2025 CLIMATE CHANGE FRAMEWORK AND STRATEGY

West Midlands Pension Fund

Contents

Introduction and summary

- Thoughts from our Executive Director of Pensions 3
- Introduction 4
- Summary of our targets and ambitions 6

Our Fund and commitment

- Our Fund 7
- Our net zero commitment 8
- Our assets 15
- Our role in driving change 16

Targets and risk management

- Our net zero targets 18
- Our approach to managing climate risk 27

Future plans

- Our road ahead 29
- Our next review: 2028/2029 33

Additional information

- PAAO Commitment 34
- Glossary 35

This PDF is interactive
Use the top bar and titles on this page to navigate the document

Thoughts from our Executive Director of Pensions

The urgency of climate change

Climate change is a critical and defining issue of our time. It endangers whole societies and individual's lives, threatens to make food and water less available, and can negatively impact local and global economies.

Consequences of inaction

The increasing frequency and severity of extreme weather events[1] highlights the serious financial and social costs of not effectively addressing climate change. As we approach the critical milestone of 2030, we believe that renewed efforts and robust collective action from everyone will be essential. This is critical for humanity to have any chance of achieving the shared global goals of the Paris Agreement[2].

Our commitment and influence

As an asset owner and institutional investor, we can directly influence and challenge the roles we and others are taking in the fight against climate change. Our members, employers and employees are central to our operations. Our ambition is to play our part in ensuring our members retire in a world protected from the negative impacts of global warming, with a healthy environment, thriving economy, and sustainable future. We continue to prioritise their needs and those of the communities we serve and invest in.

Integrating climate considerations

Climate change impacts many fundamental aspects of our financial activities and organisation, presenting both risks and opportunities. To ensure we can pay members' pension benefits over the long-term, we incorporate climate change considerations into our investments, funding strategy, and overall operations.

Path to net zero

We are committed to transitioning our investments and operations to net zero by 2050. We have set stretching targets for ourselves and our partners who we are dependent on for the implementation and delivery of our ambition.

Transparency and accountability

Our transparent reporting will ensure we, and those we work with, are accountable for monitoring and measuring progress. Our targets focus on real-world decarbonisation and delivering value for our members and employers. We know that our progress will not be linear, but we will take appropriate action, where possible, with the aim to remain on track with our long-term goals.

Leading in climate risk management

Best practices for managing and measuring climate risk are constantly evolving, and we aim to be seen as leaders in this space. We will work globally with our asset managers, service providers, governments and policy makers to drive change, ensuring efforts remain focused on action to address climate change.

Our strategy and vision

In our third *Climate Change Framework and Strategy*, we detail our approach to addressing these challenges and highlight our commitment to a sustainable future for our members and the wider community. We know that the journey ahead will not be easy, but we continue to raise the bar as we know the value of the end goal is immense: a liveable climate and planet for all.

Rachel Brothwood
Executive Director of Pensions

[1] WEF_Global_Risks_Report_2025.pdf
[2] The Paris Agreement | UNFCCC

Introduction

This document sets out our latest climate change targets, ambitions and commitments.

Our duty in addressing climate change

Climate change is a systemic issue which presents significant risks and opportunities for the economy, affecting our investments and the communities we serve. It is a financially material consideration, and addressing it is part of our duty to act in our members' best interests. Effective management of climate change requires broad societal participation and robust government policies aligned with the Paris Agreement.

We believe addressing the risks and opportunities climate change poses will deliver better outcomes for our stakeholders. As a responsible, global asset owner, we have a duty to push for increasing standards across our industry.

The growing impact of climate change

The impact of climate change is growing clearer each year, with more frequent and severe weather events. Climate change also drives several other global risks, such as social polarisation and involuntary migration and displacement. It also leads to natural resource shortages, biodiversity loss, and ecosystem collapse.

We recognise the importance of a "just transition[3]" to a low-carbon economy. This approach ensures fair and inclusive economic and social benefits, supporting workers and communities through retraining, social protection, and job creation in green industries. Integrating just transition principles into investments helps drive sustainable economies with shared benefits and opportunities[4].

Despite being the second most severe global risk[1] over the next decade and vital to our economy, nature and biodiversity loss have been less prioritised in the pension industry compared to climate risks. However, the Taskforce on Nature-related Financial Disclosures[5] is spearheading change. We aim to enhance our approach to nature, acknowledging its increasing importance and the associated data challenges.

[3] What is just transition? And why is it important? | UNDP Climate Promise
[4] Just transition | Climate Investment Funds
[5] The Taskforce on Nature-related Financial Disclosures

Our climate strategy evolution

We have been monitoring and actively managing climate risk since 2017. We formally set out our initial climate strategy targets in 2019 and refreshed them in 2021. This latest version of our climate strategy is our third iteration and raises our ambition and approach to managing climate risk, incorporating latest thinking and best practice.

We have conducted climate scenario analysis every three years since 2017. Starting in 2025, we will analyse potential outcomes on both our investment portfolio and our member liabilities to assess the impact on overall funding levels under different climate scenarios. We acknowledge climate scenario analysis is a developing area. This analysis is one of many tools we use to assess climate risks, and we continue to work with service providers and the industry to improve climate risk modelling.

