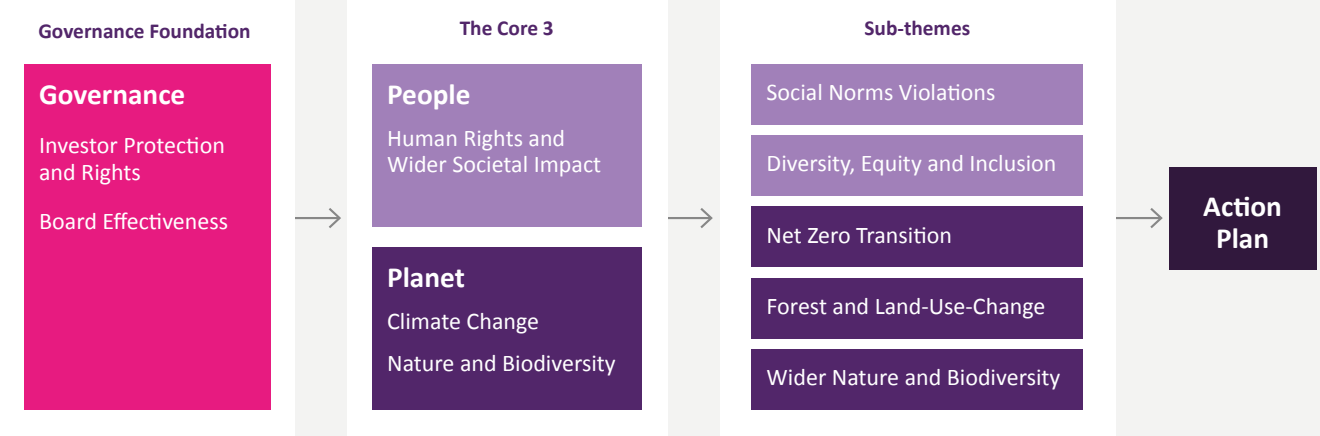
Climate change and London CIV's wider ESG risk identification methodology

While the TCFD framework has formalised and mandated climate risk reporting, we have long recognised the importance of proactively identifying and managing these risks. We identify key stewardship themes and risks through both top-down and bottom-up analysis, including the consideration of systemic, company-specific, societal, and financial risks. This process not only helps us set engagement priorities but also guides our response to emerging issues and broader shifts in the global risk landscape. Below are the core elements of our methodology, which together ensure that our stewardship strategy remains dynamic, material, and aligned with our fiduciary responsibilities.

1. **Global Risk Landscape Assessment:** Beginning with analysis of the global risk landscape, including macro risks, policy, and regulation as well as stakeholder priorities.
2. **London CIV Company Specific Risk Evaluation:** Understanding our own company level risks. Which includes our client's priorities and where we believe we can have influence.
3. **Societal Materiality:** Recognising societal materiality in terms of the issues that will have the biggest impact on the world around us.
4. **Financial Materiality Analysis:** Understanding our financially materiality in relation to the potential stewardship theme
5. **Reactive Event Response:** Responding reactively to unforeseen events after a specific and significant incident ensuring timely and effective action.

Based on this exercise, we have consistently identified "Climate Change" as a priority theme for stewardship and engagement. In 2025, we conducted an annual review of its Stewardship Priorities and concluded Climate Change to be a part of our "Core Three" stewardship themes.

Figure 3: London CIV Stewardship Priorities

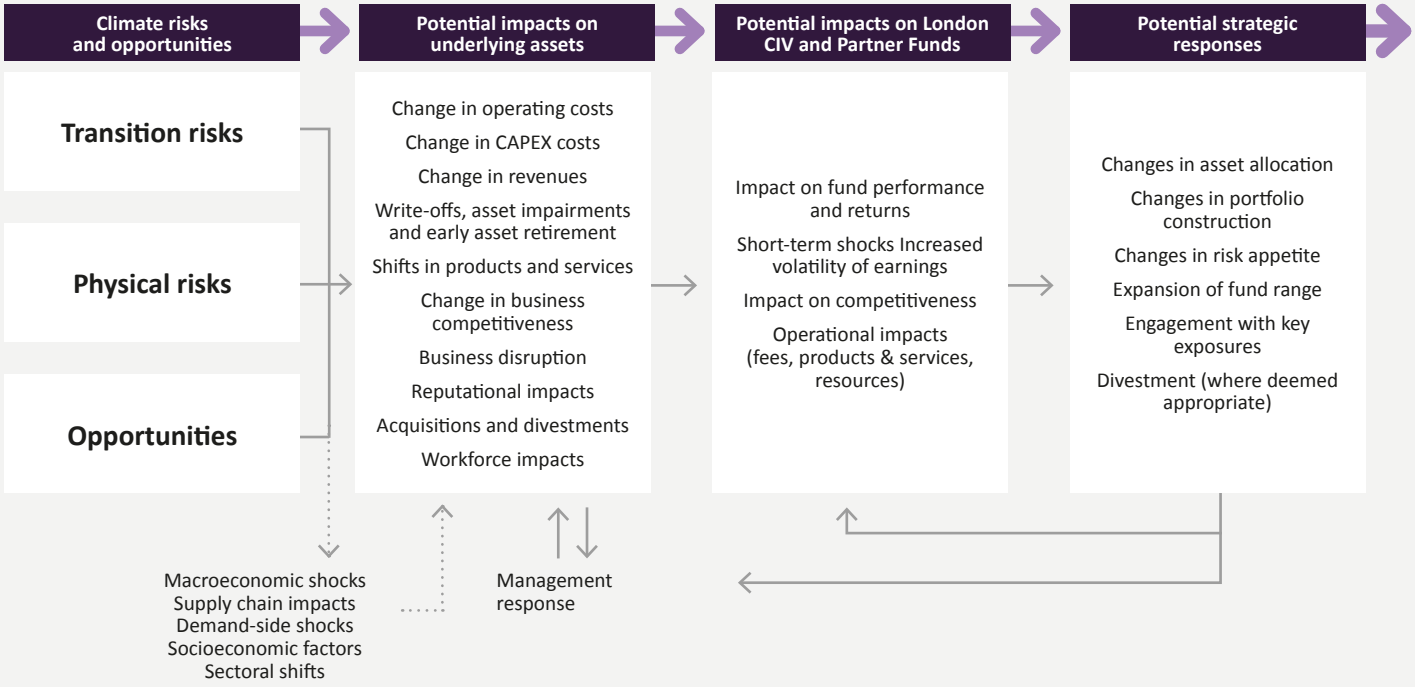


B. The impact of climate-related risks and opportunities on our business, strategy, and financial planning

Impact on London CIV

The impact of climate-related risks and opportunities on our portfolio is complex and dependent on a wide range of external factors and stakeholders. This is illustrated in Figure 4 below.

Figure 4: Climate change impacts on London CIV portfolio



This diagram is illustrative of possible outcomes only and is not intended to illustrate expected impact.

Our climate strategy

In 2024, we prepared our new Climate Action Plan (which was approved by the Board early in 2025). This expands on the Net Zero targets we have previously outlined, setting out further details on the scope, strategy and implementation plans. We have proposed key updates to expand the scope of our targets, clarify decision making, and better align with leading industry practice, in particular the IIGCC's Net Zero Investment Framework 2.0, and peer best practice.

The plan sets out a series of decarbonisation, disclosure and engagement targets across public and private asset classes, which are summarised below.

Acknowledging the objective is real-world decarbonisation, we note that not all funds will individually be at Net Zero by 2040, as Partner Funds want opportunities to contribute to the transition through investing in climate solutions and transition financing in hard-to-abate sectors.

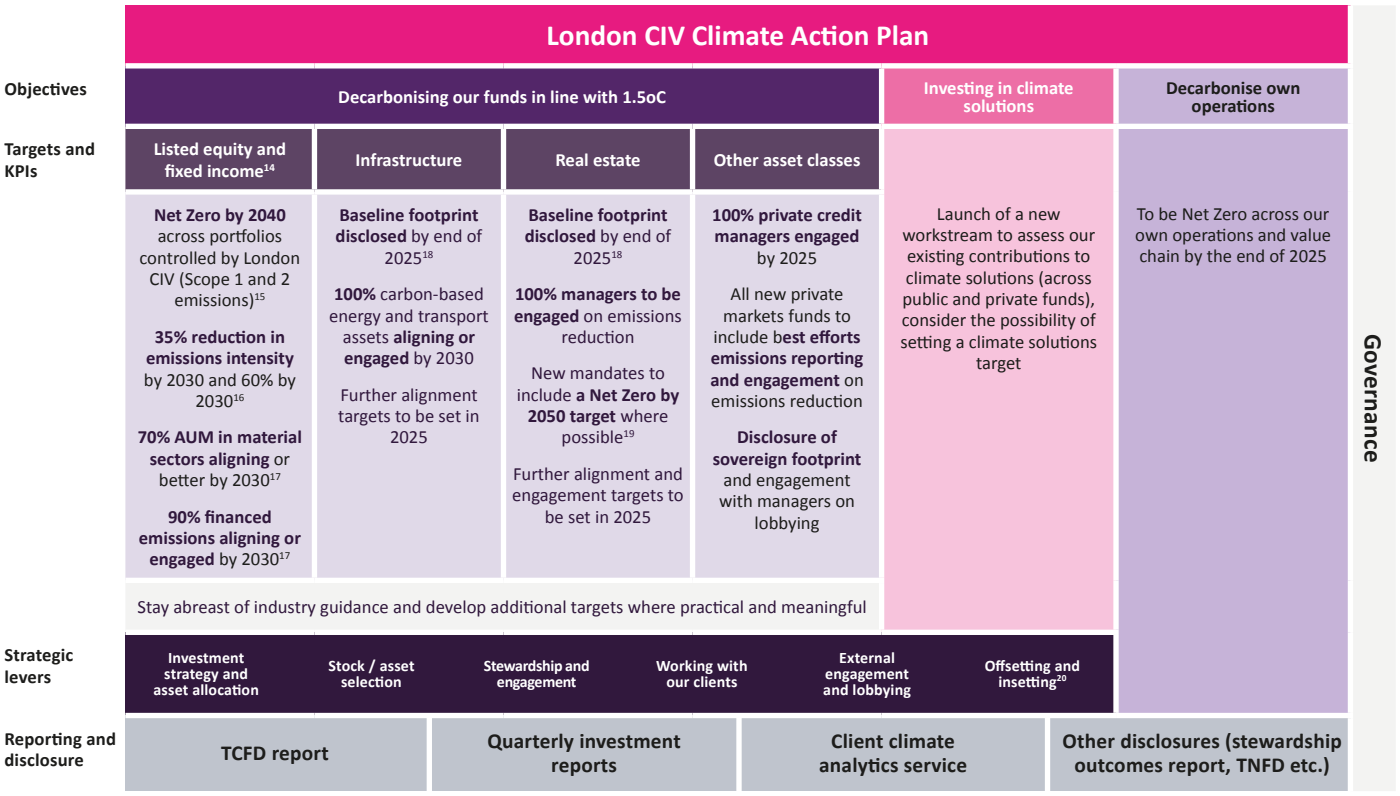
We are therefore launching a new workstream on our approach to investing in climate solutions. This will build on our existing work in the renewables and nature-based solutions space and look more broadly at how we approach assets with a non-linear path to zero.

The plan is a living document that will continue to evolve in light of new guidance and learnings, improvements in data and changes to our business.

Key principles of our climate strategy

- Faithfulness to our original Net Zero commitments
- Feasibility, including acknowledging external dependencies, existing mandates and potential levers for action
- Impact, focusing our work on real-world decarbonisation
- Fairness to all Partner Funds, enabling choice and flexibility to meet different objectives
- Fiduciary duty, considering potential impacts on investment performance
- Alignment with latest guidance from IIGCC
- Consideration of other ESG objectives, particularly social impacts and nature / biodiversity
- Future-proofing, acknowledging our strategy will need to evolve to consider new data, best practices, and changes to the business.

Figure 5: Our Climate Action Plan



14 Passive funds held with Blackrock and LGIM but which are deemed pooled are currently considered out of scope of our targets, but will be included in reporting and manager engagement activities.
15 Scope 3 emissions will be reported on to the extent possible, but has been excluded from the current target scope due to ongoing concerns about data quality.
16 Relative to 2020 baseline
17 Based on definitions aligned to IIGCC's Net Zero Investment Framework
18 Subject to data availability and quality
19 Excludes inherited portfolios and secondary market positions
20 To be used only as a potential final resort in future

Products and strategies

Although we do not decide upon the strategic asset allocation for our clients, we aim to provide a range of investment programmes to suit the needs of our Partner Funds and allow them to meet their own objectives, including on climate. Across all funds, we:

- Monitor climate metrics on an annual basis to the extent possible. For public markets funds we review data on a quarterly basis.
- Engage with our investment managers to challenge them on their climate performance and engagement activities, and work with them to review leading responsible investment practices and improve processes on a best-efforts basis.
- Conduct voting and engagement in line with our Voting Guidelines and Responsible Investment policy.

For more details on how we manage climate risk across our funds, please see Risk Management Section B. For details on how each of our funds is affected under different climate scenarios, see Strategy Section C and Appendix 1.3.

Additionally, a number of funds have specific climate-related parameters and/or targets within our investment manager agreements. As of 31st December 2024, this included:

Table 3: London CIV ACS and EUUT funds with climate considerations

Fund	Climate-related parameters	Changes in 2024
LCIV Global Alpha Growth Paris Aligned Fund	The Sub-fund aims to have a weighted average greenhouse gas intensity that is lower than that of the MSCI ACWI EU Paris Aligned Requirements Index.	-
LCIV Passive Equity Progressive Paris Aligned Fund	The Sub-fund tracks the performance of the S&P World Net Zero 2050 Paris-Aligned ESG Index (GBP).	-
LCIV Sustainable Equity Fund	The investment philosophy employed by the investment manager should enable the Sub-fund to deliver, over the long term, a carbon footprint which is lower than that of the MSCI World Index (Net) (Total Return).	-
LCIV Sustainable Equity Exclusion Fund	The investment philosophy employed by the investment manager should enable the Sub-fund to deliver, over the long term, a carbon footprint which is lower than that of the MSCI World Index (Net) (Total Return).	-
LCIV Global Equity Quality Fund	The Sub-fund is expected to achieve a greenhouse gas emissions intensity for the portfolio that is lower than that of the MSCI All Country World Index.	-
LCIV Long Duration Buy and Maintain Credit Fund	The Sub-fund seeks a Weighted Average Carbon Intensity (WACI) that decreases over time. The initial portfolio will have a WACI that is at least 25% less than the reference index.	-
LCIV Short Duration Buy and Maintain Credit Fund	The Sub-fund seeks a Weighted Average Carbon Intensity (WACI) that decreases over time. The initial portfolio will have a WACI that is at least 25% less than the reference index.	-
LCIV All Maturities Buy and Maintain Credit Fund	The initial portfolio of the Sub-Fund will be constructed with a Weighted Average Carbon Intensity (WACI) that is at least 25% less than the reference index and seek to achieve a progressively lower WACI over time.	New fund launched in in 2024
LCIV Global Bond Fund	On a best effort basis, the Investment Manager will seek to achieve 35% reduction in WACI by 2025 and 60% reduction by 2030, relative to a 2021 baseline, and maintain the WACI in line or below benchmark at all times.	Climate parameters added in 2024[21]
LCIV MAC Fund (PIMCO-managed portion)	On a best effort basis, the Investment Manager will seek to achieve 35% reduction in WACI by 2025 and 60% reduction by 2030, relative to a 2021 baseline, and maintain the WACI in line or below benchmark at all times.	Climate parameters added in 2024[21]
LCIV Global Equity Value Fund	The Sub-fund has a launch target for its WACI to be at least 30% lower than that of the Index as of 31 December 2023 (the baseline) and an interim target for its WACI to be at least 60% lower than the baseline by 2030.	New fund launched in in 2024
LCIV Infrastructure Fund	The fund targets a minimum of 25 per cent exposure to renewable investments.	-
LCIV Renewable Infrastructure Fund	The fund focuses on investing in renewable energy infrastructure including generation, transmission and distribution and enabling assets across greenfield and brownfield sites.	-
LCIV Nature Based Solutions Fund	The fund seeks to invest in strategies which protect, sustainably manage or restore natural ecosystems (land and/or water-based) and address challenges related to climate change, human wellbeing and biodiversity.	New fund launched in in 2024

Additionally, in 2025 we are in the process of enhancing the climate-related parameters of our investment manager agreements for the LCIV Emerging Market Equity Fund.

21 Climate parameters added as part of investment guidelines agreed between London CIV and the underlying managers. No changes were made to the formal Investment Objective or the Policy of the sub-funds.

Impact on financial position

The impact of climate-related risks on our portfolio is modelled annually under different climate scenarios. The results are provided in Strategy Section C. This analysis does not consider any potential strategic actions taken by us, our investment managers or our Partner Funds to respond to mitigate potential impacts.

Impact on financial planning

To support the management of physical and transition risks, we have incorporated climate change-related deliverables into our high-level Medium-Term Financial Plan and financial planning processes. This includes consideration of our Net Zero targets, our updated Climate Action Plan, and the associated requirements on resourcing, ESG data, voting, engagement and other relevant areas.

In this way, climate-related issues are integrated into our financial planning processes in a holistic and forward-looking way, which ultimately strengthens our long-term ability to create value. Climate change and responsible investment more broadly are also crucial considerations in our response to the ongoing government Fit for the Future consultation on the Local Government Pension Scheme ("LGPS").

We also leverage the active management strategies of our funds to improve the portfolio's resilience to climate risks. Our investment managers are engaged in ongoing assessments of climate impacts and incorporating these into investment decision making and stewardship activities.

Case Study:
London CIV Climate Enhancements for Fixed Income

Background: In 2024, we enhanced the ESG guidelines for both our LCIV Global Bond Fund and LCIV MAC Fund, based on our own net-zero ambitions, client feedback, and progress observed across the fixed income market.