Timebound and measurable targets

Our climate strategy sets out timebound and measurable targets with clear and transparent reporting metrics. The key areas of focus form a holistic approach through different levels of engagement. This ranges from micro engagement with individual companies to macro engagement on broader policy and regulation. Our approach incorporates a suite of backward and forward-looking reporting metrics which we will regularly review to align with evolving risks and industry best practices.

We acknowledge the industry-wide limitations with data and frameworks and will continue to progress and adapt our approach as these elements evolve.

Rachael Lem
Senior Responsible Investment Officer

Shiventa Sivanesan
Assistant Director -
Investment Management & Stewardship

Annual reporting and integrated risk management

We will provide an annual report assessing our achievements against the targets and ambitions of this strategy. Our broader integrated risk management framework ensures that we look at climate risk through various lenses across our organisational operations, investment portfolio and member pension liabilities.

Core principles and strategic partnerships

We designed our strategy to recognise our role as an asset owner, where our investments are managed by external third parties. Our approach is built on three core principles: ambition, realism, and flexibility.

Our targets and ambitions have been developed in consultation with our advisors, our pooling company LGPS Central Ltd, asset managers and industry networks such as the Institutional Investor Group on Climate Change[6] (IIGCC). We are grateful for all input received and look forward to continuing working with our strategic partners to enhance our approach.

[6] IIGCC - The Institutional Investors Group on Climate Change

Summary of our targets and ambitions

Our targets and ambitions cover three-time frames:

- Short-term: up to and including 2030
- Medium-term: up to and including 2040
- Long-term: up to and including 2050 and beyond

Reducing emissions

Short-term target: 50% reduction in scope 1 & 2 greenhouse gas emissions (GHG) emissions by 2030[7], relative to a 2019 baseline

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

Aligning our assets

Short-term target: 50% of assets[8] to be aligning[9] or aligned[10] to a net zero pathway or achieving net zero by 2030

Medium-term target: 100% of assets[8] be aligning or aligned to a net zero pathway or achieving net zero by 2040

Engaging with companies

Short-term targets: Engage our asset managers[11] by 2027, and report on their progress against setting net zero targets

Develop an engagement plan for a targeted list of high-emitting companies, and report on progress and outcomes by 2026

Cutting our own emissions

Short-term targets: Measure our operational emissions and establish a suitable baseline by 2026

Reduce our operational emissions by 50% by 2030 compared to our baseline emissions

Long-term target: To be net zero by 2050 at the latest

Harnessing data

Ambition: Increase the data granularity (coverage & quality) and monitoring of our portfolio climate-risk metrics

Enabling the transition through climate solutions

Short-term ambitions: Develop an internal methodology for classifying climate solutions by 2026

Calculate and report annually on the percentage of our portfolio investments that qualify as climate solutions by 2027

[7] Initially covering listed equity and listed corporate fixed income relative to 2019 baseline. Sovereign debt to be reported on separately but not included in target. Other assets to be included once sufficient data available.
[8] Based on % assets under management.
[9] Assets with emissions not yet aligned with a net zero pathway, but they have science-based targets and a decarbonisation plan, making them ready to transition.
[10] Assets with science-based targets, a decarbonisation plan, and emissions in line with a net zero pathway, indicating managed transition risk at the asset level.
[11] Criteria to be developed for in-scope asset managers based on materiality and expected holding period.

Our Fund

We are one of the largest pension schemes in the UK. We have:

£21bn
net assets

360,000
members

>800
employers[12]

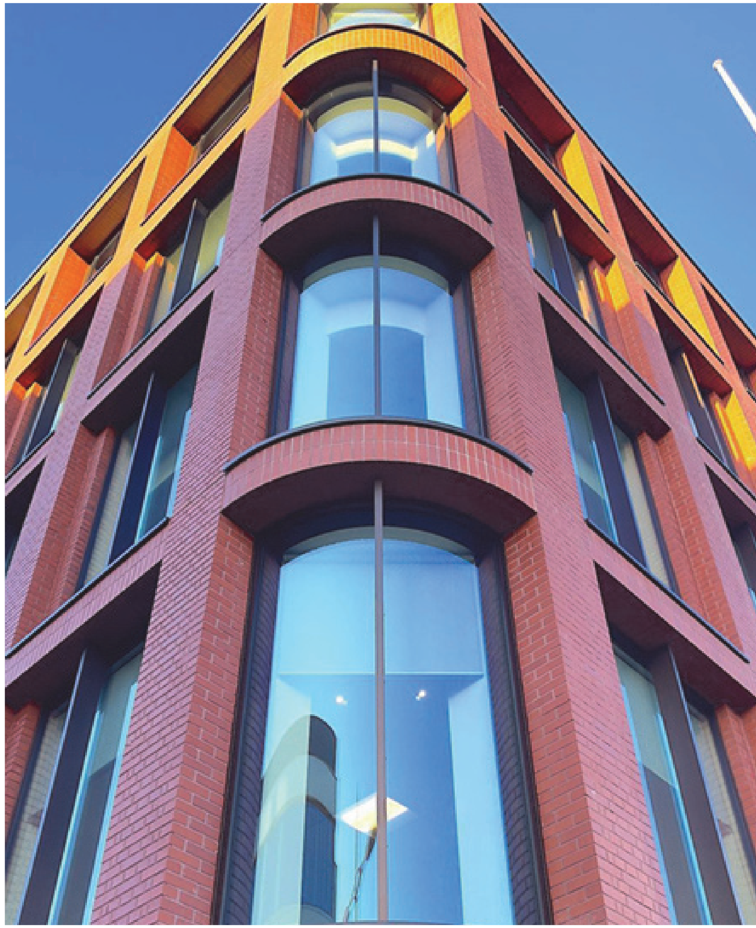
We are a part of the Local Government Pension Scheme (LGPS). We are:

- An open defined benefit scheme with a long-term investment horizon
- Working on behalf of the seven metropolitan district local authorities and Combined Authority in the West Midlands, along with many education and other public sector service providers
- A member of the LGPS Central pool, which works to integrate responsible investment (RI) and climate action into investment activity.

Our Fund's governance is led by our Pensions Committee. The Committee formally approve and monitor the implementation of our:

- Climate Change Framework and Strategy
- Climate-Related Financial Disclosure Report
- Responsible Investment Framework

We also have a separate Pensions Board who assist the Committee and monitor our compliance with regulation and guidance.



[12] All figures are rounded and dated as of 31 December 2024.

Our net zero commitment

What is net zero?

Climate scientists expect the world to be 2°C to 4°C warmer by 2100[13]. This is much higher than the Paris Agreement's goal to keep global temperature rise well below 2°C and aim for a 1.5°C limit.

To combat global warming, greenhouse gas emissions must be reduced to zero. Net zero is about balancing the greenhouse gases emitted with those removed, ensuring that overall emissions total zero. Doing so will significantly reduce the negative impacts of global warming.

Our net zero commitment

In 2022, we signed the Paris Aligned Asset Owner Initiative (PAAO)[14]. We have committed to:

1. Transition our investments to achieve net zero GHG emissions
2. Achieve real economy GHG emissions reductions
3. Set net zero by 2050 objectives with 2030 interim targets
4. Use long-term carbon removals where necessary
5. Support policies and regulations for global net zero emissions
6. Implement a stewardship and engagement strategy with a clear voting policy for net zero emissions
7. Engage with stakeholders to ensure consistency with global net zero emissions
8. Set and reduce our operational emissions in line with global net zero emissions
9. Disclose objectives and targets and review our targets every five years or sooner
10. Report annually on our strategy, actions, and progress in line with Task Force on Climate-related Financial Disclosures (TCFD) recommendations

Paris Aligned Asset Owners

Investing for a net zero future

[13] Summary for Policymakers — Global Warming of 1.5 ºC
[14] Commitment – Paris Aligned Asset Owners. The full commitment is included in Appendix 1.

Our journey so far

Since 2017 we have been analysing climate risks and scenarios for our investment portfolio. Whenever we achieve our targets ahead of schedule, we strive to be even more ambitious. Throughout we have kept a steadfast focus on transitioning our investment portfolio to achieve real world economy decarbonisation.

Our milestones

2017

- Carried out climate risk analysis for our investment portfolio
- Produced our first report on how we manage climate risk in our portfolio

2019

- Published our first Climate Strategy outlining our climate goals and targets

2020

- Shared progress on our targets in our first TCFD-aligned Climate Risk report
- Committed £2.4 billion to low carbon equity strategies including:
  - LGPS Central Climate Multi Factor Fund, reducing carbon emissions by 70% compared to the broader market
  - Sustainable equity mandates, investing in companies that support the transition to net zero

2021

- Met our 2019 targets two years ahead of schedule
- Set more ambitious targets in our second Climate Strategy
- Signed up to the Paris Aligned Asset Owners Initiative

2022

- Publicly committed to achieving net zero through the Paris Aligned Asset Owner Initiative

2025

- Set timebound and measurable targets and reporting commitments that cover our entire investment portfolio

Responsible investment and stewardship integration

Committing to net zero was a natural step for our Fund, continuing our long-standing focus on RI and stewardship. By combining stewardship and RI we can effectively manage climate-related risks and opportunities whilst supporting the transition to a low carbon-economy.

- **Responsible investment** – involves integrating material environmental, social governance (ESG) factors into investment processes and decision-making
  - e.g. considering the impacts of climate change on our investment portfolio over various time horizons.
- **Stewardship** - involves engaging the industry (e.g. governments, policy makers, regulators, companies) to drive better ESG practices
  - e.g. engaging with companies on their climate risk management and net zero transition plans.

Our responsible investment beliefs

In 2024 we reviewed our RI aims and beliefs. Our beliefs help us focus on key areas to drive change, leading to better investment outcomes and value for our members and employers. Below, we demonstrate how our climate strategy aligns with our broader responsible investment aims and beliefs.