Action and Outcome: ESG enhancements for our Global Bond Fund were first introduced in 2022, including normative screens, exclusions related to global norms, and the introduction of sustainable bonds. In 2024, we further enhanced the ESG guidelines for both the Global Bond Fund and the MAC Fund. These additional guidelines were put in place as part of agreements between London CIV and the underlying managers. No changes were made to the formal Investment Objective or the Policy of the sub-funds. Enhancements include omitting corporations that score poorly on ESG criteria, particularly those with low environmental scores. Additional exclusions have been implemented, aimed at restricting exposure to fossil fuels, cannabis production, gambling and other areas. Most importantly, the fund is now on a pathway to achieving Net Zero.

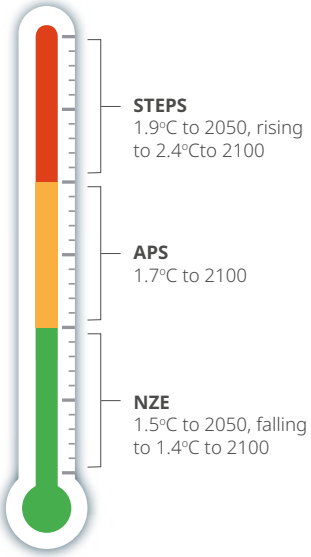
C. The resilience of our strategy under different climate-related scenarios

To better understand the impact of physical and transition risks on our portfolio, we conducted a climate scenario analysis covering listed equity and corporate fixed income instruments across our funds. For further details on our methodology please see Appendix 3.

This analysis does not consider any potential strategic actions taken by us, our investment managers or our Partner Funds to respond to mitigate potential impacts. The analysis provides a point-in-time snapshot based on the portfolio as of 31st December 2024, which is not necessarily reflective of the portfolio construction at any point in the future.

Our analysis focusses on the portfolio (as opposed to our own operations) due to the materiality of impact – our operational carbon footprint is <0.01% of our portfolio footprint (which affects our operational exposure to transition risks) and we use a single, leased office space (which affects our operational exposure to physical risks).

The results of this analysis will help inform the future development of our Net Zero action plan.



Transition risk

We analyse our exposure to transition risks through assessing our "carbon earnings at risk" – our exposure to carbon pricing mechanisms such as emission trading schemes and carbon taxes. This provides useful insights into the potential impact of these policy tools on our assets, as well as a proxy for wider carbon policy, through allowing us to hotspot key areas of vulnerability in our portfolio.

Methodology and data sources

We draw on analysis from S&P Global Sustainable1, which models current carbon prices for different sectors and jurisdictions and projects them into the future using scenario data from the IEA and OECD, as well as independent research. This analysis is used to estimate impact on EBITDA at an asset level under different scenarios and time periods and then aggregated up to the fund and portfolio level.

Please note, this year the analysis was conducted through our new Climate Data model. This means that results may not be comparable to last year due to changes in coverage and methodological assumptions. For further details on this, please refer to the Metrics and targets section.

Scenarios

Our analysis draws on scenario data from the IEA Global Energy and Climate Model. We consider three different scenarios:

Table 4: Transition risk scenarios used in London CIV climate scenario analysis

IEA Scenario Used in analysis	Implied temperature rise	Implied temperature rise	Link	Mapping to NGFS sub scenario
Stated Policies Scenario (STEPS)	This scenario takes into account current government policies around climate change, including regulatory, market, infrastructure and financial factors and models, the expected global emissions pathway, and temperature rise.	1.9°C to 2050, rising to 2.4°C to 2100	STEPS	Too Little, Too Late (Fragmented World)
Announced Pledges Scenario (APS)	This scenario assumes that governments will meet all climate-related pledges which have been announced to date, regardless of whether they have yet been underpinned by specific policies. Commitments from business and NGOs are also taken into account.	1.7°C to 2100	APS	Disorderly (Delayed Transition) / Orderly (Below 2C)
Net Zero Emissions by 2050 Scenario (NZE)	This scenario sets out a pathway for achieving both the Paris Agreement goal of stabilising emissions at 1.5°C above pre-industrial levels, and key UN Sustainable Development Goals, including universal access to energy by 2030 and major improvements in air quality. Advanced economies are assumed to decarbonise faster than developing ones	1.5°C to 2050, falling to 1.4°C to 2100	NZE	Orderly (Net Zero 2050 / Low Demand)

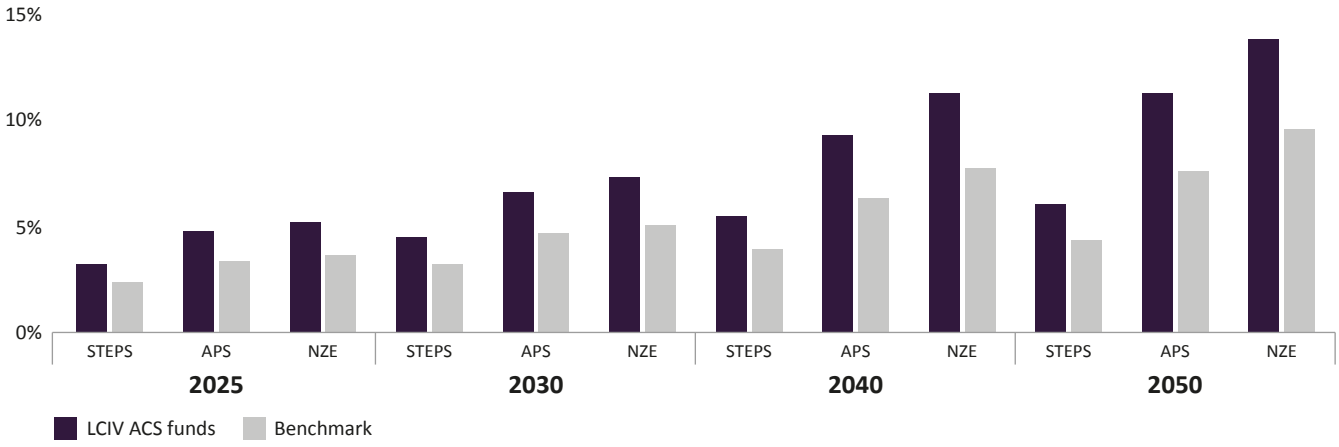
Results and insights

The diagram below illustrates the unpriced carbon costs as a % of EBITDA across our consolidated ACS portfolio. As expected, our exposure to unpriced carbon costs is highest under a Net Zero scenario and generally decreases under less extensive policy interventions (higher average global temperature increases). The impact increases in the longer term under every scenario, up to 14% by 2050 under NZE.

As a consolidated ACS portfolio, we have higher exposure than the benchmark (MSCI World). Generally, this is because the MSCI World has a much higher weight to Technology (particularly the Magnificent Seven) which, on average, have lower exposure to unpriced carbon costs than more heavily emitting industries. However, with the rise in AI-related emissions this trend may change in future.

Figure 6: Unpriced carbon costs as a proportion of EBITDA

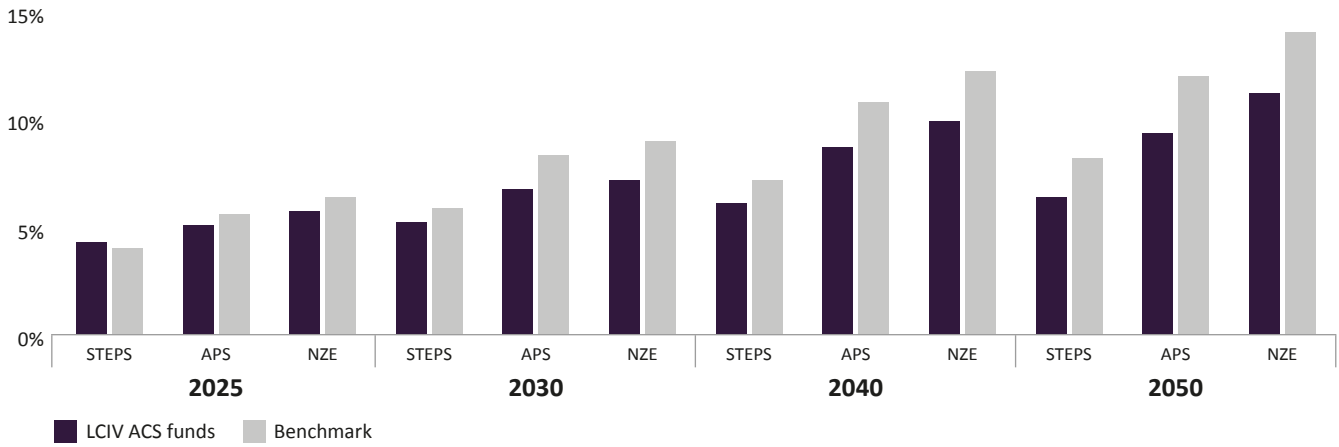
LCIV ACS funds vs. MSCI World (listed equity and fixed income instruments)



To help identify key areas of vulnerability, we consider companies with >10% of EBITDA at risk. In 2030, ~5% of AUM has >10% EBITDA at risk under a Stated Policies Scenario, rising to ~7% under a Net Zero scenario. By 2050 this increases to ~6% and ~11% respectively. This data helps identify assets with high exposure to transition risk, and informs our engagement on climate transition, either directly, as part of wider investor collaboratives, or through our investment managers.

Figure 7: Proportion of AUM with >10% EBITDA at risk

LCIV ACS funds vs. MSCI World (listed equity and fixed income instruments)

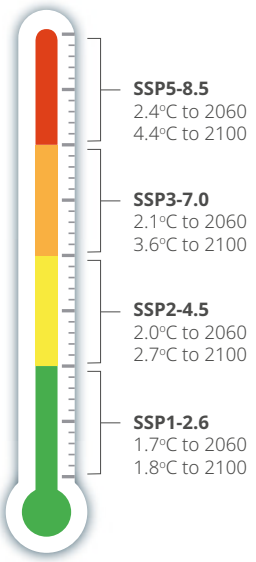


Physical risk

We analyse physical risks through modelling the financial impact of seven different climate hazards on our investments. The following hazards are considered:

Figure 8: Physical climate hazards modelled in our climate scenario analysis

Hazard type	Hazards
Chronic	Extreme heat, water stress
Acute	Fluvial flood, drought, wildfire, tropical cyclone, coastal flood



Methodology and data sources

We take financial impact data from S&P Global Sustainable1, which provides estimated financial losses under different scenarios from CapEx, OpEx, business interruption and other pathways as a proportion of asset value, at a corporate level. We use composite indicators which aggregate risk across the hazards listed above, as we believe this provides a more decision-useful projection of potential risks in the long-term. This is then aggregated up to the fund and portfolio level.

Please note, this year the analysis was conducted through our new Climate Data model. This means that results may not be comparable to last year due to changes in coverage and methodological assumptions. For further details on this, please refer to the Metrics and targets section.

Scenarios

Our analysis draws on the Shared Socioeconomic Pathways from the IPCC. We consider four different scenarios:

Table 5: Physical risk scenarios used in LCIV climate scenario analysis

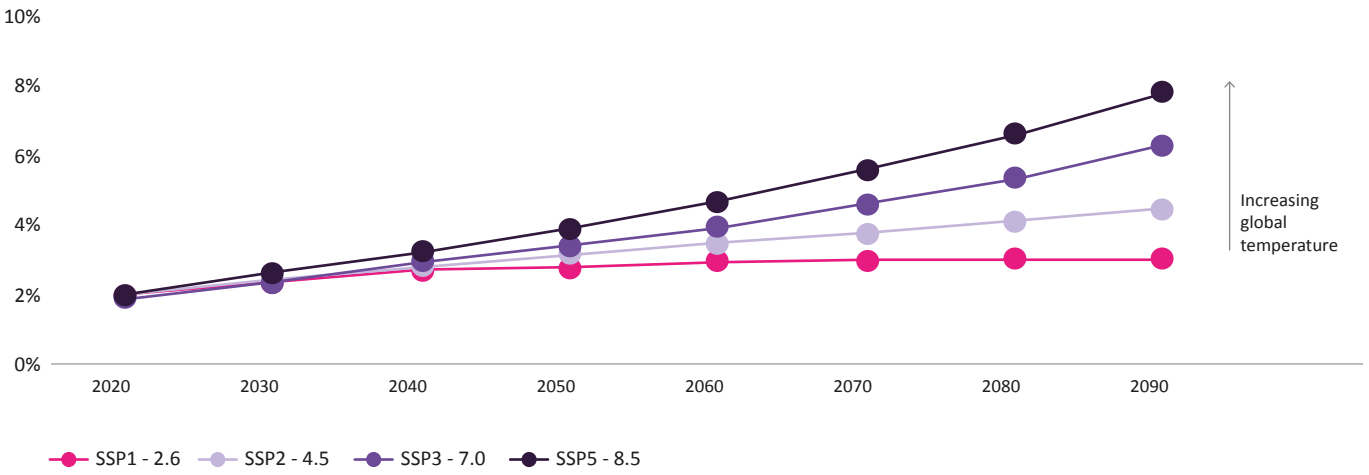
IPCC Scenario Used in analysis	Implied temperature rise	Implied temperature rise	Link	Mapping to NGFS sub scenario
SSP1-2.6	This scenario assumes global emissions are cut severely, avoiding some of the worst impacts of climate change but still not fast enough to meet the goals of the Paris Agreement. Progress towards the UN SDGs is accelerated, including reducing global inequality, and improving health and education outcomes.	1.7°C to 2060 1.8°C to 2100	IPCC Sixth Assessment Report	Orderly (Below 2°C) / Disorderly (Delayed Transition)
SSP2-4.5	This scenario assumes global emissions remain roughly static until 2050, declining later in the century. Socioeconomic development is uneven, and progress towards the SDGs continues at historic rates.	2.0°C to 2060 2.7°C to 2100		Too Little, Too Late (Fragmented World)
SSP3-7.0	Under this scenario, global temperatures rise steadily and CO_2 emissions double by the end of the century. Economic growth is slow and increased focus on energy and food security reduces global cooperation.	2.1°C to 2060 3.6°C to 2100		Hot House World (NDCs / Current Policies)
SSP5-8.5	This scenario assumes global emissions double by 2050. The global economy accelerates, powered by fossil fuels and other intensive sectors, with devastating consequences on the planet.	2.4°C to 2060 4.4°C to 2100		NA

Results and insights

The graph below illustrates the expected financial impact under the four different IPCC scenarios. By 2050, annual losses are 40% greater under the highest warming scenario compared to Net Zero, rising to 158% by 2090. This represents over £1bn in expected annual losses by 2040. Expected losses across scenarios are approximately in line with the MSCI World benchmark.

Figure 9: % Asset value at risk from physical risk hazards

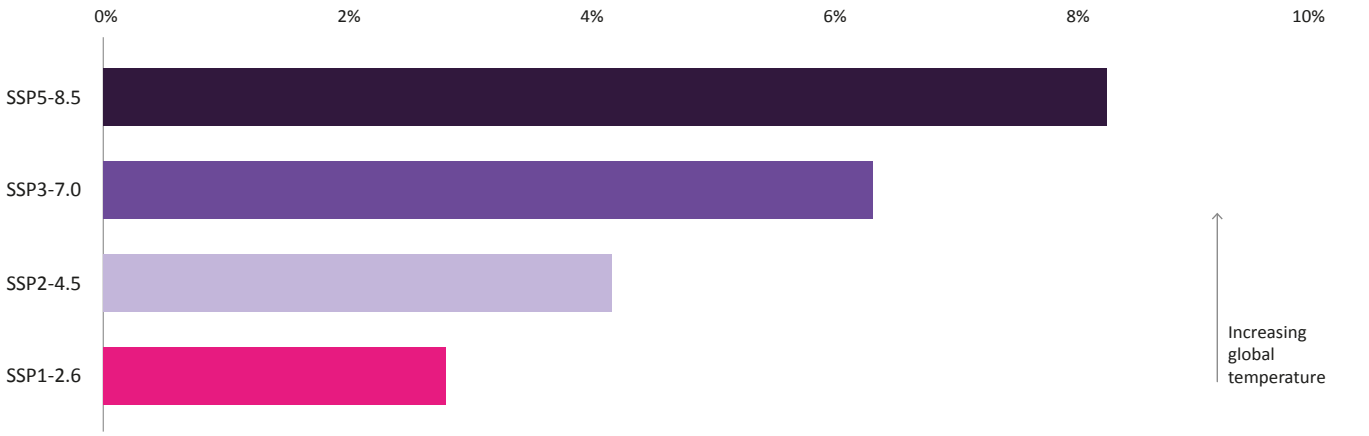
LCIV ACS funds (listed equities and fixed income instruments)



To identify assets with high exposure, we consider the proportion of assets with >5% of total asset value at risk by 2050. This data helps identify assets where engagement on adaptation and resilience may be useful.The graph below depicts the proportion of our AUM that this may apply to.

Figure 10: % AUM with >5% asset value at risk in 2050

LCIV ACS funds (listed equities and fixed income instruments)



Comparing physical and transition risks

We note that there are complex interplays and trade-offs between our exposure to physical and transition risks under different climate scenarios. Broadly speaking, our exposure to transition risks is higher under a low-warming scenario, where physical risk is lower, and vice versa. The scale of expected losses from both categories of impact under different scenarios illustrates the need to carefully manage both, in order to build a resilient portfolio which is able to perform well regardless of global outcomes.

Fund level analysis

The results of our fund-level analysis of both physical and transition risks can be found in Appendix 1.3.

Assumptions and limitations

Whilst this is a useful exercise for estimating the scale of exposure to transition risks and identifying key areas of vulnerability, there are several limitations, which must be considered in any decision-making. Key limitations are:

- **Scope:** Our analysis covers our actively managed ACS portfolio. We have prioritised our ACS funds due to better availability of climate data across our public market investments compared to our private market funds. We also exclude passive pooled assets held with BlackRock and Legal and General Investment Management (LGIM), due to the limited nature of our control.
- **Asset class coverage:** Analysis covers listed equities and fixed income assets. We exclude certain asset classes such as sovereign exposure and real assets, due to limitations on data quality and availability.
- **Inherent uncertainty in scenario analysis:** There is considerable modelling uncertainty linked to climate scenario analysis, and the results should be considered exploratory and interpreted with caution. Scenarios are not forecasts or predictions.
- **Point-in-time assessment:** This analysis is based on a point-in-time snapshot of the portfolio as of 31st December 2024, which is not necessarily reflective of the portfolio construction at any point in the future.

For further discussion of the limitations of our analysis, please refer to Appendix 3.

Next steps

We will use the results of this scenario analysis exercise to help inform our ongoing engagement activities. The results of this work are also referenced in our Internal Capital and Risk Assessment process ("ICARA"). The scenario analysis will also be a factor that informs our triennial in-depth reviews of our Climate Action Plan.

Risk Management

The TCFD recommendations call on asset managers to describe the processes in place to identify and manage climate-related risks.

A. Our process for identifying and assessing climate-related risks

The Responsible Investment team are responsible for identifying and assessing the materiality of climate-related risks on an annual basis. Climate risks may also be initially identified by our external investment managers, or through our internal quarterly reporting and due diligence and monitoring processes.

Investment manager monitoring of climate risks

Our investment managers review exposure to climate risks during pre-investment and post-investment analysis. This involves the application of risk modelling tools such as scenario analysis as well as qualitative due diligence. The processes and tools used will vary depending on the manager and factors like asset class, sector and geography. Risks may be reviewed at the security, issuer or sector level. Investment managers are ultimately responsible for developing their own climate risk assessment tools and reviewing leading practice to improve processes on a best-efforts basis.

Internal monitoring and due diligence

We also monitor climate change risks internally using qualitative and/or quantitative analysis as appropriate. We consider the impact of climate-related risks and opportunities in the design of new strategies, and as part of our due diligence processes.

For corporate equity and fixed income instruments within our ACS funds, we conduct quarterly monitoring of the portfolio, including calculation of key climate metrics such as carbon intensity and fossil fuel exposure. This enables us to identify key contributors to our climate footprint at both a fund and issuer level, and to identify areas of concern, which are addressed as part of our quarterly due diligence meetings with our investment managers and help inform our stewardship and engagement strategy.

For private market funds, we consider climate risk and impact at the pre-investment stage , as part of our wider ESG review. The RI Team also monitor key climate metrics provided by our investment managers on an annual basis and attend quarterly monitoring meetings with them to address any potential ESG issues, including on climate. We are actively working on expanding our work in this area in line with our Climate Action Plan. This work includes expanding the range of private markets asset classes we seek data for, and working to improve data quality and coverage.

The RI Team may also conduct supplemental research and due diligence as part of our ongoing portfolio monitoring efforts. This allows us to consider qualitative and/or forward-looking factors such as new and emerging regulation affecting certain sectors or holdings, and to respond to external headlines and events.

This may also be triggered as part of broader ESG engagement strategy, for example when reviewing voting alerts from our voting and engagement provider EOS, as well as the Local Authority Pension Fund Forum ("LAPFF"), responding to management actions and shareholder proposals or as part of industry-wide initiatives. For more details on our stewardship and engagement work, please see our 2025 Stewardship Outcomes Report.

Assessing the relative importance of different climate risks is the responsibility of the Responsible Investment team and incorporates a range of both quantitative and qualitative factors. The RI team reports on climate risks and opportunities to the ExCo, ICO and the Board. The CEO is responsible, with the RI team, for formulating strategy in this area, to be reviewed by the Board. Climate related strategy and progress against the Climate Action Plan will be reviewed annually, with an in-depth review every three years. The Board will consider whether progress is being made, and whether targets remain appropriate, always taking into consideration the holistic investment needs of Partner Funds. Strategic decisions about the Climate Action Plan over time will be subject to Board approval.

Variations by products or strategies

Our approach to monitoring climate risks is consistent across ACS funds. However, data coverage is higher for our equities portfolio versus fixed income and multi-asset funds (see "Efforts to improve data quality" below), which may have an impact on our ability to effectively monitor climate risks across certain asset classes and more diversified products. For ACS funds with specific sustainability and/or climate considerations, we monitor key climate metrics as agreed with our investment managers, as part of our ongoing investment oversight.

For passive pooled funds held with BlackRock and LGIM, we conduct climate analytics on an annual basis. This is due to the limited control we have over assets in these funds.

Efforts to improve data availability and quality

Two key factors affecting our ability to effectively manage climate risks are data availability and quality. Missing and poor-quality data limits our ability to assess the impact of climate risk on our funds and risks us drawing incorrect conclusions about our exposures.

The issues vary by asset class. For listed equities, public climate data is generally readily available, whilst coverage for fixed income tends to be lower, due to a number of factors including private companies issuing public debt, smaller issuers who are not required to report public data, and difficulties in mapping securities to reporting issuers. Coverage is particularly low for funds which invest in sub-investment-grade debt, as third-party ESG coverage is low. The problem is exacerbated for alternative asset classes and for private market funds, where data is often inconsistently reported or missing altogether.

All asset classes face issues around data quality- some companies will report audited or externally verified data which aligns to global reporting standards, whilst others may report fragmentary or partial data. In many cases data needs to be modelled based on sector and geographic averages. Data is often of better quality for Scope 1 and 2 emissions compared to Scope 3.

We welcome the increase in climate-related disclosures in recent years. As data quality improves across the industry, we are better able to effectively track our exposure to climate issues, and we hope to see this trend continue. We have taken several steps to improve the quality and coverage of data available to us and the wider industry, including:

- Updating our Climate Data Model to improve data coverage and performance. This has resulted in a 20-35% increase in coverage across our fixed income funds.
- Engaging with investee companies through EOS and our Investment Managers to improve the quality of their climate data disclosures.
- Updating our template side letter for private markets investments to include contractual commitments to provide climate data. Ability to report on climate data is also viewed favourably in the due diligence process for potential new managers.
- Requesting climate data from our managers, including private markets managers, on an annual basis (at a minimum), which in turn encourages them to invest in the resources to make this available. We also engage with our investment managers and data provider to improve data availability and quality, particularly where we note low data coverage for a fund or discrepancies in climate data from different providers.
- Joining S&P Global's Executive Advisory committee to help influence the market and improve disclosure.
- Reporting on key climate metrics in our mainstream financial filings, TCFD report and regular client reporting.

Case Study:
London CIV Climate Data Model update

Our Climate Model is the basis of all our internal climate monitoring and reporting for our ACS funds. The model is used to calculate key climate metrics for our public markets funds, including data on: absolute emissions, emissions intensity, fossil fuel revenue exposure, CAPEX -spending on fossil fuel projects, forward-looking emissions projections and climate scenario analysis. The results are used for various strategic and reporting purposes, including:

- Quarterly monitoring of fund climate exposures and subsequent engagement with investment managers
- Monitoring of fund objectives
- Identification of top emitters for targeting engagement
- Monitoring of our footprint vs targets
- Quarterly investment reports, bespoke client reporting, and this TCFD report

This year we refreshed our Climate Model, moving to a system that is more integrated with our data provider, S&P. Like the previous model, the new model still draws on climate data from S&P Sustainable1, and has been designed in line with the Global GHG Accounting and Reporting Standard for the Financial Industry developed by the Partnership for Carbon Accounting Financials ("PCAF"). The new model is faster and uses a different system for mapping climate data. We have also taken the opportunity to update our assumptions and reporting metrics to better align with current industry standards. Key benefits include:

- Significant improvement in data coverage, particularly for fixed income funds, where coverage increased by 20-35%
- Ability to run the model more frequently
- Refreshed assumptions, to align with the latest industry standards
- Improved traceability and ability to understand the underlying factors driving results
- Improved reliability
- Automation of some aspects of the process

As a result, there have been some changes in the data reported for previous periods. In general, these changes can either be directly linked to improvements in coverage or changes in our assumptions. In most cases these have not had a significant impact. However, there has been a general decrease in the carbon to value intensities reported, driven by a change in our assumptions around enterprise value, which have been updated to better align with industry standards. This has led us to take the decision to recalculate historical results this quarter. The updated results and implications are discussed in the Metrics and Targets section.

B. Our process for managing climate-related risks

Managing risks associated with climate change is a fundamental part of our corporate and investment strategy. Our approach was established in partnership with Partner Funds who provide ongoing feedback through the Sustainability Working Group. Consideration of climate risk has been integrated into all stages of our engagement with investment managers as well as the design, selection, and management of our investment strategies.

At this stage, our focus is on managing the most material transition risks associated with our investments, as measured by metrics like carbon intensity and fossil fuel revenue.

Pre-investment

All investment managers must be able to clearly demonstrate their approach to identifying and mitigating exposure to climate risk. This is assessed based on Sub-fund climate policies and the investment manager's set of responses to our ESG Due Diligence questionnaire. Contractual agreements with external managers also include climate-related clauses such as disclosure in line with the TCFD, disclosure of climate data, and stewardship commitments in line with the UN Principles for Responsible Investment ("PRI"). For certain funds this includes specific climate objectives and metrics (see Table 3).

Ongoing due diligence and monitoring

We conduct quarterly monitoring on our investment managers. Investment managers are also assessed annually against a framework that includes Responsible Investment considerations. Climate is a key factor alongside other factors like strategy and business risk, to make sure that Partner Funds' needs are considered comprehensively. We meet with our investment managers on a quarterly basis which gives an opportunity to address any key climate issues identified in our quarterly climate monitoring, as well as any wider concerns. We prioritise funds and securities based on the most material impacts in our portfolio from a carbon intensity and/or stranded asset exposure perspective. As part of our ongoing stewardship efforts, we also challenge managers to provide case studies and examples of investment decisions that were influenced by the integration of climate factors in decision-making, and may also meet with our managers on an ad-hoc basis where we have any cause for concern.

For private markets funds, we seek to secure commitments to reporting climate data, as part of our investment due diligence. Thereafter we gather information from our managers at least annually, to the extent possible. We are working on increasing the coverage and quality of that data, across private markets asset classes. We will use the data to identify trends, and areas for engagement. We can also compare funds in the same sectors and look for reasons for variance in emissions intensity. We will talk to managers about how they are implementing climate best practice and seeking emissions reductions, taking into account the variety of different asset types. For example, we might look at how a property manager is working with energy contracts, or how a private debt

Case Study:
Net Zero Asset Managers initiative and Climate Action 100+

Over the past two years, a number of our investment managers have made the decision to step back from collaborative industry initiatives, including the Net Zero Asset Mangers ("NZAM") initiative, which shares best practice guidance and independent target review for asset managers, and CA100+, an investor-led collaborative engagement initiative targeting the world's top emitters. Subsequently, NZAM took the decision in January 2024 to temporarily suspend its activities.

We believe that this highlights how certain factions in the US present a significant potential threat to global climate ambition and action, and we have engaged with NZAM, CA100+ and our investment managers on how they are managing these risks. We also believe that it is important to be cognizant of the very real pressures the threat of litigation presents to our investment managers, and note that whilst we understand this may make participation in some initiatives untenable for them, our focus is on ensuring that they continue to meet their product-level commitments and improve standards at an organisation-level.

Whilst we see NZAM's commitment statement and guidance as industry-leading and have to date encouraged all our investment managers to be signatories, it is not a formal requirement. Nothing has changed in terms of our expectations or the contractual obligations of our managers, and we will continue to focus on assessing their ESG and climate-related capabilities at a product- and resource-level, and on monitoring progress against our Net Zero commitment and any fund-level targets. Similarly, while we believe collaborative action through initiatives like CA100+ is powerful and encourage our managers to take part where possible and effective, our focus is on continuing to monitor the stewardship and engagement activities they undertake on our clients' behalf, whether individual or collaborative.

We also believe that it is more important than ever that investors like London CIV who are concerned.

manager is using ratcheted loan arrangements. From time to time we have the opportunity to review co-investment opportunities. Climate risks and opportunities are always a consideration in these cases. For example in the case of a co-investment in a data centre, we would consider how energy was being sourced.

Engagement

A critical component of our climate risk management strategy is engagement.

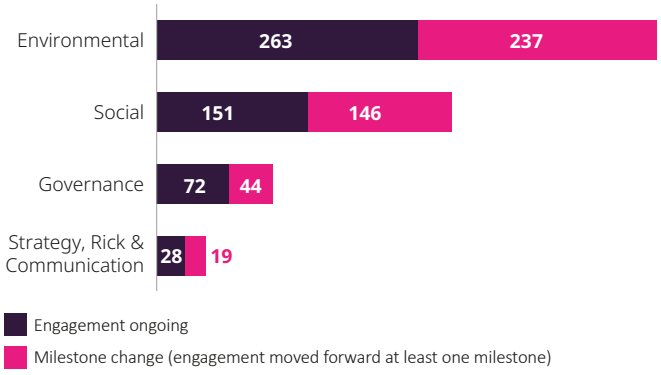
We believe that engagement is one of our most powerful tools to encourage emissions reductions across the real economy. We conduct engagement primarily through our stewardship services provider Federated Hermes EOS and our investment managers. Consistent climate-related themes include emissions reduction, energy transition plans, scope 3 emissions reporting, interim target setting and transition financing. In 2024, EOS engaged on 443 climate related objectives on behalf of London CIV and its other clients, and our ACS Investment Managers have had 1,329 meetings where they discussed topics including climate change.

EOS's four-stage milestone system measures progress over the long term, tracking engagement progress against the objectives set for each company. Progress is then regularly assessed and evaluated against the original engagement proposal to ensure the objectives are met. Progress is categorised based on four primary milestones:

- **M1 (Raising Concerns):** Our concern is raised with the company at the appropriate level.
- **M2 (Acknowledging Concerns):** The company acknowledges the issue as a serious investor concern, worthy of a response.
- **M3 (Planning):** The company develops a credible strategy to achieve the objective, or stretching targets are set to address the concern.
- **M4 (Implementing):** The company implements a strategy or measures to address the concern.

The chart below demonstrates the progress made in achieving the milestones set for each engagement. In 2024, EOS engagements on environmental factors, including climate objectives, saw 47% of objectives advance by at least one milestone.

Figure 11: Engagement Progress (2024)



Additionally, we recognise that policy advocacy and collaborative engagement are essential to bring about the industry-wide change needed to meet climate goals. For example, in 2024 we worked with ShareAction and other investors to co-file a proposal regarding concerns on the Barclays's energy policy. We also chair the Responsible Investment LGPS Cross Pool forum, where policy advocacy and market engagement is collated across the pools and becoming a supporting investor for engagement with CRH through CA100+.

In terms of voting, our Voting Guidelines outline our expectations on climate change management. EOS votes on our behalf, subject to review and approval from our Responsible Investment team.

For more details see our Stewardship Policy, Voting Guidelines and Stewardship Outcomes Report on our website.

Case Study:
Climate Escalation – Barclays (Co-Filing Shareholder Proposal)

Background: We worked with ShareAction and other investors to support a co-filing opportunity regarding Barclays's energy policy. The group engaged with the bank requesting it to issue a report describing how they address: 1) stranded asset risk associated with financing new oil and gas infrastructure; and 2) systemic risk to the financial system of stranded assets. Following engagement and applying pressure, Barclays updated its climate policy to include:

- No project finance, or other direct finance to energy clients, for upstream oil and gas expansion projects or related infrastructure.
- Restrictions on non-diversified energy clients engaged in long lead expansion.
- Additional restrictions on unconventional gas and oil, including extra heavy oil.
- Requirements for energy clients to have 2030 methane reduction targets, a commitment to end all routine/ non-essential venting and flaring by 2030 and near-term Net Zero aligned scope 1 and 2 targets by January 2026.
- Expectation for energy clients to produce transition plans or decarbonisation strategies by January 2025.

Following these major announcements and after engaging with Barclays and informing them of the shareholder proposal, ShareAction and the group of investors decided the new updates to Barclays's climate policy sufficiently addressed their concerns and made the decision to withdraw from the shareholder resolution before it went into vote at Barclays's Annual General Meeting.

Case Study:
Engaging with a top emitter, CRH

Background: CRH was the largest contributor to the carbon footprint of our public markets assets in 2024. Our Investment Manager, Baillie Gifford, has been engaging with CRH on an ongoing basis and in 2025 we escalated our efforts through becoming a 'contributor' to CA100+ engagement with CRH on CA100+.

CRH is a diversified building materials company specialising in producing and distributing cement and other aggregates. Baillie Gifford's long-term objective for CRH is for the company to become an influential example of good practice in an emissions-intensive sector.

Action and Engagement: Baillie Gifford has been engaging with CRH since 2008. Throughout 2024, the engagement focused primarily on two key areas: 1) Remuneration and 2) Climate. On remuneration, Baillie Gifford provided feedback on proposed revisions to executive pay, particularly noting the shift towards US-style compensation structures due to CRH's increasing presence in the US market. This included discussions about the increased quantum of pay and revisions to the long-term incentive framework. On climate, discussions highlighted CRH's integration of carbon pricing into all strategic decisions, including acquisitions and divestments. Baillie Gifford specifically sought clarification on ongoing sustainability disclosures and scenario analysis following regulatory changes in the US market. Discussions also focused heavily on the changing regulatory environment and the divergence between the US and the EU. CRH explained their lobbying approach, which is often locally focused—such as improving the sustainability of material standards and building regulations at the municipal level. Further engagements emphasised understanding CRH's decarbonisation trajectory beyond 2030, particularly given uncertainties around Carbon Capture, Utilization, and Storage ("CCUS") technologies. Though CRH has detailed strategies and targets for 2030, long term directionality remains less clear due to the reliance on speculative technological innovation. Our Investment Manager encouraged deeper transparency regarding CRH's internal carbon cost calculations and their impact on business operations. They also encouraged further dialogue around how CRH supports low-carbon product innovation through their CRH Ventures project.

Outcomes and Next Steps: The engagements throughout 2024 year resulted in several notable outcomes:

- Enhanced clarity on executive succession plans and recruitment.
- Increased understanding of the balance between maintaining long-term strategic focus of the executive remuneration structures and US market practices.
- Assurance from CRH that recent acquisitions were assessed thoroughly regarding their compatibility with decarbonisation targets, confirming their confidence in achieving 2030 emissions reductions goals.
- Recognition that while CRH's interim (2030) emissions targets remain credible, longer-term strategies for 2050 are less clear due to reliance on technological innovation. We will continue to monitor these developments closely.
- Confirmation from CRH that the price of carbon is deeply integrated into strategic decision-making processes across the business, including in board-level reviews. Looking ahead into 2025, our Investment Manager will maintain regular dialogue with CRH management and pay particular attention to the strategic implications of regulatory divergence between US and EU policies. They remain committed to supporting CRH's transition towards Net Zero emissions by 2050 through constructive engagement and ongoing stewardship efforts.