AIMS	**We act in the best interests of our members**	**We look to positively influence outcomes**	**We push to raise standards across the industry**	**We strive to create a better world, society and environment**	**We partner with organisations that incorporate Equity, Diversity and Inclusion (EDI)**
BELIEFS	Investing responsibly and integrating ESG is in line with our fiduciary duty to members and produces better risk-adjusted returns Managing costs and using resources and expertise efficiently is important in delivering value	Engaging with companies and asset managers can drive real-world positive change Engagements should be targeted, focussing on material areas where positive impact can be achieved	There are wider systemic benefits to be gained from playing an active role in driving innovation and best practice across the industry Collaborating and knowledge sharing can promote innovation and improve engagement outcomes	It is possible to generate necessary investment returns and simultaneously invest for positive impact over the long-term There is scope to invest for positive social benefit locally and globally in line with our fiduciary duty	Incorporating EDI has positive benefits and leads to improved outcomes EDI should be incorporated at all levels across companies, asset managers and service providers
CLIMATE STRATEGY INTEGRATION	Addressing climate-related risks and opportunities to improve risk-adjusted returns	Material company engagement to shape specific company behaviours and industry trends	Targeted participation in industry forums and investor networks to drive change	Climate solutions and investment opportunities at both local and global levels	Recognising different approaches will take place across industries and asset classes forming the just transition

Engagement and voting

Engagement and shareholder voting are key to how we manage climate risk. We engage with investee companies and key stakeholders to drive global change and achieve real economy emissions reduction.

We report and publish our voting and engagement activities to our Governing Bodies quarterly (RI activities report) and annually (Stewardship report).

Our engagement themes

Many factors can affect the investments that we make. So, we focus on areas ("engagement themes") that can have the biggest impact on growing our investments.

All four of our engagement themes are intrinsically linked to our climate change strategy:

Climate change and the net zero transition
– tackle climate change to ensure a better world for future generations

Resource efficiency and the circular economy
– manage nature-related risks and shift to a circular economy to reduce climate disasters and protect the global food system

Social equality
– ensure a just transition for workers and vulnerable communities

Forward-thinking governance
– encourage companies to adopt strong governance to enable their shift to a low-carbon economy

Company engagement

We expect all investee companies to manage material risks, including climate change. Our approach includes addressing specific company issues and tackling long-term economic themes.

We engage companies directly, and undertake broader stewardship through partners including LGPS Central, EOS at Federated Hermes, the Local Authority Pension Fund Forum (LAPFF), and directly through our asset managers.

Stewardship Provider	Expertise	Stewardship Activities
LGPS Central Ltd	• Has a dedicated Responsible Investment and Stewardship function to: - Support investment objectives - Be an exemplar for RI within the financial services industry, promote collaboration, and raise standards across the marketplace.	• Reports on voting and engagement activity on a quarterly basis and produces an annual stewardship report on engagement and voting outcomes. • Provides analysis, including climate risk monitoring, along with manager reporting and recommendations, to support the implementation of our Investment Strategy and RI Framework.
EOS at Federated Hermes Ltd	• Global voting and engagement provider with in-house experts in various fields. • Work with regulators, industry bodies, and other standard setters to shape capital markets and create a more sustainable environment for companies and investors.	• Reports on voting and engagement activity across relevant pooled funds and specific segregated mandates (for voting outcomes only) every quarter, as well providing a more detailed overview of engagement progress and voting outcomes on an annual basis.
Local Authority Pension Fund Forum (LAPFF)	• Specialist stewardship provider operating on behalf of 88 local authority pension funds and seven pool companies. • Promotes highest standards of corporate governance to protect the long-term value of pension fund assets.	• Focus on improving corporate responsibility through constructive dialogue and, if necessary, escalate engagements to effect change. • Collaborates with other asset owners, participates in large-scale initiatives, and stays ahead of emerging trends to support responsible investment objectives. • Produces reports, influences public policy, and provides training to members.
External Managers	• Specialist company knowledge to improve engagement efforts and enhance investment returns.	• Conduct in-depth research on companies, including financial statement analysis, market trends, and management evaluations. • Engage with company leaders on their stewardship priorities and plans. Attend meetings and vote on important issues. • Collaborate with other investors to amplify their influence on company policies and practices. • Escalate their efforts by recommending voting actions or other measures to effect change.

Voting

Voting action can help to protect the value of our investments and in turn, our members' and employers' interests. Our Voting Principles describe our approach to exercising our voting rights through LGPS Central. They are reviewed annually to continually raise expectations and set best practice for the companies that we invest in.

We include climate considerations in several of our principles to protect our assets from physical and transition risks to the best of our ability. These include:

Focus	Our voting expectations and potential outcomes
Net Zero	• Voting against the Chair, directors, or resolutions (including remuneration) if a company's climate response is significantly misaligned with the Paris Agreement. We expect companies to disclose climate risks and mitigation actions according to best practice guidelines. Companies should present a climate transition plan with a clear net zero goal. • If a company significantly reduces its climate targets without a good explanation, we may vote against the Chair and key directors responsible for climate oversight.
Natural Capital	• We encourage companies to be good stewards of natural capital. • Through our managers, we will engage with companies to provide better data and assess shareholder resolutions to enhance natural capital protection on a case-by-case basis. • Through LGPS Central we may vote against the Chair or relevant directors if a company scores below 10 on the Forest 500 ranking[15] for deforestation risk, or hasn't engaged constructively with Nature Action 100[16].
Climate Lobbying	• We expect companies in climate-sensitive sectors to disclose their climate and energy policy lobbying and expenditure, so shareholders can assess alignment with the Paris Agreement goals.

Escalation

We monitor risks and engage with companies to influence behaviour and enhance shareholder value. If needed, we escalate concerns through our managers and partners for better long-term outcomes. Escalation can include:

- Additional meetings with management or directors
- Voting against management recommendations
- AGM attendance
- Filing shareholder resolutions

If we are not satisfied with the level of progress being made against expected outcomes, we will consider divesting from companies. Divestment is typically considered as a last resort once all other engagements options have been exhausted.

[15] A decade of ranking the most influential companies driving tropical deforestation – Forest 500
[16] Nature Action 100 – Supporting greater corporate ambition and action on tackling nature and biodiversity loss

Our assets

As of 31 December 2024, our £21 billion portfolio is invested across multiple asset classes, as illustrated by the graph below.

- Developed market equities **30%**
- Emerging market equities **5%**
- Sustainable equities **5%**
- Private equity **7%**
- Corporate bonds **4%**
- Multi-asset credit **3%**
- Emerging market debt **4%**
- Liquid stable income **8%**
- Infrastructure **5%**
- Property **7%**
- Private credit **4%**
- Government bonds **5%**
- Index-linked bonds **13%**

Our **Investment Strategy Statement** outlines our investment approach and the beliefs that support our strategy.

Our assets are diversified across various asset classes, geographies, sectors, asset managers, and management styles. Our assets are invested in a variety of structures, including open-ended pooled funds, closed-ended funds in run-off, and bespoke segregated mandates. This allows us to generate suitable returns with an appropriate level of risk.

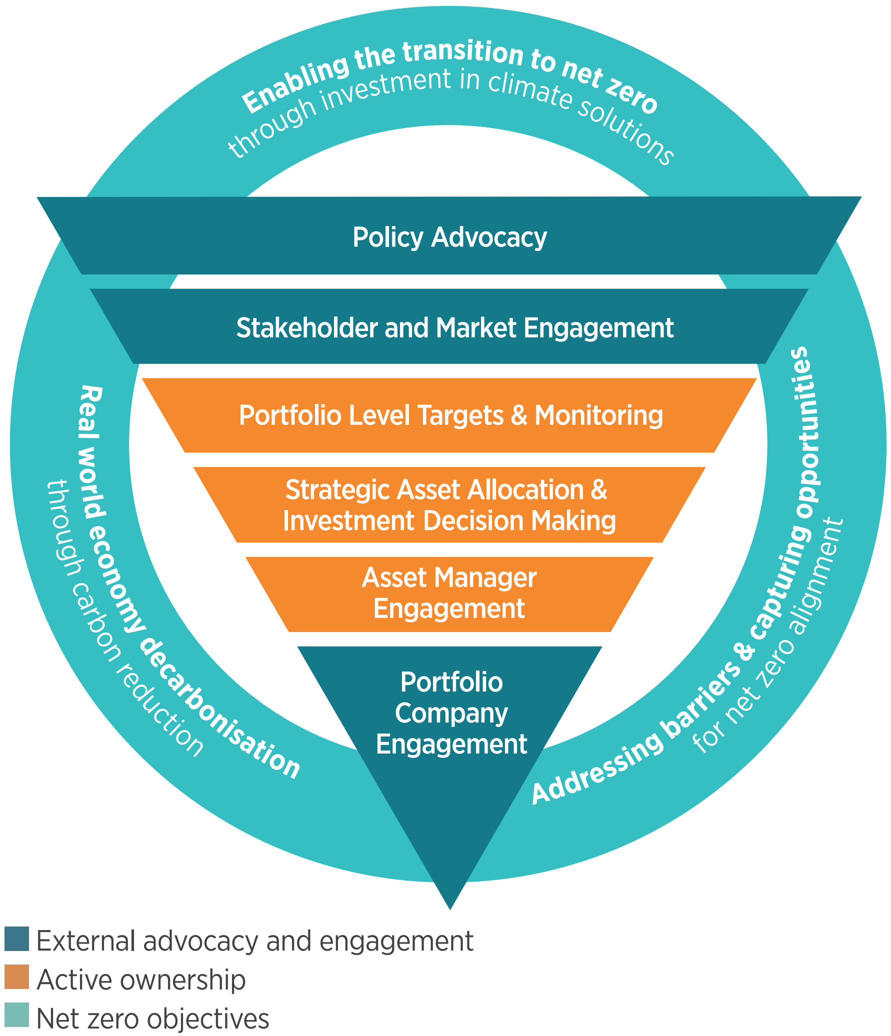
Given the scale and complexity of our assets, we take a pragmatic approach to setting climate objectives, focusing on impactful areas and making informed decisions based on better quality data. Where data is lacking, we look to work with our partners to improve disclosure for allocations that significantly impact portfolio emissions.