C. Our processes for identifying, assessing and managing climate-related risks and integrating them into our overall risk management framework

Investment beliefs

Climate change considerations are embedded within our Investment Beliefs. These are the established set of principles which underpin the way we invest. Effective management of climate risks forms the basis of Principle 3c, and is considered alongside our wider duty of care, our commitment to responsible investing, and sound risk management.

Investment guidelines

For a number of our products, climate change considerations are included in our agreements with our investment managers. For further information, please refer to Strategy Section B.

Investment due diligence and monitoring

The RI Team work alongside the Investment team in all due diligence and monitoring processes, particularly where climate-related risks and opportunities are deemed material to a strategy. This includes annual due diligence meetings, quarterly engagement with investment managers and ad-hoc engagement. The RI Team and CSO attend and input into Executive Investment Committee meetings where all key investment related decisions (such as the choice of a new fund or investment manager) are formally approved.

Our Enterprise Risk Management Framework

The identification of climate-related risks is also embedded into our broader enterprise-wide risk management framework. Our Risk Management Framework ("RMF") is used to identify threats to the business and outlines the processes for mitigating those risks. The RMF establishes the three lines of defence risk management model, which is summarised as: (1) risk and control ownership; (2) oversight, support and challenge; and (3) oversight from the Depositary and assurance from corporate and fund auditors. The RI Team owns the processes established to identify and manage climate risk and is a first line of defence function. The second and third lines of defences carry out independent oversight of first line risk and controls and report directly to senior management.

Reporting and disclosure

We report on key climate metrics (carbon intensity and fossil fuel exposure) and top contributors for each corporate public markets fund, alongside performance figures and other information in our quarterly reporting to our Partner Funds. We also produce detailed climate change reports to a number of Partner Funds each year, covering both pooled and off-pool holdings.

Working with Partner Funds

We work closely alongside our Partner Funds to support them in managing their exposure to climate-related risks, including for off-pool holdings. Since 2022 we have been providing a climate analytics service to Partner Funds, free of charge. This includes in-depth analysis of the carbon footprint and climate risk exposure of both on- and off- pool holdings, to help inform the development of decarbonisation strategies, internal risk management and strategic asset allocation. In 2024, we derived climate training at the Pension Committee meetings of the Royal Borough of Greenwich and London Borough of Croydon, better equipping them with the tools to interpret climate data and understand how climate risks affect their investments. We also engage with clients regularly through our quarterly SWG meetings, and support them with ad-hoc requests through the year.

The development of new investment programmes (and amendments to existing ones) is undertaken in consultation with our Partner Funds, and reflecting their needs and Responsible Investment policies. Our Net Zero target took into consideration the targets of our Partner Funds, and our new Climate Action Plan was workshopped through our Sustainability Working Group.

Our Partner Funds recognise the risks that climate change presents, and are supportive of our efforts to manage risks and maximise opportunities, taking climate change into account alongside wider investment considerations. Consideration of climate-related risks and opportunities is also key to discussions with Partner Funds on investment as part of the Fit for the Future consultation.

Metrics and targets

The TCFD recommend disclosure of the metrics and targets used to assess and manage material climate change risks and opportunities

A & B. The metrics we use to assess climate-related risks and opportunities in line with its strategy and risk management process, including Scope 1, 2 and 3 GHG emissions and related risks

Public market funds

Methodology, assumptions and limitations

For our ACS funds, we use a number of different metrics to assess climate-related risks and opportunities, including Weighted Average Carbon Intensity ("WACI"), carbon to value intensity, and fossil fuel exposure. For further details, including definitions, calculation methodologies and limitations for each of these, please refer to Appendix 3.

The majority of metrics for ACS funds are calculated using our Climate Model, which draws on data from S&P Global Sustainable1 and PCAF-aligned methodologies. This year we updated our Climate Model to improve coverage and performance, and to refresh our assumptions in line with best practice. For more details on the changes we have made, please refer to the case study on page 23. As a result of these updates, we have taken the decision to recalculate our historic climate data and rebaseline targets. The box below discusses the rationale for and implications of this.

Our approach: Recalculating historical results and rebasing

Why have we recalculated historical climate data?

This year for the first time we are reporting results using our new climate model. The new model builds on the groundwork of the previous model, but significantly improves coverage. We have also updated some of the underlying methodological assumptions to better align with industry best practice.

As a result, climate metrics calculated under the new model are not directly comparable to those calculated under the previous methodology, and our estimations of historical climate metrics have changed, in some cases significantly. In line with best practice guidance from the GHG Protocol, we have therefore taken the decision to recalculate historical climate data, and rebased our targets.

Are the changes significant?

- For recent quarters, the difference in Scope 1 & 2 Weighted Average Carbon Intensities under the two models is <10% – this is considered immaterial in the context of climate related data.
- The carbon to value intensities calculated are significantly lower under the new model, because we have updated our assumptions around EVIC in line with industry practice. This is a key driver behind our decision to rebaseline our climate targets.
- Further back in time, there may be more significant differences between the restated results and those which were historically reported.

Why have historical results changed under the new model?

Historical results may have changed for a variety of reasons, including but not limited to:

- Improved data coverage under the new model.
- Updated climate data for underlying companies. Our climate model takes the latest available climate data for each issuer, up to the stated reporting date. As climate data is reported with a lag, calculations reported at the time will be less accurate than recalculated results.
- Improved data quality for historical years.
- Changes in underlying modelling assumptions.
- Inherent uncertainty in climate data models.

Given the multiple different reasons historical results may change, we have not attempted to dissect all the differences for each metric in this report, beyond this general overview. We have instead focussed our efforts on internal and external review of the new model, to ensure data quality.

What does this mean for our decarbonisation targets?

Please refer to Metrics and targets Section C, for discussion on what this means for our climate targets.

Data coverage and quality

Data coverage and quality vary based on the metric / dataset used, and by asset class.

The graph below shows the underlying sources of the Scope 1 emissions data for our ACS portfolio by AUM. 25% of coverage is based on emissions data directly reported in companies' annual, CSR or CDP reports. A further 43% is modelled using reported energy consumption data, and ~12% is modelled based on revenue or other financial indicators and sector averages. In comparison, almost all of our Scope 3 data is modelled using financial indicators.

Overall, this amounts to 79% data coverage, an increase compared to our recalculated results for last year which have 75% coverage. This leaves approximately 21% of AUM which is not currently covered in our analysis – this may be due to the asset class (e.g. sovereigns, asset backed securities, derivatives), missing data, or other data quality issues.

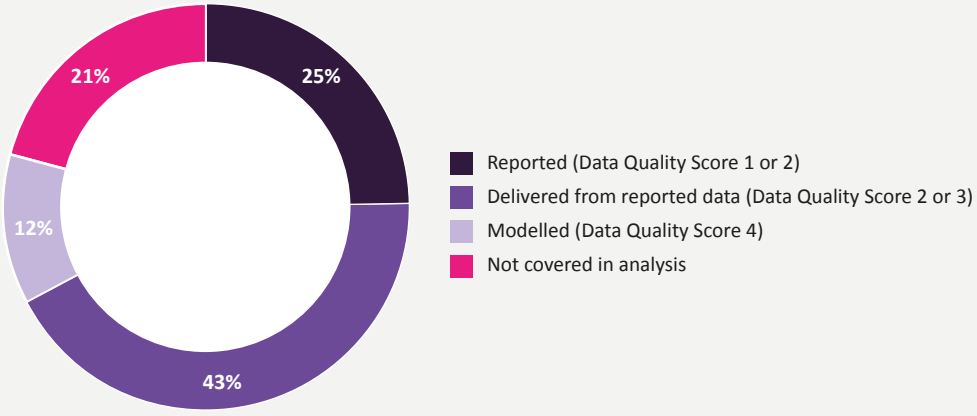
As data coverage and quality improves across the industry, we expect to see some fluctuations in the metrics we report. As coverage increases, our reported absolute emissions footprint will most likely increase, whilst emissions intensity could be affected in either direction.

Data coverage and quality also vary by fund and asset class:

- All of our equity funds have >95% coverage.
- In general, climate data coverage is lower for the fixed income universe than equities, due to the increased volume of issuers including sovereigns and private companies and difficulties in mapping securities to issuers. Coverage is particularly low for the LCIV Alternative Credit Fund and CQS-managed portion of the LCIV MAC Fund, due to the nature of the strategy, which focusses on sub-investment grade debt issued by relatively small borrowers, for whom public climate data may not be available.
- Multi-asset funds may appear to have low coverage; however this should be viewed in relation to the proportion of the fund invested in listed equities and corporate credit (as other asset classes and derivatives are considered out of scope).

For fund-level coverage data, please refer to Appendix 1

Figure 12: Data sources and PCAF data quality scores
LCIV ACS funds, Scope 1 emissions



Note: Data quality scores are assigned on a scale of 1-5, 1 being best quality, following methodology from PCAF (Partnership for Carbon Accounting Financials). Where information on data quality (e.g. audit status) is unknown, we have been conservative in our estimates.

Carbon to Value intensity (C/V)

We use several metrics to track carbon intensity over time across our funds, including carbon to value invested and weighted average carbon intensity. Carbon to value intensity is primarily used to monitor overall progress towards our decarbonisation targets, as well as to monitor the climate objectives of funds with related sustainability commitments, and to prioritise funds and/or assets of concern for engagement.

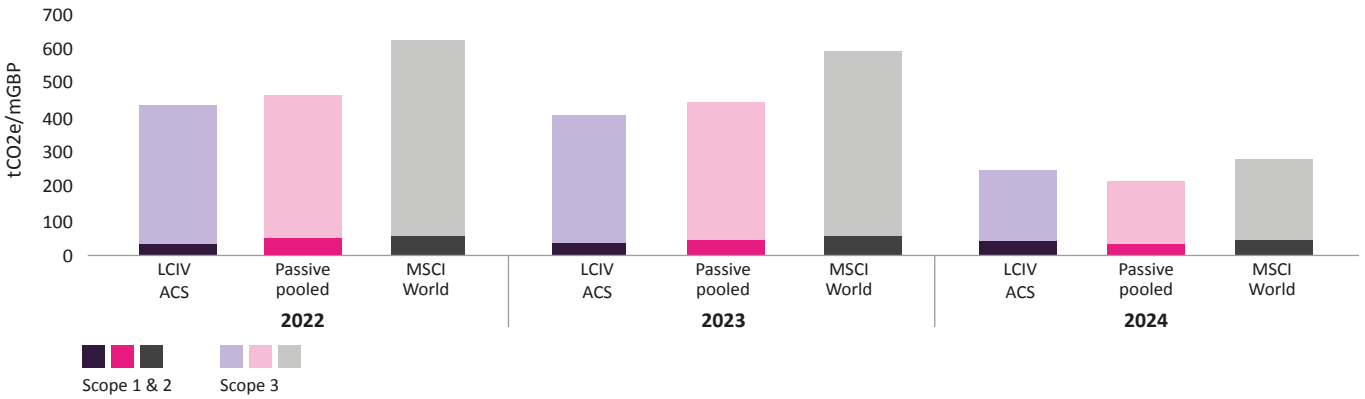
The graph shows the carbon to value intensity over time for LCIV ACS funds, compared to the MSCI World benchmark.

Key insights

- Both LCIV ACS and passive pooled funds have consistently had a lower carbon to value intensity than the MSCI World. In 2024, LCIV ACS intensity was 10% lower than the MSCI World when considering Scope 1 and 2 emissions, and 12% lower across Scopes 1, 2 and 3. This is mainly driven by lower overall exposure to high-emitting sectors including energy and industrials. It is also worth noting that although we have used the MSCI World as a benchmark for consistency with previous years, LCIV ACS funds also incorporate fixed income assets which typically have a higher intensity. The Bloomberg Global Aggregate Corporate index had a Scope 1 and 2 carbon to value intensity of ~80tCO_2e/mGBP in December 2024, compared to ~41tCO_2e/mGBP for the MSCI World.
- Just two companies contribute ~25% of our carbon to value intensity – CRH plc and Ryanair Holdings plc. Both are considered key market leaders in terms of climate solutions innovation in hard-to-abate sectors – CRH in low carbon cement and materials, and Ryanair Holdings in terms of uptake of Sustainable Aviation Fuel (SAF). Both companies are key targets for our engagement activity. A further 14 companies make up an additional 25% of our carbon to value intensity. Activity focused on CRH and Ryanair included becoming a contributing investor for CRH via CA100+, engaging with the investment managers that hold these companies on our behalf, and adding Ryanair to EOS's priority list for engagement.
- In 2024, our Scope 1 and 2 emissions intensity increased by ~10%. We should expect to see fluctuations in climate data, and so do not consider an increase of this magnitude to be cause for concern. The emissions intensity of the majority of our funds has decreased or stayed the same, with particularly significant decreases in the LCIV Real Return Fund, LCIV Short Duration B&M Credit Fund, LCIV Long Duration B&M Credit Fund, LCIV Passive Equity Progressive Paris Aligned Fund, LCIV Global Equity Focus Fund and the PIMCO-operated portion of the LCIV MAC Fund. However, the LCIV Alternative Credit Fund, LCIV Absolute Return Fund, LCIV Sustainable Equity Fund and CQS-managed portion of the LCIV MAC Fund have experienced significant increases in carbon to value intensity, which has contributed to the overall increase. We have reviewed the reasons for these changes internally (including the impact of buying and selling securities and changes in positions sizes, reported emissions, financial data and data coverage), and used this information to inform our engagement with our investment managers over the course of the year.
- In the same period, the MSCI World emissions intensity decreased by ~24%. There are a number of reasons for this, but a key contributor is exposure to the "Magnificent Seven" technology companies. These have low Scope 1 and 2 emissions intensities (on average ~4.4tCO2e/mGBP in 2024) and so skew emissions intensity downward. In 2024 their weighting in the MSCI World increased from ~19% to ~24% whilst LCIV ACS exposure remained roughly constant at 9-11%. At the same time, their Scope 1 and 2 emissions intensity decreased further, mainly driven by increases in share prices rather than real world decarbonisation measures. The impact of these companies is likely to continue to evolve, not least due to the impact of AI-related emissions.
- London CIV ACS funds are currently ~20% less intensive than our 2020 baseline on a Scope 1 and 2 basis. For further discussion on our progress towards targets, please refer to Metrics and targets Section C.
- In terms of Scope 3 emissions, there have been some fluctuation in intensity- in 2024 it fell by 14%; however, Scope 3 data quality remains poor across the industry.
- For passive pooled funds the Scope 1 and 2 intensity was ~29% lower compared to 2023, and ~52% lower on a Scope 3 basis. London CIV has no control over these funds and therefore no direct influence on the carbon intensity.

For fund level analysis, see Appendix 1.1.1.

Figure 13: Carbon to Value Intensity
Listed equities and fixed income instruments



Please note that data for passive pooled funds in 2022 and 2023 was calculated under the previous climate model.

Weighted Average Carbon intensity ("WACI")

We use several metrics to track carbon intensity over time across our funds, including carbon to value invested and weighted average carbon intensity. We use WACI primarily to track exposure to high-emitting industries and companies, as well as to monitor the climate objectives of funds with related sustainability commitments, and to prioritise funds and/or assets of concern for engagement.

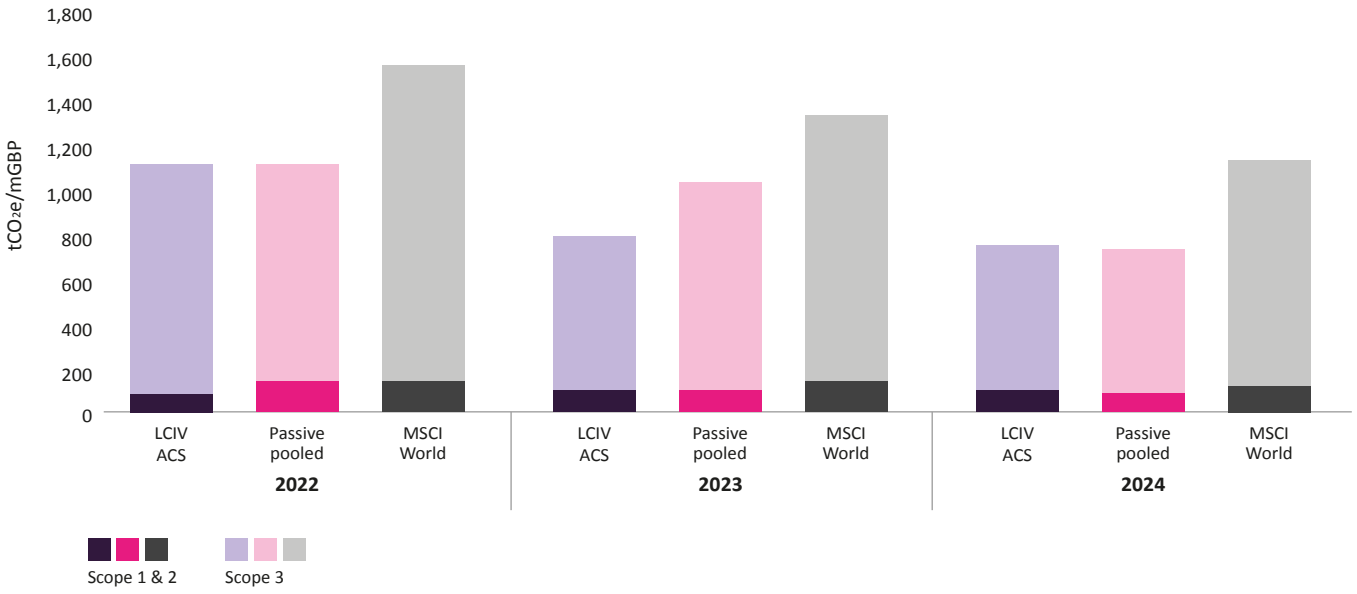
The graph shows the WACI over time for LCIV ACS funds and passive pooled funds, compared to the MSCI World benchmark.