Most of our investments are managed by third-party specialist asset managers. Our role includes setting investment objectives and monitoring these managers to ensure managers meet performance expectations, integrate climate risk into their decisions, and engage with companies to manage climate risk appropriately.

A large portion of our assets are invested with LGPS Central Ltd. Our ambition is to increase this investment, making ongoing alignment with LGPS Central crucial for achieving our investment and climate goals.

Our role in driving change

Our approach to net zero



We are only one voice. There are limitations to what we control and can influence. Addressing climate change requires collective effort across the value chain from macro global policy to individual company changes. As an asset owner working with various stakeholders, we look to influence and drive change through active ownership and external advocacy.

External advocacy and engagement

We believe achieving net zero requires collective action from all sectors and market participants.

Policy advocacy
We will seek to overcome barriers and find opportunities for achieving net zero. We will support national and international policy advocacy efforts on:

- Clear and transparent reporting
- Government policies and coordination
- Financial regulation and oversight
- Global agreements and standards
- Investment facilitation and support

Stakeholder and market engagement
We will work with stakeholders and market players to:

- Provide net zero aligned data, products, mandates, and investment advice
- Contribute to the development of consistent reporting and frameworks
- Collaborate to share knowledge and tackle common challenges
- Disclose corporate transition plans across industries

Portfolio company engagement

Our company level engagements are undertaken by our external managers who are responsible for the investment decisions and ongoing management related to individual companies and therefore are best placed to engage with such companies. Additionally, we employ specialist stewardship providers who directly engage companies on various topics and themes, including climate change. As an asset owner, we monitor, oversee, and challenge our external managers' and stewardship providers' work. Our goal is to ensure our managers engage investee companies to achieve net zero alignment and real-world decarbonisation.

Together with our asset managers and stewardship providers, we will engage with our most material holding companies to:

- Regularly check company performance against climate-risk targets and benchmarks
- Improve their strategic planning, operations, and leadership
- Encourage our companies to adopt best practice

Active ownership

Portfolio level targets & monitoring

We have set net zero targets (section 7) to assess and track the climate risk of our investment portfolio. We will monitor progress using our internal framework and address issues as needed. We will annually review our progress and, with approval from our Governing Bodies, publicly report on our targets.

Strategic asset allocation (SAA) and investment decision making

We consider climate risk in our asset allocation and investment decisions. We adopt a long-term approach to investing, consistent with our membership profile and proactively consider the risk/return profile of different investment opportunities over various time periods[16].

Asset manager engagement

Our asset managers need the right resources to integrate ESG risks, including climate change, into their decision-making. Our managers should also identify opportunities from the transition to a lower carbon economy. We assess how asset managers manage climate risks, both when we first hire them and during our regular reviews of their work.

Our net zero targets

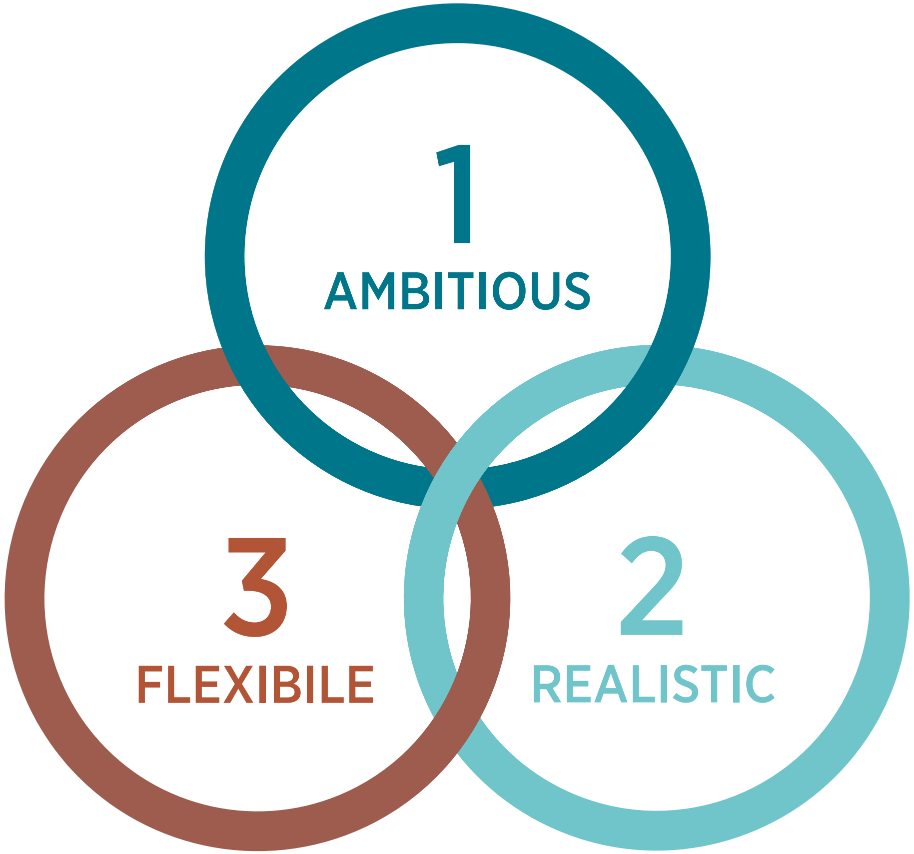
We have identified six key focus areas for our climate strategy, setting targets for the first four and ambitions for the remaining two[17]. We will report on a combination of backward- and forward-looking metrics across the focus areas. Further detail on each area including reporting metrics and considerations are provided on the following pages.

REDUCING EMISSIONS	ALIGNING OUR ASSETS	ENGAGING WITH COMPANIES
CUTTING OUR OWN EMISSIONS	HARNESSING DATA	ENABLING THE TRANSITION THROUGH CLIMATE SOLUTIONS

[17] We have set targets for the reducing emissions, aligning our asset to net zero, engaging with companies and cutting our operational emissions focus areas; we will report annually against our progress,

Our targets provide a benchmark for our progress and ensure accountability in reaching our goals. When setting our targets, we aimed for them to be ambitious, realistic and flexible.

As the investment industry evolves its approach to climate-related risks, we pledge to update our goals and strategy accordingly.



- Driving progress using timebound and measurable targets
- Inspiring innovation when faced with challenges and opportunities

- Achievable outcomes based on how we operate
- Understanding our limitations to overcome future barriers

- Evolving alongside changes to climate-related data and methodologies
- Adapting to unforeseen challenges and opportunities

Reducing emissions

Purpose

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

Targets

Short-term target: 50% reduction[18] in scope 1 & 2[19] GHG emissions by 2030[20], based on a 2019 baseline
Long-term target: Net zero scope 1, 2 and 3 GHG emissions across all asset classes by 2050

Our actions

Measure and monitor
Our investment portfolio emissions can be measured using several metrics. Each metric describes different aspects and has its own limitations.

We will track progress against our targets using normalised financed emissions as our primary metric. This will be part of a dashboard of metrics to assess and track progress more broadly. This will comprise:

Metric	Units	Definition	What does it answer?
Financed Emissions	tCO_2e	Calculates the absolute tonnes of CO2 equivalent an investor is responsible for	What is my portfolio's total carbon footprint?
Normalised Finance Emissions	tCO_2e / £m invested	Measures the financed emissions for every £1 million of market value	What is my portfolio's carbon footprint after it is normalised by 'per million GBP invested'?
Weighted Average Carbon Intensity (WACI)	tCO_2e / $m sales	Measures a portfolio's exposure to carbon-intensive companies	What is my portfolio's exposure to carbon-intensive companies?

[18] Each asset class will have its own reduction target(s) starting with listed equity and listed fixed income. Other asset classes will be brought in scope once data coverage is sufficient to set target(s).
[19] This will include scope 3 GHG emissions when data becomes reliable and available.
[20] Our target initially covers our listed equity and listed corporate fixed income portfolios. We will measure and report on sovereign debt separately. Private markets baselining to occur over 2025 with targets to follow.

Reducing emissions

Identify and act

We will work with our data and service providers to perform attribution analysis[21] to disclose factors behind changes in emissions performance where possible.

We will look to use a carbon budget approach[22] to flexibly and sustainably position our portfolios for emission reduction.

Considerations

We recognise the decarbonisation of our portfolio will not be linear and that backward-looking emissions data may not be reflective of our portfolio's forward-looking performance.

There are limitations to the methodologies used to calculate emissions data which can result in large variations, particularly as data becomes more readily available and updated. Therefore, it is important to understand any limitations and incorporate emissions data with other climate-related metrics.

Investing in decarbonising technologies might raise our emissions short-term, due to the initial energy use, infrastructure development and transition period, but it will be crucial in achieving real world decarbonisation.

Not all sectors and countries will decarbonise at the same rate, and each will face unique challenges and barriers[23].

Some areas are still developing in terms of data coverage and quality. This will need to be considered in our reporting outputs and analysis.

[21] IGOT master.pdf
[22] CBD-implementation-guidance_February2024.pdf
[23] Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach - 2023 Update

Aligning our assets

Purpose

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

Targets

Short-term target: 50% of assets[24] to be aligning or aligned to a net zero pathway or achieving net zero by 2030

Medium-term target: 100% of assets[25] be aligning or aligned to a net zero pathway or achieving net zero by 2040

The definitions and example alignment criteria are provided in the table below.

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

Aligning our assets

Our actions

Criteria for assessing alignment[26] will be developed along consideration of data availability but we will look to use known initiatives such as the 'NZIF 2.0 framework'[27] for public markets, and the 'Private Market Decarbonisation Roadmap'[28] for private markets.

We remain flexible and open to finding a framework that covers both public and private markets and will continue to engage our asset managers on this.

Assets will be evaluated based on specific criteria and placed into one of four categories. Assets not meeting any criteria will be labelled as not aligning, indicating they lack a commitment to decarbonise in line with global net zero goals.

Considerations

Even with structured criteria, scoring will be subjective. We are aware that data can vary between providers. We strive to identify and examine significant discrepancies as they arise to better understand and mitigate potential "model risk".