Key insights

- Both LCIV ACS and passive pooled funds have consistently had a lower WACI than the MSCI World. In 2024, LCIV ACS funds were 25% lower when considering Scope 1 and 2 emissions, and 35% lower across Scopes 1, 2 and 3.
- For Scope 1 and 2 emissions, the WACI of our ACS funds has fluctuated over time. The longer-term trend depicts a dip in emissions in 2021-2 – this is likely to have been caused by the drop in overall global emissions caused by the global COVID-19 pandemic. As climate data is reported with a lag, it takes some time for this impact and subsequent recovery to be seen in our analysis. This year the Scope 1 and 2 WACI decreased slightly by ~4%. A reduction in the WACI indicates lower exposure to carbon intensive industries, and a decoupling of output and emissions.
- For Scope 3 emissions, there has been some fluctuation in the WACI – the intensity for ACS fell by 6% in 2024; however, Scope 3 data quality remains poor across the industry.
- We calculated the footprint of passive pooled funds for the first time in 2022. Performance has improved by 41% for Scope 1 and 2, and 33% for Scopes 1, 2 and 3. London CIV has no control over these funds and therefore no direct influence on the WACI.

For fund level analysis, see Appendix 1.1.1.

Figure 14: Weighted Average Carbon Intensity
Listed equities and fixed income instruments



Please note that data for passive pooled funds in 2022 and 2023 was calculated under the previous climate model.

Absolute emissions

Because of the nature of our business as an LGPS pool, our Net Zero targets and monitoring are conducted on an intensity basis. However, we also monitor our absolute carbon footprint as a measure of our real-world impact on the global carbon budget.

The graph on the right depicts the absolute carbon emissions of our ACS funds over time. This has increased slightly in 2024 by ~10% across Scope 1, 2 and 3. However, in this period AUM has increased by ~15%, and data coverage improved from 74% to 79%. The overall effect is a 24% increase in the AUM covered by our analysis, which is higher than the increase in our absolute footprint. It should also be noted that fluctuations in Scope 3 data are to be expected due to data quality issues.

On a Scope 1 and 2 basis, our absolute emissions have risen by ~37%. This additional change is explained by the overall increase in carbon to value intensity, as discussed previously.

For fund-level analysis, see Appendix 1.1.2.

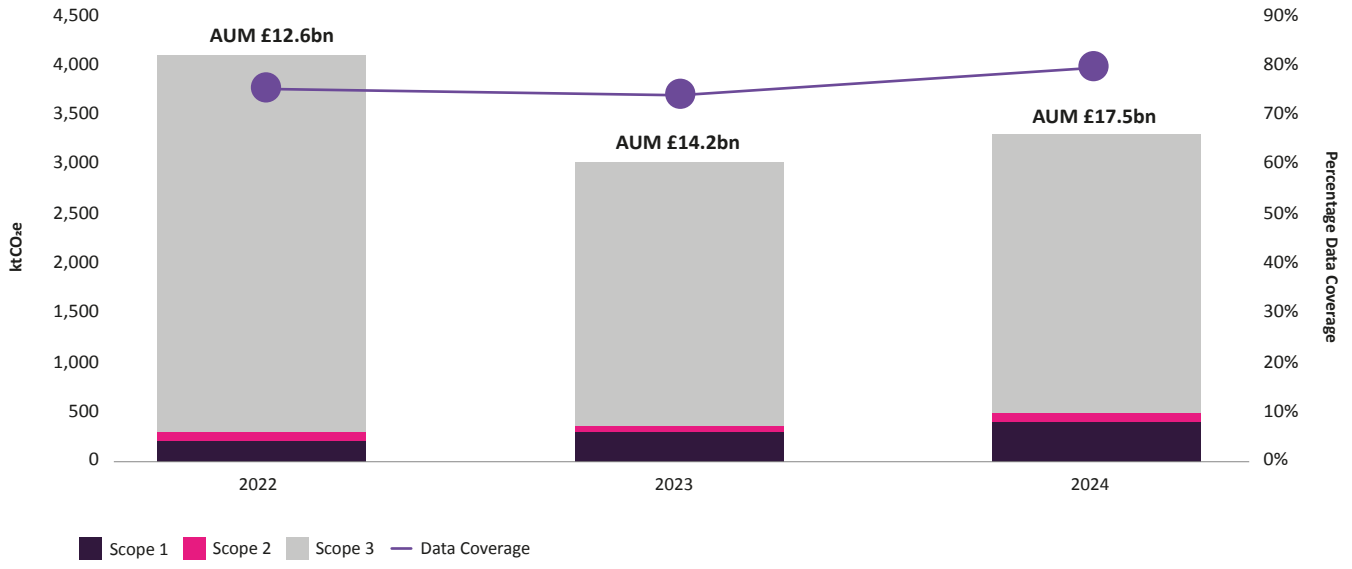
Operational emissions

This year we have also calculated the footprint of our own operations, covering Scope 1, 2 and material Scope 3 categories (excluding Category 15). The total footprint is estimated to be <200 tonnes CO2e, which comprises <0.01% of the footprint from our ACS funds alone. Our reported footprint has increased from last year, but this is mainly due to methodology – this year we have added modelled supply chain emissions and waste data into our analysis. On a Scope 1 and 2 basis our reported footprint has decreased, mainly because we switched to a lower carbon energy provider.

In line with our Net Zero commitments, we intend to fully offset our operational emissions, once any potential emissions reduction opportunities have been explored.

Figure 15: Absolute Carbon Emissions

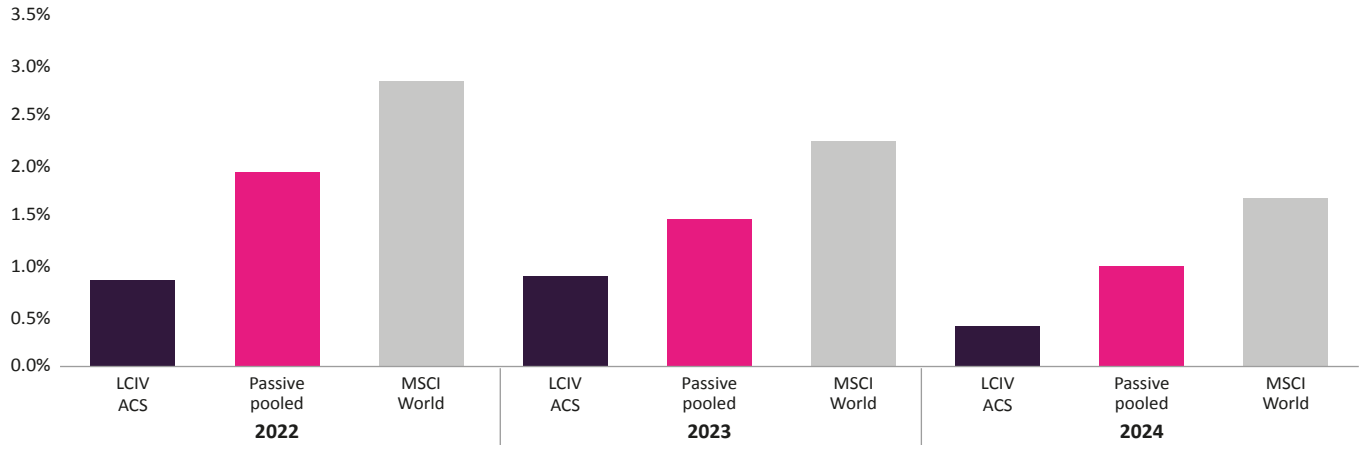
LCIV ACS funds (listed equities and fixed income instruments)



Fossil fuel exposure

We monitor revenue-weighted fossil fuel exposure across our ACS funds, as a measure of exposure to stranded asset risk. Since 2020, fossil fuel revenues have consistently made up <1% of our AUM. Exposure fell significantly in 2024 from 0.90% to 0.42%, reflecting stronger fossil fuel exclusions across a number of funds, particularly LCIV Global Bond Fund and the PIMCO-managed portion of LCIV MAC Fund. We have consistently had lower fossil fuel exposure than the MSCI World.

Figure 16: Revenue-weighed fossil fuel exposure
Listed equities and fixed income instruments



Please note that data for passive pooled funds in 2022 and 2023 was calculated under the previous climate model.

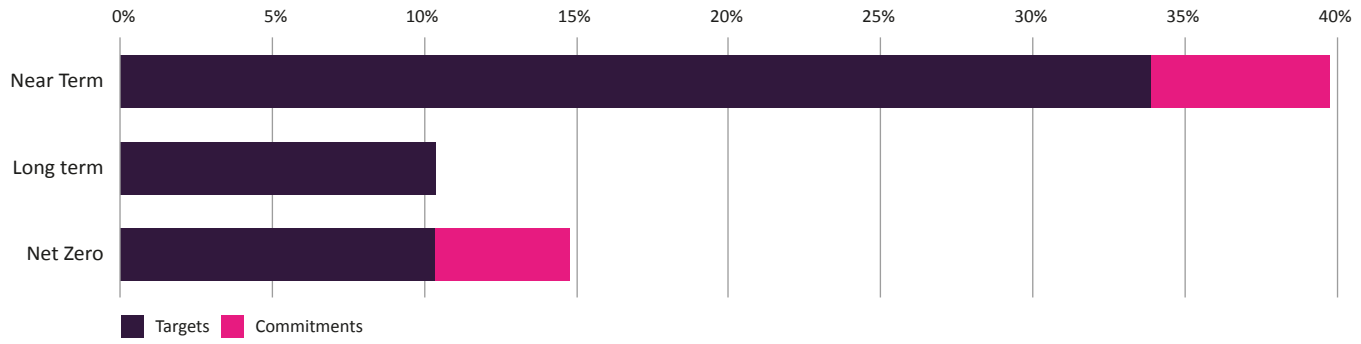
Science-based Targets

We also monitor the proportion of our assets which have set or committed to Science- Based Targets, as the gold standard in emissions reduction targets. Approximately 10% of our AUM in corporate public markets have set a Net Zero target, and 34% have set short-term reduction targets. A further 4% have committed to setting Net Zero targets. This does not capture assets which may have made decarbonisation commitments which have not been independently verified by the SBTi.

Please note that these numbers are not comparable to those reported in last year's report due to a change in the methodology used to calculate this, which has increased data coverage and granularity.

For fund-level analysis, see Appendix 1.1.3.

Figure 17: % AUM with Science-based Targets and Net Zero commitments



Private market funds

Private markets are crucial in addressing the climate crisis, across all areas of mitigation, avoidance, offsetting and adaptation. With only 34% of private firms having set Net Zero targets, vs 74% of listed companies[22], it is imperative that we monitor and engage with our private markets general partners to understand our carbon baseline and work to decarbonise across asset classes. At the same time, private markets investment and innovation in renewables, forestry and other climate solutions are essential to displacing emissions from traditionally high-emitting industries.

This year, for the first time, we have calculated the apportioned emissions and avoided emissions from our private market funds. As this is the initial year of analysis, this is intended to be a starting point from which we can monitor future progress, and to identify our most high-emitting hotspots to help steer our engagement efforts.

It is important to note that this analysis is a starting point. Private markets emissions data is inherently harder to access than public market data, for which third party datasets and modelling are readily available. For private markets, we rely on data provided by our investment managers, which may vary in terms of quality, methodological choices and modelling assumptions. By aggregating this data here, we are attempting to provide a snapshot of our footprint as of a particular point in time, but this is subject to the assumptions and limitations discussed below. In future years we aim to work with our managers to improve the quality and coverage of private markets reporting where possible. As a starting point to this, we have updated our standard side letter terms to require emissions data disclosure from all new private markets managers.

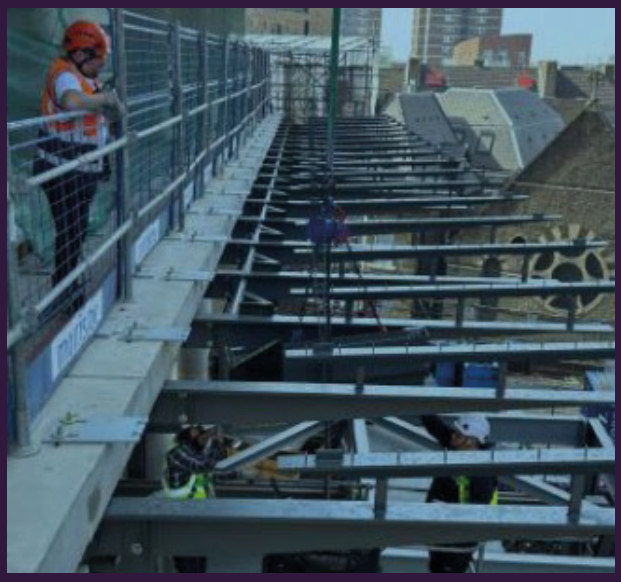
Our climate strategy for private markets is set out in Strategy Section B, and the first key commitments are around baselining and disclosure. We have also committed to engaging with managers in material sectors and asset classes on emissions reduction. An important note is that because private markets investments generally have longer holding periods, it may take some time to see the results of our engagement and decarbonisation efforts.

22 https://zerotracker.net/insights/privately-owned-firms-unprepared-for-incoming-climate-regulation

Case Study: Edge London Bridge

We co-invested into Edge London Bridge, a 275,000 sq ft sustainable London office development designed to achieve an upfront embodied carbon goal of below 600kg CO2e/sqm. The development is targeting both Well Platinum and BREEAM Outstanding certificates. The building is expected to top out (reaching the building's maximum height) in Q4 2025 and practically complete in Q4 2026. The design incorporates a new landscaped public park which will connect to the building's publicly accessible ground floor, providing amenities not only for its occupants, but also for the surrounding community.

Edge London Bridge – Site Progress



Methodology, assumptions and limitations

The purpose of this exercise is to develop an initial understanding of our private market footprint, to set a precedent of requesting and monitoring data from our managers, and to report our footprint for the first year on a best-efforts basis. We have therefore made several simplifications and assumptions in the analysis. We recognise that, as with all emissions reporting, our approach and analysis will continue to evolve in future years as data improves, allowing us to develop our assumptions.

Key methodology points include:

- Emissions data for each underlying fund was provided by our investment managers. We are reliant on the quality of their underlying data, methodologies and assumptions, and recognise that there may be inconsistencies in the approach taken by different managers. We have not attempted to use estimates to fill gaps this year, focusing instead on gathering as much actual data as possible. This may be a development in future years.
- We have excluded any investments which were held for <1 year – several of these funds had yet to make any investments, and others did not have a full year of emissions data available. This is a potential area of future improvement.
- We took the latest available emissions data as of our analysis date. In the majority of cases, we report 2023 data due to lagged reporting cycles making 2024 data unavailable in time for our analysis. For details on the year of the data taken for each underlying fund, please refer to Appendix 2. This approach is in line with that we take for public markets.
- Emissions were apportioned to us based on the ratio of our commitments to total fund commitments as of 31st December 2024. We recognise that this may mean a discrepancy between the date of the financial data and the date of the reported emissions data but have aligned our approach to best practice.
- We have not accounted for the leverage of underlying funds due to limitations on data availability. We recognise that this may overstate our attributed emissions and have identified this as a potential future improvement to our analysis.
- Metrics at an LCIV fund level were calculated by weighting by Net Asset Value.

Data coverage and quality

Our analysis covers ~71% of our committed capital in private markets. Investments are excluded from the analysis where they were held for less than a year as of 31st December, due to limitations on data availability, and if climate data was otherwise unavailable. As discussed above, we are reliant on the quality of data available from our managers, which may involve methodological choices and modelling assumptions with significant impacts on the results.

Absolute emissions

The graph depicts the absolute emissions of our private markets funds, as reported by managers and apportioned to us.

Key insights

- As the graph represents absolute emissions, the contribution of each fund will depend on its net asset value, as well as the emissions intensity of the underlying funds.
- Approximately 14% of our emissions are Scope 1 and 2. Scope 3 emissions total ~1028ktCO2e; however, Scope 3 coverage and data quality will vary significantly by underlying funds. Note that a fund with a larger reported footprint is not necessarily "worse" – this may be due to more comprehensive coverage and reporting of Scope 3 emissions, rather than necessarily a bigger footprint.
- The majority of Scope 3 emissions reported come from the embodied carbon of construction projects, and so funds with a greater proportion of assets in the construction phase will therefore have a higher reported footprint. The London Fund is the biggest contributor to Scope 3 emissions; this is predominantly because of the EDGE London Bridge asset, a sustainable office building which is currently under construction; the building is targeting a very low embodied carbon footprint relative to peers. When complete, it will be one of the most sustainable office buildings in the UK. There are also other construction projects in the London Fund through the Virtus data centre investment and through DOOR, a build to rent housing platform investment. The second biggest contributor towards Scope 3 emissions is the LCIV Renewable Infrastructure Fund – this is also likely due to projects in the construction phase.
- Avoided emissions come from renewables investments in the LCIV Renewable Infrastructure Fund and LCIV Infrastructure Fund. Approximately 45% of the value of our general Infrastructure Fund was attributed to renewables, at December 2024, compared to a stipulated minimum of 25%. It is important to note that avoided emissions occur where renewable energy displaces existing fossil fuel infrastructure – these are not offsets or carbon removals and should not be considered as such.
- In future, as we start to gather more time-series data and potentially data for relevant benchmarks, we will be able to provide more insights into how well our funds are performing and key drivers of trends.

Figure 18: Absolute carbon emissions and avoided emissions
LCIV private market funds

Emissions intensity

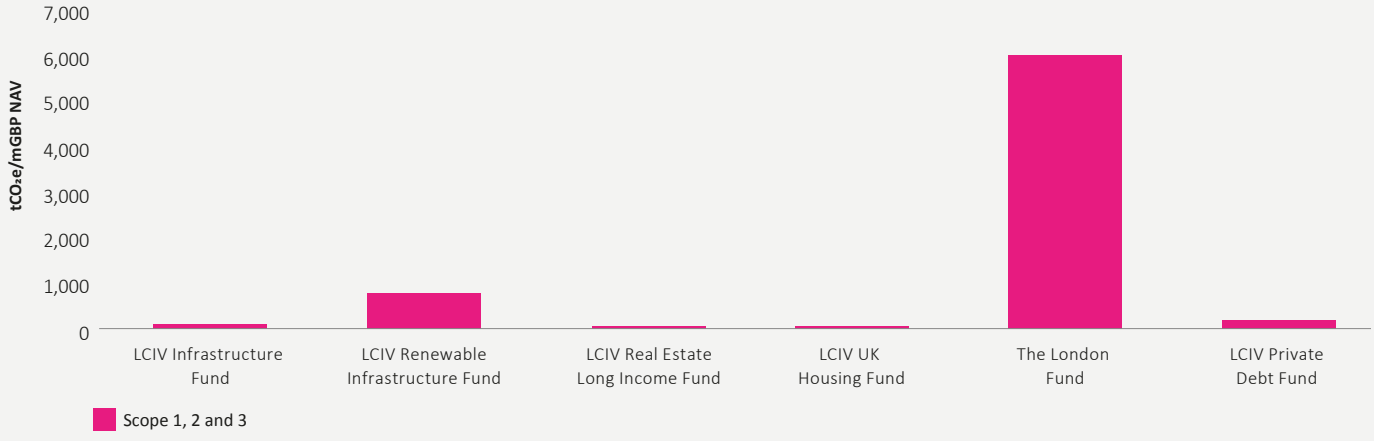
The graphs below depict the emissions intensity of each of our private markets funds, expressed as tCO2e per mGBP net asset value. The top graph depicts Scope 1 and 2 emissions whilst the second graph depicts Scope 3.

Key insights

- The overall average weighted emissions intensity of our funds is 88tCO_2e/mGBP on a Scope 1 and 2 basis, and 640tCO_2e/mGBP on a Scope 1, 2 and 3 basis.
- The LCIV Infrastructure Fund reports a lower intensity than the LCIV Renewable Infrastructure Fund. We will engage with our infrastructure managers to better understand this trend, and in particular to note where comprehensiveness of reporting or the proportion of assets in the construction phase may be having an impact. This highlights how it is important to view emissions figures in context – construction of renewables projects may be emissions intensive but will ultimately lead to an overall reduction of atmospheric carbon as fossil fuel assets are displaced.
- The LCIV Real Estate Long Income Fund, and LCIV UK Housing Fund both report very low emissions intensity, as all assets in scope of the analysis were operational. In the case of the LCIV UK Housing Fund zero Scope 1 and 2 emissions are reported as on-site energy use is attributed to the tenant.
- The Scope 3 graph once again highlights the impact of construction emissions on the London Fund.
- In future, as we start to gather more time-series data and potentially data for relevant benchmarks, we will be able to provide more insights into how well our funds are performing and key drivers of trends.

Figure 19: Carbon to value intensities
London CIV private markets funds

Figure 20: Carbon to value intensities
London CIV private markets funds



C. Our climate-related targets and performance

Targets

As discussed in Strategy Section B, we have set a number of new targets this year as part of our Climate Action Plan. These targets expand on our existing aspirations and are mainly around Net Zero alignment of underlying issuers, engagement with investment managers and issuers, and disclosure and engagement for various private market asset classes. As these targets were approved in 2025, we will report progress against these in next year's report.

The table below shows the decarbonisation targets we have set for our business. Emissions intensity is measured as the carbon to value intensity, and these targets are net of any investments in carbon removals technologies.

Table 6: London CIV decarbonisation targets, ACS funds

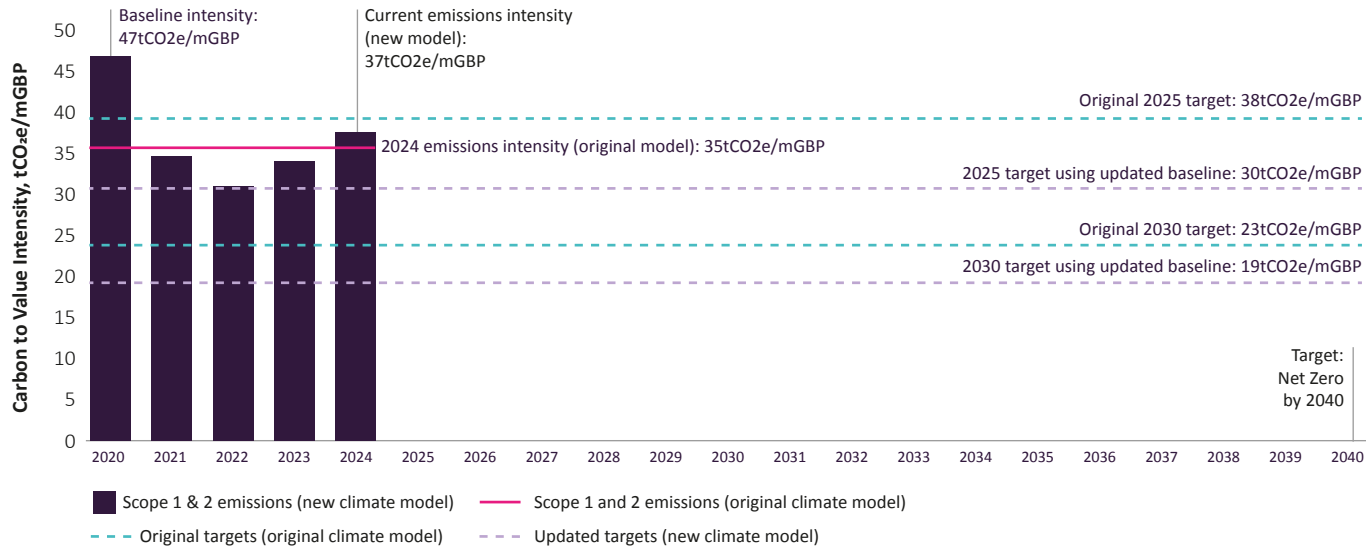
Target	Year	Reduction in emissions intensity
Baseline	2020	-
Short-term	2025	35%
Medium-term	2030	60%
Net Zero	2040	Net Zero

Progress to date

Scope 1 and 2

The diagram below illustrates the target Scope 1 and 2 emissions reduction pathway for our ACS funds, as well as progress to date. The pale purple dashed lines illustrate targets compared to our newly recalculated baseline, whilst the turquoise dashed line shows the value of our original targets.

Figure 21: Net Zero: Target reduction pathway and performance to date, Scope 1 & 2 emissions



The graph shows that:

- According to our original climate model, we are currently on track for (and, in fact, are already achieving) our target to reduce emissions by 35% by 2025.
- Additionally, according to the new model, we are also already achieving the absolute value of our original emissions target. Our current Scope 1 and 2 emissions intensity is ~37tCO2e/mGBP, which is below the target intensity of ~38tCO2e/mGBP.
- We note that best practice guidelines recommends re-basing our targets in line with our new baseline. The original target was set under a much higher baseline intensity of 58tCO2e/mGBP, as calculated in our original climate model, compared to our new calculation of 47tCO2e/mGBP. This is approximately 20% lower.
- Compared to our updated baseline, our emissions intensity has decreased by 20% to date. We are reviewing the data to understand where we need to focus engagement efforts to address the remaining gap, and will also consider whether targets should be reviewed in light of the new data. In disclosing the updated base year data and our current view of progress to date, we aim to be transparent in all our reporting and follow best practice standards.

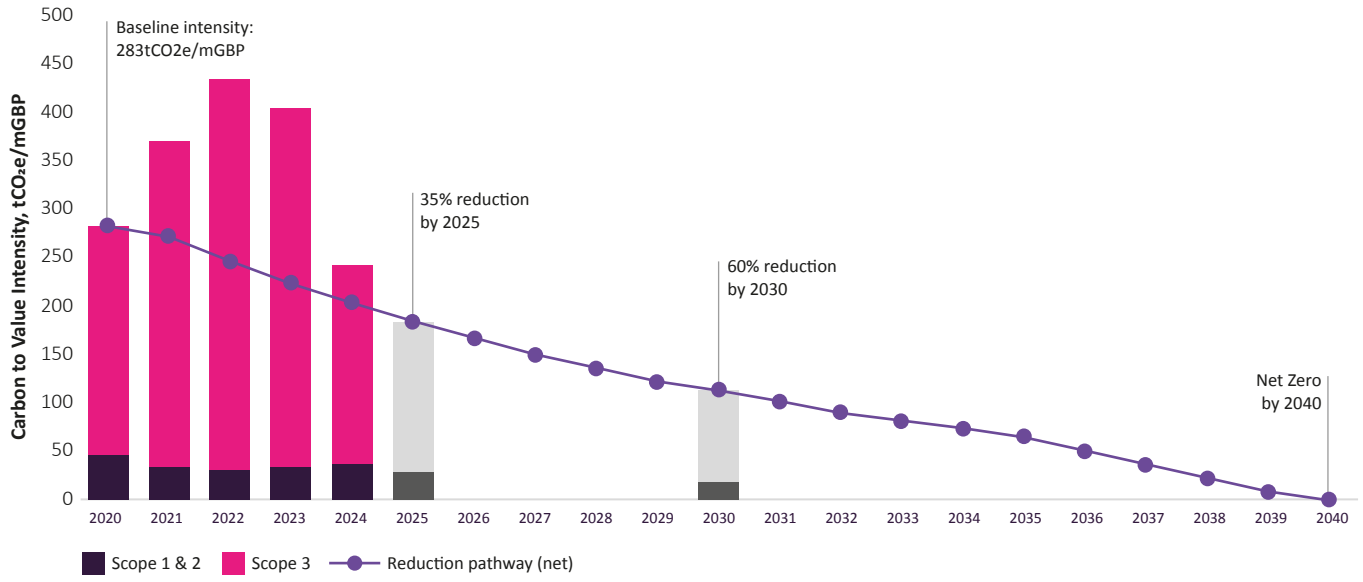
We are still in the process of analysing the reasons for our fluctuating carbon to value intensity over time. The overall trend has been a significant decline, driven by the launch of new less carbon intensive products such as the LCIV Global Alpha Growth Paris Aligned fund and LCIV PEPPA Fund, stronger restrictions and climate parameters across several funds, and decarbonisation of underlying issuers. We believe that a significant reason for the bigger drop in 2021-2 is likely to be the impact of the COVID-19 global pandemic, and the subsequent increase is partly associated with lagged recovery data showing in our analysis. This may have skewed our understanding of our own progress to date. For a more detailed analysis of our position in the past year, please refer to the section on carbon to value intensity.

Our updated Climate Action Plan and Stewardship Policy aim to address some of the remaining gap to where we want to be, with proposed alignment and engagement targets for new funds and a refreshed approach to engagement with top emitters. Over the next year, we will consider what further steps we need to take. It is also important to note that as a pension pool we are dependent on the investment objectives and strategic asset allocation decisions of underlying Partner Funds, as we do not control capital allocation. We are also dependent on underlying issuers meeting their own decarbonisation commitments.

Scope 3

We have not set a formal target for Scope 3 emissions reduction due to ongoing concerns about data reliability. On a combined Scope 1, 2 and 3 basis, our intensity has fallen by ~14% since the 2020 baseline. Last year in particular saw a significant drop in emissions. However, we note that it is likely that much of this fluctuation due to improvements in data quality and coverage.

Figure 22: Net Zero: Illustrative reduction pathway and performance to date, Scope 1, 2 & 3 emissions



Note: the pathway and targets depicted on the graph are illustrative only. We have not set a formal target for Scope 3 emissions reduction due to ongoing concerns about data reliability.

Next steps and actions on climate data and scenario analysis

Over the course of the next year, we will use the results of the climate metrics reported in this section, as well as the scenario analysis reported in Strategy Section C, to:

- Consider what our updated baseline data means for our decarbonization targets.
- Work with our investment managers, particularly those responsible for high-emitting funds or funds whose footprints have increased this year, to further understand the drivers behind their climate impact, how emissions are expected to evolve in future, and how they manage climate risk.
- Monitor funds with climate-related objectives and parameters.
- Inform the priority list of companies we engage with via directly and via EOS, through considering the highest contributors to our climate footprint and companies which are identified as having high exposure to physical or transition risks under our scenario analysis.
- Work with our private markets managers to improve the quality of the data and modelling assumptions used in our analysis.
- Continue to monitor progress towards our decarbonisation targets and evaluate any further changes which may be required to meet our commitments.

This work is ongoing and will continue to evolve throughout the year, informed by further analysis of the data, as well as quarterly monitoring and the implementation of our Climate Action Plan.

Appendix 1: ACS funds

1.1.1 Key metrics: Carbon intensity and fossil fuel exposure

Fund	Data coverage (% AUM)	% of fund in scope[23]	Weighted Average Carbon Intensity (WACI) (tCO_2e/mGBP revenue)		Carbon to Value Intensity (tCO_2e / mGBP)		Revenue-weighted fossil fuel exposure %
			Scope 1 & 2	Scope 1, 2 & 3	Scope 1 & 2	Scope 1, 2 & 3	
LCIV Absolute Return Fund	24%	26%	223	599	195	417	3.63%
LCIV All Maturities Buy and Maintain Credit Fund	74%	100%	63	377	19	62	0.39%
LCIV Alternative Credit Fund	30%	72%	113	618	123	460	2.58%
LCIV Diversified Growth Fund	23%	NA	218	1,096	93	369	0.39%
LCIV Emerging Market Equity Fund	100%	100%	69	540	22	254	0.00%
LCIV Global Alpha Growth Fund	100%	100%	127	899	46	290	0.46%
LCIV Global Alpha Growth Paris Aligned Fund	100%	100%	69	822	22	287	0.00%
LCIV Global Bond Fund	72%	100%	224	873	86	215	2.56%
LCIV Global Equity Focus Fund	100%	100%	16	110	6	44	0.00%
LCIV Global Equity Fund	98%	100%	60	1,789	22	655	0.00%
LCIV Global Equity Quality Fund	100%	100%	25	331	3	62	0.00%
LCIV Global Equity Value Fund	99%	100%	85	1,724	47	716	1.92%
LCIV Global Total Return Fund	28%	30%	102	478	41	175	1.95%
LCIV Long Duration Buy and Maintain Credit Fund	89%	100%	107	390	21	108	0.10%
LCIV MAC Fund	37%	69%	123	683	94	362	1.46%
LCIV Passive Equity Progressive Paris Aligned Fund	100%	100%	49	593	16	79	0.02%
LCIV Real Return Fund	55%	NA	101	737	27	164	0.57%
LCIV Short Duration Buy and Maintain Credit Fund	85%	100%	85	531	11	62	0.63%
LCIV Sustainable Equity Exclusion Fund	100%	100%	82	757	27	93	0.00%
LCIV Sustainable Equity Fund	100%	100%	108	1,004	49	357	0.00%

23 The scope of this analysis is listed equities and fixed income instruments.

1. 1.2 Key metrics: Absolute financed emissions

Fund	Data coverage (% AUM)	% of fund in scope[24]	Absolute financed emissions ($ktCO_2e$)		
			Scopes 1 & 2	Scope 3	Total
LCIV Absolute Return Fund	24%	26%	48.7	55.4	104,110
LCIV All Maturities Buy and Maintain Credit Fund	74%	100%	7.2	16.8	23,975
LCIV Alternative Credit Fund	30%	72%	16.8	46.0	62,800
LCIV Diversified Growth Fund	23%	NA	11.7	34.9	46,695
LCIV Emerging Market Equity Fund	100%	100%	11.7	124.3	135,943
LCIV Global Alpha Growth Fund	100%	100%	67.6	363.3	430,985
LCIV Global Alpha Growth Paris Aligned Fund	100%	100%	53.2	643.4	696,523
LCIV Global Bond Fund	72%	100%	60.3	91.1	151,434
LCIV Global Equity Focus Fund	100%	100%	8.2	48.3	56,463
LCIV Global Equity Fund	98%	100%	13.4	383.5	396,876
LCIV Global Equity Quality Fund	100%	100%	2.6	43.0	45,616
LCIV Global Equity Value Fund	99%	100%	8.6	122.5	131,079
LCIV Global Total Return Fund	28%	30%	1.3	4.2	5,502
LCIV Long Duration Buy and Maintain Credit Fund	89%	100%	13.8	58.3	72,059
LCIV MAC Fund	37%	69%	57.2	163.9	221,146
LCIV Passive Equity Progressive Paris Aligned Fund	100%	100%	16.7	65.0	81,782
LCIV Real Return Fund	55%	NA	0.6	3.1	3,747
LCIV Short Duration Buy and Maintain Credit Fund	85%	100%	1.2	5.7	6,945
LCIV Sustainable Equity Exclusion Fund	100%	100%	21.1	51.2	72,344
LCIV Sustainable Equity Fund	100%	100%	74.0	464.6	538,621

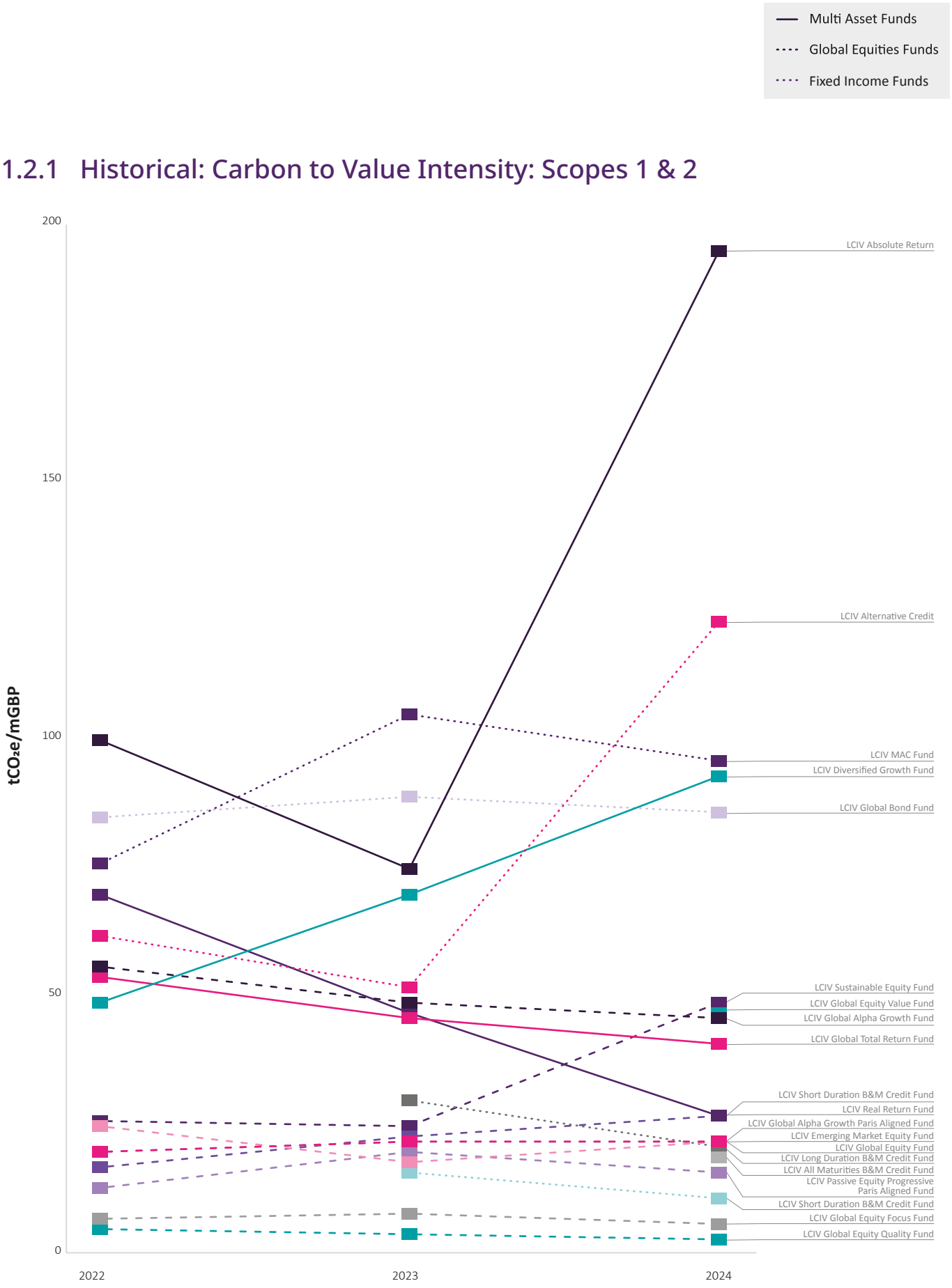
24 The scope of this analysis is listed equities and fixed income instruments.

Appendix 1: ACS funds continued

1.1.3 Science-based Targets

Fund	Data coverage (% AUM)	% of fund in-scope[25]	Science-Based Targets set			Implied Temperature Rating (ITR)
			Near-term	Long-term	Net Zero	
LCIV Absolute Return Fund	24%	26%	13%	2%	2%	1.5°C to 2°C
LCIV All Maturities Buy and Maintain Credit Fund	74%	100%	34%	15%	15%	< 1.5°C
LCIV Alternative Credit Fund	30%	72%	5%	2%	2%	1.5°C to 2°C
LCIV Diversified Growth Fund	23%	NA	15%	7%	7%	1.5°C to 2°C
LCIV Emerging Market Equity Fund	100%	100%	24%	11%	11%	< 1.5°C
LCIV Global Alpha Growth Fund	100%	100%	38%	7%	7%	2°C to 3°C
LCIV Global Alpha Growth Paris Aligned Fund	100%	100%	40%	7%	7%	2°C to 3°C
LCIV Global Bond Fund	72%	100%	21%	7%	7%	1.5°C to 2°C
LCIV Global Equity Focus Fund	100%	100%	57%	32%	32%	< 1.5°C
LCIV Global Equity Fund	98%	100%	51%	13%	13%	2°C to 3°C
LCIV Global Equity Quality Fund	100%	100%	54%	23%	23%	< 1.5°C
LCIV Global Equity Value Fund	99%	100%	45%	20%	20%	< 1.5°C
LCIV Global Total Return Fund	28%	30%	16%	9%	9%	> 3°C
LCIV Long Duration Buy and Maintain Credit Fund	89%	100%	41%	16%	16%	< 1.5°C
LCIV MAC Fund	37%	69%	8%	3%	3%	< 1.5°C
LCIV Passive Equity Progressive Paris Aligned Fund	100%	100%	52%	17%	17%	< 1.5°C
LCIV Real Return Fund	55%	NA	24%	7%	7%	2°C to 3°C
LCIV Short Duration Buy and Maintain Credit Fund	85%	100%	29%	13%	13%	1.5°C to 2°C
LCIV Sustainable Equity Exclusion Fund	100%	100%	42%	8%	8%	> 3°C
LCIV Sustainable Equity Fund	100%	100%	45%	8%	8%	2°C to 3°C

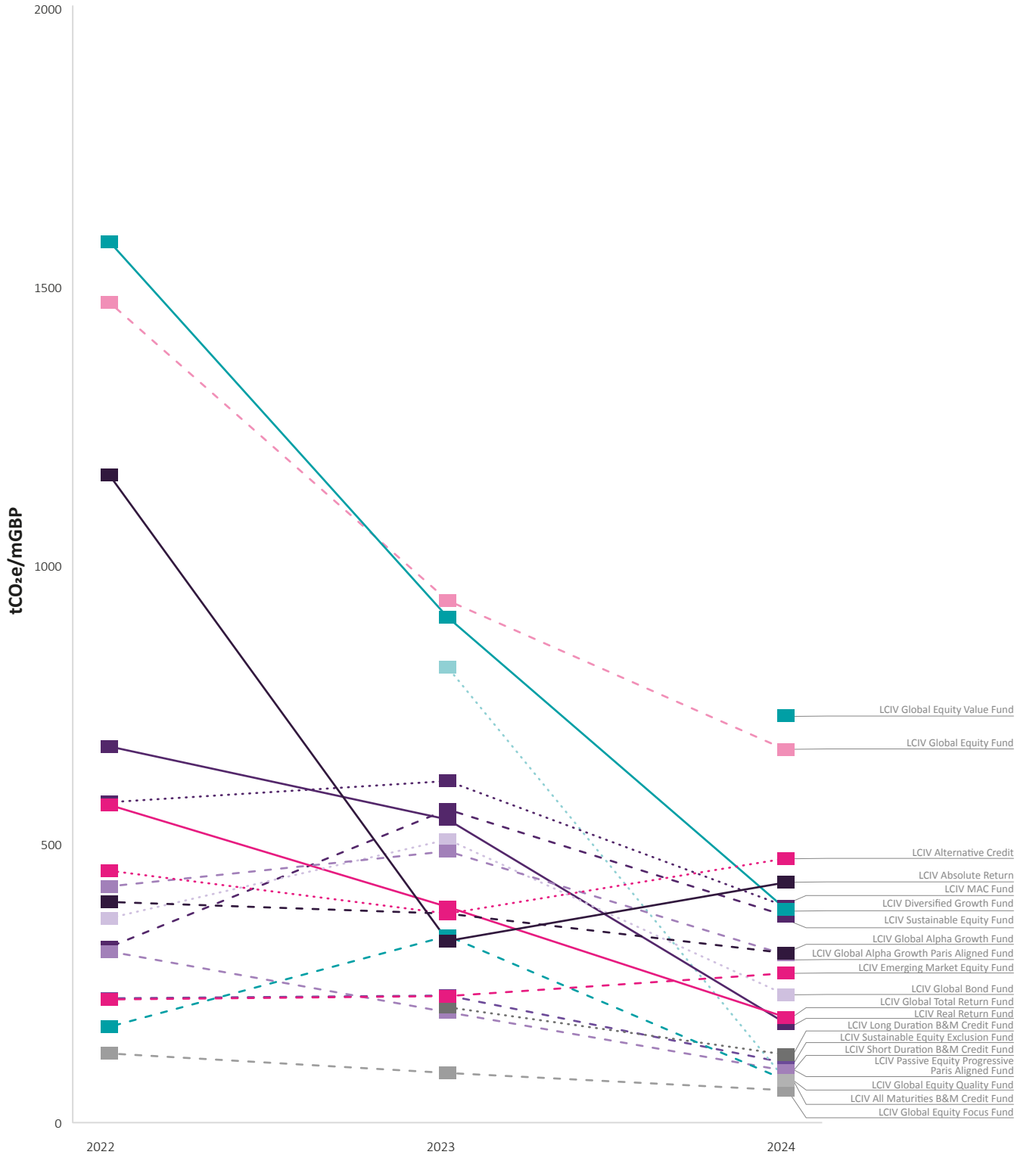
25 The scope of this analysis is listed equities and fixed income instruments.



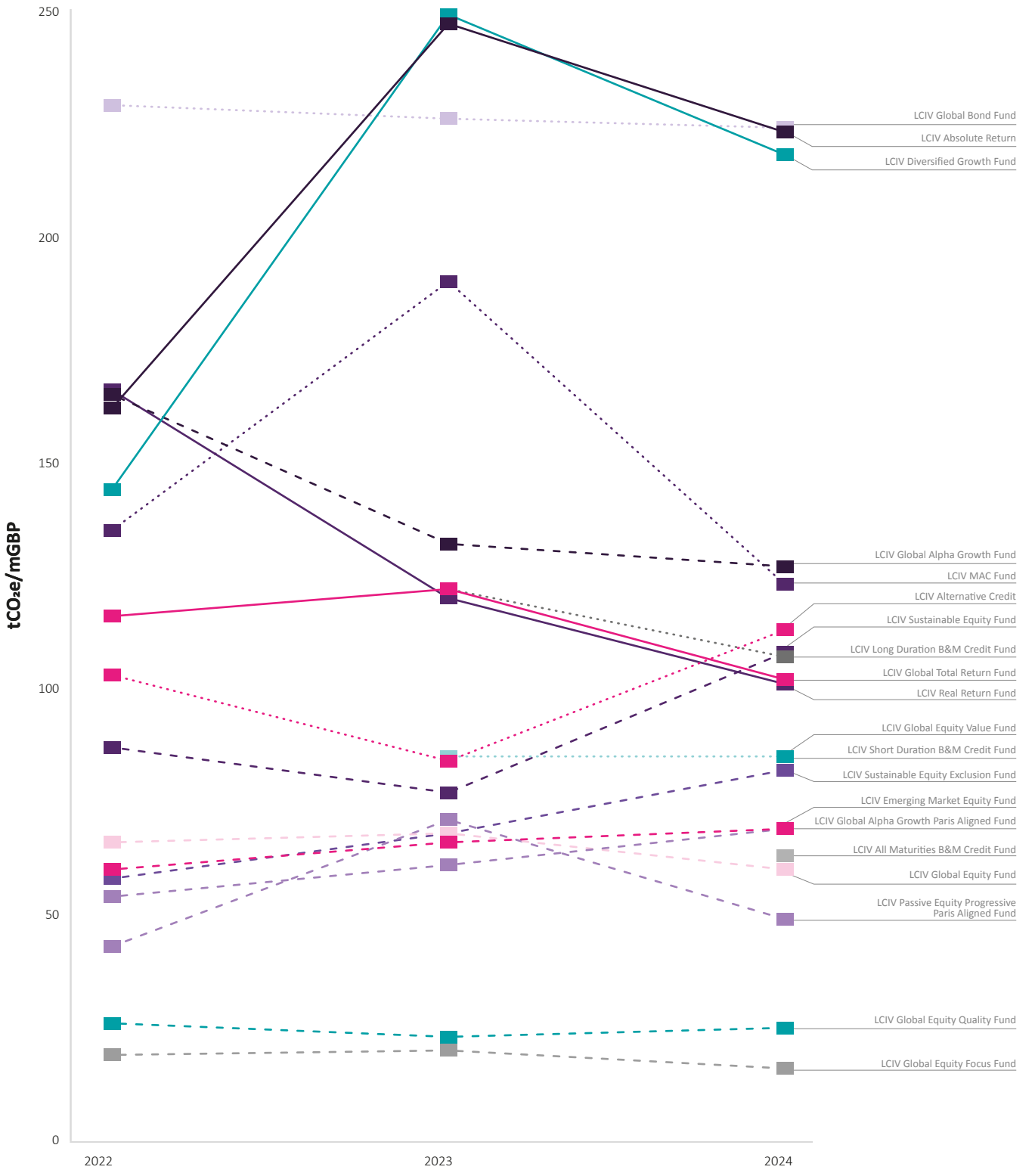
1.2.1 Historical: Carbon to Value Intensity: Scopes 1 & 2

Appendix 1: ACS funds continued

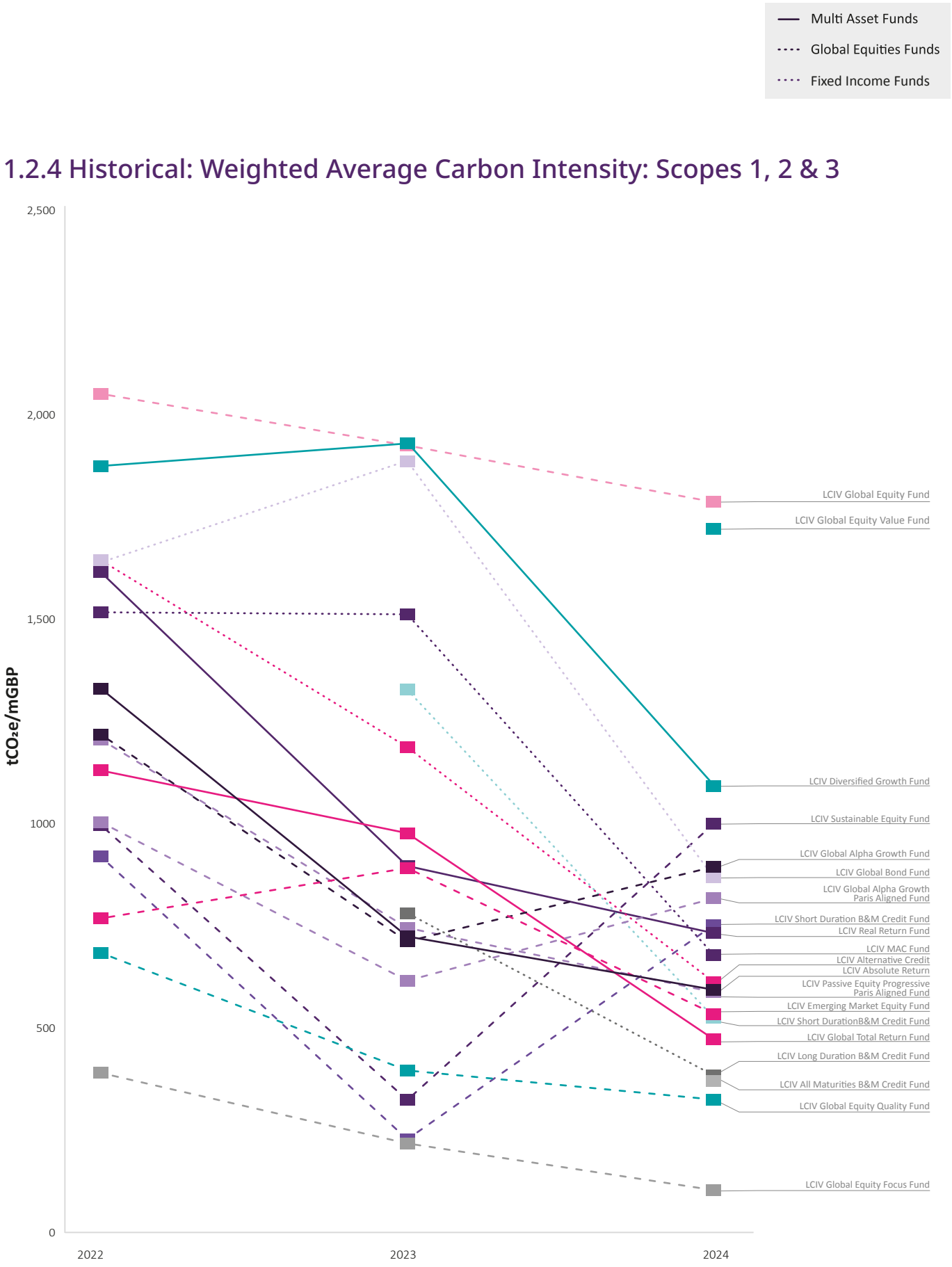
1.2.2 Historical: Carbon to Value Intensity: Scopes 1, 2 & 3



1.2.3 Historical: Weighted Average Carbon Intensity: Scopes 1 & 2

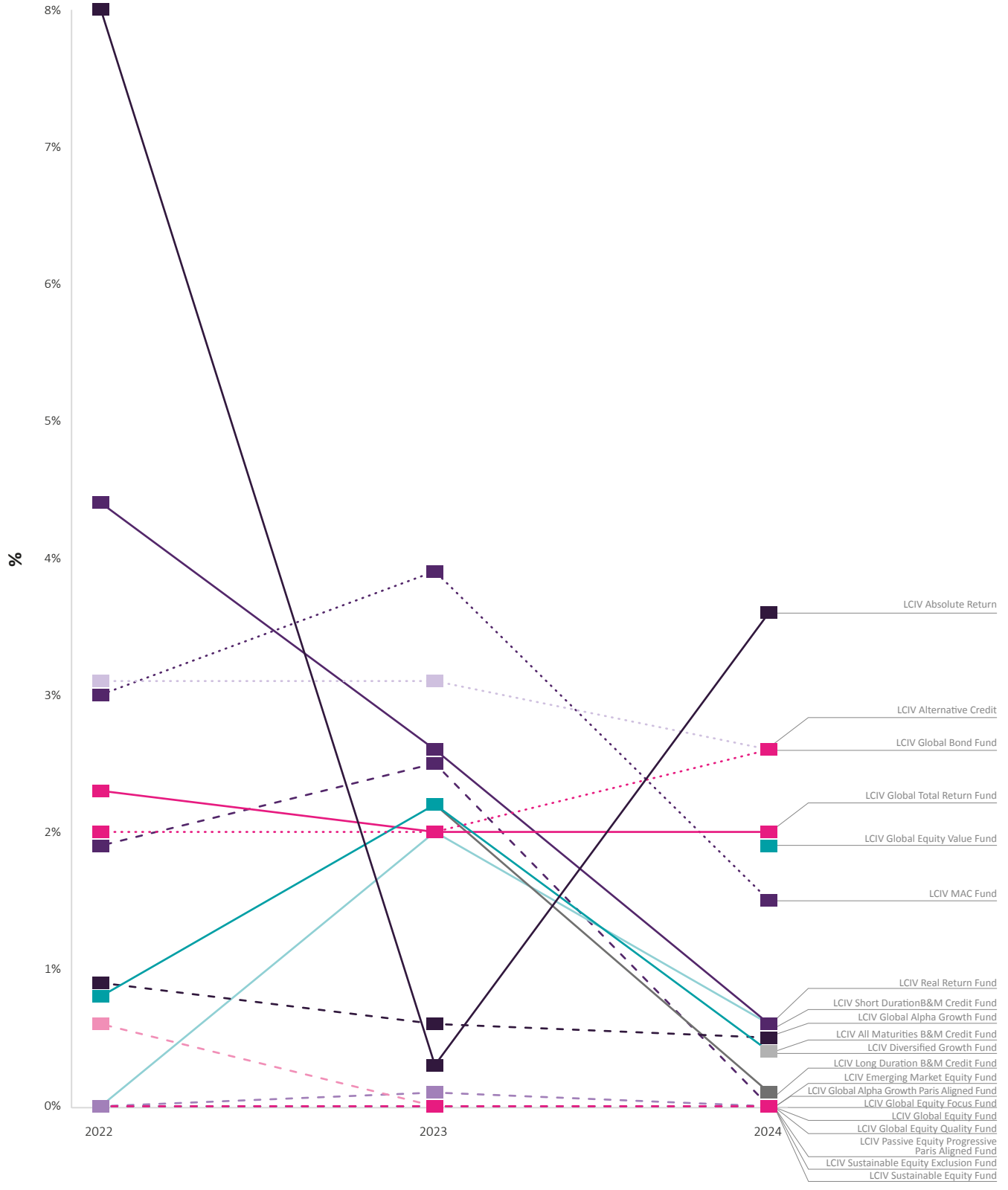


Appendix 1: ACS funds continued



1.2.4 Historical: Weighted Average Carbon Intensity: Scopes 1, 2 & 3

1.2.5 Historical: Revenue-weighted fossil fuel exposure



Appendix 1: ACS funds continued

1.3.1 Scenario analysis: Carbon earnings at risk

Fund	Unpriced carbon costs as % EBITDA in 2050			Data coverage
	STEPs scenario	APS scenario	NZE scenario	
LCIV Absolute Return Fund	9.4%	16.2%	21.5%	24%
LCIV All Maturities Buy and Maintain Credit Fund	1.6%	3.1%	4.2%	58%
LCIV Alternative Credit Fund	7.0%	11.7%	15.2%	18%
LCIV Diversified Growth Fund	9.9%	19.3%	25.1%	20%
LCIV Emerging Market Equity Fund	1.4%	3.2%	4.2%	100%
LCIV Global Alpha Growth Fund	16.6%	30.1%	36.6%	90%
LCIV Global Alpha Growth Paris Aligned Fund	12.4%	24.0%	28.3%	90%
LCIV Global Bond Fund	4.7%	8.2%	10.7%	76%
LCIV Global Equity Focus Fund	0.7%	1.2%	1.5%	100%
LCIV Global Equity Fund	2.3%	4.2%	5.4%	98%
LCIV Global Equity Quality Fund	0.5%	0.9%	1.1%	100%
LCIV Global Equity Value Fund	3.2%	5.6%	7.3%	98%
LCIV Global Total Return Fund	2.8%	4.9%	6.5%	28%
LCIV Long Duration Buy and Maintain Credit Fund	1.9%	3.7%	5.0%	62%
LCIV MAC Fund	8.0%	13.2%	17.1%	29%
LCIV Passive Equity Progressive Paris Aligned Fund	1.7%	2.8%	3.7%	99%
LCIV Real Return Fund	3.1%	5.2%	6.8%	54%
LCIV Short Duration Buy and Maintain Credit Fund	1.2%	2.1%	2.9%	61%
LCIV Sustainable Equity Exclusion Fund	3.7%	6.4%	8.1%	99%
LCIV Sustainable Equity Fund	4.8%	8.1%	10.4%	98%

1.3.2 Scenario analysis: Physical risks

Fund	Financial impacts as a % asset value in 2050				Data coverage
	SSP1-2.6	SSP2-4.5	SSP3-7.0	SSP5-8.5	
LCIV Absolute Return Fund	2.7%	3.0%	3.2%	3.7%	24%
LCIV All Maturities Buy and Maintain Credit Fund	2.9%	3.3%	3.5%	3.9%	77%
LCIV Alternative Credit Fund	3.6%	4.0%	4.3%	4.7%	24%
LCIV Diversified Growth Fund	2.8%	3.1%	3.3%	3.7%	24%
LCIV Emerging Market Equity Fund	2.5%	2.9%	3.1%	3.6%	97%
LCIV Global Alpha Growth Fund	2.7%	3.1%	3.3%	3.8%	99%
LCIV Global Alpha Growth Paris Aligned Fund	2.7%	3.1%	3.3%	3.8%	99%
LCIV Global Bond Fund	3.1%	3.5%	3.8%	4.2%	82%
LCIV Global Equity Focus Fund	2.7%	3.2%	3.4%	3.9%	100%
LCIV Global Equity Fund	2.3%	2.7%	2.9%	3.4%	98%
LCIV Global Equity Quality Fund	2.9%	3.3%	3.5%	4.0%	100%
LCIV Global Equity Value Fund	3.0%	3.4%	3.6%	4.1%	98%
LCIV Global Total Return Fund	2.8%	3.3%	3.5%	4.0%	28%
LCIV Long Duration Buy and Maintain Credit Fund	2.6%	3.0%	3.2%	3.6%	81%
LCIV MAC Fund	4.1%	4.5%	4.8%	5.2%	37%
LCIV Passive Equity Progressive Paris Aligned Fund	2.6%	3.0%	3.2%	3.6%	100%
LCIV Real Return Fund	2.1%	2.4%	2.6%	3.0%	56%
LCIV Short Duration Buy and Maintain Credit Fund	2.9%	3.3%	3.5%	4.0%	78%
LCIV Sustainable Equity Exclusion Fund	2.6%	3.0%	3.2%	3.9%	100%
LCIV Sustainable Equity Fund	2.6%	3.0%	3.3%	3.9%	100%

Appendix 2: Private market funds

We have collated the following data for our private market funds from our investment managers. As part of our climate change action plan, we are looking at ways in which we can increase coverage, fill gaps and improve data quality. Please note, due to data lags some of this data is provided for 2023.

Fund	Investment Manager	Investments	SFDR Classification	Scope 1 & 2 GHG emissions (tCO_2e)	Scope 3 GHG emissions (tCO_2e)	Avoided emissions (tCO_2e)	Data year
LCIV Infrastructure Fund	Stepstone	Arcus European Infrastructure Fund II	Article 8	17,342	88,413	–	2023
		Basalt Infrastructure Fund III	N/A	–	33,600	–	2023
		Brookfield Global Transition Fund	Article 9	2,058	976,020	557,347	2023
		Capital Dynamics Clean Energy Infrastructure Fund VIII	Article 9	108	830	39,233	2023
		Equitix Fund VI	Article 8	87,504	24,636	6,525,495	2023
		European Diversified Infrastructure Fund III	Article 8	312,620	62,347	–	2023
		Macquarie GIG Renewable Energy Fund II	Article 8	684	–	819,412	2023
		NextPower UK	Article 9	16,000	19,000	37,000	2023
		KKR Global Infrastructure Investors IV	Article 8	3,508,349	–	–	2023
		Meridiam Infrastructure North America Fund II	N/A	569	84,191	–	2023
		GIP Pegasus Fund	N/A	102,973	85,147	–	2023
LCIV Renewable Infrastructure Fund	BlackRock	Global Renewable Power Fund III	Article 9	3,616	156,144	–	2023
		Renewable Income UK Fund	N/A	–	–	231,372	2023
	Foresight	Foresight Energy Infrastructure Partners Fund	Article 9	53,192	31,444	146,768	2024
	Stonepeak	Stonepeak Global Renewables Fund	Article 8	1,279,402	2,690,860	6,553,402	2023
	Macquarie	Macquarie Green Energy Transition Solutions	N/A	2,072	585	30,000	2023
	Quinbrook	Quinbrook Renewables Impact Fund	N/A	2,540	204,916	–	2024
	NextPower	NextPower V ESG	Article 9	8	0	–	2024
	CIP	Copenhagen Infrastructure V EUR Blocker Feeder (CIP V)	N/A	33	202,852	–	2024
The London Fund	LPPI	MEIF 7 Virtus Holdings	N/A	51,152	–	–	2024
		Yoo Capital Fund II	N/A	18	43	–	2024
		Edge London Bridge	N/A	–	4,240,645	–	2023
		DOOR S.L.P.	N/A	40	84	–	2024
LCIV UK Housing Fund	CBRE	CBRE UK Affordable Housing Fund	Article 9	–	4,472	–	2024
	Octopus	Octopus Affordable Housing Fund	Article 9	–	21	–	2023
LCIV Real Estate Long Income Fund	Aviva	LCIV Real Estate Long Income Fund	N/A	306	1,833	–	2023
LCIV Private Debt Fund	Churchill	Churchill Middle Market Senior Loan Fund IV	N/A	40,518	137,822	–	2023
	Pemberton	Pemberton Mid-Market Debt Fund III	Article 6	232,670	573,179	–	2023
		Pemberton Mid-Market Debt Fund IV	Article 8	1,749	13,454	–	2023

Appendix 3: Technical methodology

Metric definitions

The following metrics are used throughout this report:

Metric	Definition	Calculation	Units	Use	Link
Weighted Average Carbon Intensity (WACI)	A measure of carbon emissions normalised by revenue and weighted by holding value	$=\sum_i^n \left[\frac{Emissions\ issuer_i}{Revenues\ issuer_i} * weight_i\right]$	tCO_2e / mGBP revenue	To measure exposure to carbon-intensive assets	
Carbon to Value (C/V) intensity	A measure of carbon emissions normalised by enterprise value	$=\frac{\sum_i^n \left[\frac{Value\ of\ Investment_i}{EVIC_i} * Emissions\ issuer_i\right]}{\sum^n [Total\ fund\ value_i]}$	tCO_2e / mGBP holdings	To compare the carbon intensity of different funds	PCAF
Absolute emissions	The total carbon emissions produced by a company or fund	$=\sum_i^n \left[\frac{Value\ of\ Investment_i}{EVIC_i} * Emissions\ issuer_i\right]\$$	$ktCO_2e$	To understand the real-world climate impact of investments	
Revenue-weighted fossil fuel exposure	The proportion of underlying asset revenues derived from fossil fuel extraction and power generation	$=\sum_i^n \left[\frac{Fossil\ Fuel\ revenues\ issuer_i}{Total\ Revenues\ issuer_i} * weight_i\right]$	%	To measure risks associated with exposure to fossil fuels	-
Implied Temperature Rating (ITR)	The temperature scenario which most closely aligns with a company's current and projected future carbon budget	N/A	°C	To give an indication of how aligned a fund is to a particular global temperature rise (1.75°C, 2°C, or 3°C)	S&P
Data quality score	A measure of the quality of data used to calculate climate metrics. 1 indicates highest quality data and 5 is worst	N/A	N/A	To track the quality of emissions data used in analysis	PCAF
Unpriced carbon costs as % of EBITDA	A measure of the impact of future carbon prices on earnings	$=\sum_i^n \left[\frac{Carbon\ footprint_i \times Risk\ premium_i}{EBITDA_i}\right] * Weight_i$	%	To measure exposure to transition risks associated with carbon pricing	
Proportion of AUM with >10% EBITDA at risk	The proportion of assets for which >10% of EBITDA is at risk from carbon pricing mechanisms in a particular year and scenario	N/A	%	To identify assets with high vulnerability to transition climate risks	S&P
% asset values at risk	A measure of the impact of future climate hazards on asset values	$=\sum_i^n \left[\frac{Financial\ impact_i}{Asset\ value_i}\right] * Weight_i$	%	To measure exposure to physical risks associated with acute and chronic climate hazards	S&P
% AUM with >5% asset value at risk in 2050	The proportion of assets for which >10% of asset value is at risk from physical climate hazards in a particular year and scenario	N/A	%	To identify assets with high vulnerability to physical climate risks	

Emissions scopes

We report some metrics against multiple emission scopes:

- **Scope 1 & 2:** Emissions generated from sources owned or controlled by a company (Scope 1), plus indirect emissions from purchased electricity, heat and steam (Scope 2).
- **Scopes 1, 2 and 3 (First-Tier):** Covers Scope 1 and 2 emissions, plus emissions from the first tier of a company's supply chain.
- **Scopes 1, 2 and 3:** Covers Scope 1 and 2 emissions, plus emissions generated through a company's upstream and downstream value chain, where material.

Methodology notes and limitations

Climate metrics – ACS funds

All metrics have been calculated in accordance with The Global GHG Accounting and Reporting Standard for the Financial Industry from the Partnership for Carbon Accounting Financials (PCAF). Analysis covers listed equities and fixed income assets in our LCIV ACS portfolio and passive pooled funds held with BlackRock and LGIM. Data is provided by S&P Global Sustainable1; whilst we have conducted due diligence to understand their processes and controls, we are reliant upon their underlying data reliability and modelling techniques. Metrics cover the proportion of the fund for which data was available only, which may not be representative of the whole fund. Methodology notes for private markets analysis can be found in the main body of the report.

Scenario analysis

For both physical and transition risks, corporate financial impacts were provided by S&P Global Sustainable1 in accordance with their proprietary methodologies; whilst we have conducted due diligence to understand their processes and controls, we are reliant upon their underlying data reliability and modelling techniques. There is considerable modelling uncertainty linked to climate scenario analysis, and the results should be considered exploratory and interpreted with caution. Scenarios are not forecasts or predictions. This methodology is exploratory and subject to change. The analysis is based on a point-in-time snapshot of the portfolio as of 31st December 2024, which is not necessarily reflective of the portfolio construction at any point in the future. In particular, it does not account for any management actions taken by London CIV, our investment managers or the underlying assets. Analysis covers listed equities and fixed income assets in our LCIV ACS portfolio, and considers direct operations only. Impacts from physical risks are highly location-specific. The spatial resolution varies by climate hazard but in general is 25km x 25km or lower. Metrics cover the proportion of the fund for which data was available only which may not be representative of the whole fund.

Data coverage

Data coverage varies across our funds, with the most significant factors being asset class mix, geography, sector and company size. Due to the complex legal and financial structures of businesses, it is not always possible to match up individual securities to the corporate level at which climate data is reported. This is reflected in the fact that the coverage of our equities funds is much higher than that of more diversified portfolios. Where data is only available for a small proportion of a fund, it may not be representative of the remaining data. We therefore do not "gap-fill" missing data which may result in erroneous conclusions; however, variations in data coverage should be considered when comparing absolute values.

Additional metrics used internally to track progress:

Metric	Definition	Calculation
Carbon intensity	• Carbon to value (C/V) • Carbon to revenue (C/R) • Weighted Average Carbon Intensity (WACI)	Listed equities and corporate bonds within our ACS funds and passive pooled funds held with BlackRock and LGIM Private market funds where reported by investment managers
Absolute carbon emissions	• Carbon footprint • Avoided emissions (renewable infrastructure only)	Listed equities and corporate bonds within our ACS funds Private market funds where reported by investment managers
Exposure to climate risks	• Fossil fuel exposure (revenue-weighted and VoH) • Future emissions • CapEx by reserve type	Listed equities and corporate bonds within our ACS funds
Scenario analysis	• Unpriced carbon costs as a % of EBITDA • Adjusted EBITDA margin • % AUM with >10% EBITDA at risk • % Climate Value at Risk • % AUM with >5% asset value at risk	Listed equities and corporate bonds within our ACS funds
Net Zero alignment	The temperature scenario which most closely aligns with a company's current and projected future carbon budget	Listed equities and corporate bonds within our ACS funds

Glossary

ACS	Authorised Contractual Scheme
AGM	Annual General Meeting
AUM	Assets Under Management
CA100+	Climate Action 100+
BSI	British Standards Institution
CapEx	Capital Expenditure
CARCO	Compliance Audit and Risk Committee
CDP	CDP, formerly Carbon Disclosure Project
CEO	Chief Executive Officer
CIO	Chief Investment Officer
CSO	Chief Sustainability Officer
CSR	Corporate Social Responsibility
CTWG	Cost Transparency Working Group
EOS	EOS at Federated Hermes
ESG	Environment, social and governance
ExCo	Executive Committee
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FSB	Financial Stability Board
GHG	Greenhouse gas
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EIC	Executive Investment Committee
ExCo	Executive Committee
ICO	Investment and Customer Outcomes Committee

IEA	International Energy Agency
IPCC	Intergovernmental Panel on Climate Change
ISIN	International Securities Identification Number
LAPFF	Local Authority Pension Fund Forum
LGPS	Local Government Pension Scheme
LPPI	Local Pensions Partnership Investments
mGBP	Million Great British Pounds
NGFS	Network for Greening the Financial System
NZIF	Net Zero Investment Framework
OECD	Organisation for Economic Co-operation and Development
OpEx	Operating Expenditure
RI	Responsible Investment
RMF	Risk Management Framework
PAAO	Paris Aligned Asset Owners
PCAF	Partnership for Carbon Accounting Financials
SASB	Sustainability Accounting Standards Board
SWG	Sustainability Working Group
TCFD	The Task Force on Climate-related Financial Disclosures
tCO_2e	Tonnes of carbon dioxide equivalent.
TNFD	The Taskforce on Nature-related Financial Disclosures
UN PRI	United Nations Principles for Responsible Investment
UN SDGs	United Nations Sustainable Development Goals
WACI	Weighted Average Carbon Intensity
WEF	World Economic Forum

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Getting in touch with the team

If you have any questions or comments about this report please email
Zahra Rumani (Climate Change Risk Manager) at z**ahra.rumani@LondonCIV.org.uk**

London LGPS CIV Limited
Fourth Floor,
22 Lavington Steet,
London, SE1 0NZ
Company No. 9136445