[24] Based on % assets under management. Includes listed equity and listed corporate fixed income only. We will track and report on sovereign debt and use this as an engagement tool. We aim to obtain private market baseline data during 2025.
[25] Excluding sovereigns and legacy immaterial private market allocations in wind down – these will be tracked and reported on separately.
[26] Subject to best practise and data provision from our pool company and asset managers.
[27] NZIF 2.0 Report PDF.pdf
[28] Private Markets Decarbonization Roadmap | Bain & Company

Engaging with companies

Purpose

To have meaningful engagement and targeted communication with entities such as companies, asset managers or governments to encourage change or address broader risks like climate change whilst recognising our role as an asset owner.

Targets

Short-term targets: Engage our asset managers[29] by 2027 and report on their progress against setting net zero targets.

Develop an engagement plan for a targeted list of high-emitting companies, and report on progress and outcomes by 2026

Actions

We will:

- Implement additional reporting metrics e.g. % of portfolio covered by a climate-related engagement
- Introduce net zero actions and ambitions into routine manager monitoring and assessment
- Engage with the most material company level-emitters in our portfolio as part of a climate stewardship priority list, identified in conjunction with LGPS Central
- Oversee and challenge managers on investee companies' decarbonisation efforts
- Continue to prioritise climate and net zero in our engagement themes
- Undertake broader policy and industry advocacy and engagement and report on activity e.g. through our signatory status to the Asset Owner Statement on Climate Stewardship[30]

Considerations

Successful engagements need trust to maximise influence and are often difficult and time-consuming. Even after entities have committed to change, the implementation phase can be lengthy and challenging.

We cannot engage with every holding in our portfolio. We will develop a framework to establish and facilitate engagement with the most impactful areas affecting our portfolio like GHG emissions, holding size, current alignment status and likelihood of success. This approach will help us improve our engagement success and better protect and grow fund investments.

[29] Criteria to be developed for in-scope asset managers based on materiality and expected holding period.
[30] Leading asset owners collaborate to set climate stewardship expectations | People's Partnership.

Cutting our own emissions

Purpose

Reducing our organisational operational emissions consistent with our net zero objectives.

Targets

Short-term targets: measure our operational emissions and establish a suitable baseline by 2026

Long-term target: to be net zero by 2050 at the latest

Actions

Short term:

- Measure the electricity and heating usage in our past and current offices*
- Calculate our scope 1 & 2 emissions associated with our energy usage
- Develop a plan to reduce operational emissions, e.g. considering renewable energy tariffs for our office building's energy use, and review emissions associated with service delivery
- Help employees understand and cut their own emissions

Considerations

We might not be able to reduce all our emissions to net zero. We may need to consider other options as we progress, such as offsetting. This approach differs from our investment portfolio strategy, where carbon offsetting is considered a last resort.

Our policy and actions will evolve through discussions with key stakeholders such as the City of Wolverhampton Council as owner of our premises, i9 Wolverhampton and our local and combined authorities.

Harnessing data

Purpose

To be able to report progress using reliable data and evidence.

Ambition

Data is an integral part of our strategy. It allows us to set targets, track progress and identify priorities.

Climate-related data can often be unavailable, inaccurate, or estimated, leading to false conclusions. We aim to increase the transparency, coverage and quality of climate-related data to allow us to draw meaningful conclusions and where necessary take action.

Short-term ambition: to increase the data granularity and ensure robust monitoring of the internal and external climate-risk metrics across our portfolio[31].

We will monitor and report progress against:

- Data coverage (%)
- Data quality (score 1-5)[32]

Actions

To achieve our ambition, we will engage with:

- LGPS Central - on a focussed list of asks and targets for data providers
- Our asset managers - on data availability, with a focus on private markets
- Service provides and consultants - to influence the broader system
- Data providers - to directly set our investor expectations
- Industry initiative and working groups - and join these as relevant

Considerations

Data coverage and data quality varies across managers, asset classes and sectors. Reviewing these metrics for a single fund may reveal data gaps due to missing data for individual investment that can distort overall results. Despite these gaps, we believe it's important to collect and transparently report data rather than wait for perfect data, acknowledging any limitations when analysing the outputs and drawing conclusions.

[31] As a % of our portfolio by assets under management

[32] Using the methodology recommended by the Partnership for Carbon Accounting Financials (PCAF)

Enabling the transition through climate solutions

Purpose

Investing in opportunities that substantially contribute to and help enable the transition to net zero.

Ambitions

To transition to a low carbon economy, investors need to identify environmentally sustainable economic activities and direct funds to tackle the climate crisis and prevent further environmental degradation.

We acknowledge there's no standard definition for climate solution investments yet, and we appreciate the progress made in this space by the IIGCC[33] and EU taxonomy[34] in recent years. Since there's no formal definition, we don't currently monitor or report on our climate solution investments. However, we have made numerous investments in opportunities that would be considered as climate solutions, like renewable energy projects.

Short-term ambitions:
Develop an internal system for classifying climate solutions by 2026

Calculate and report annually on the percentage of our portfolio investments that qualify as climate solutions by 2027

Actions

The IIGGC suggests that investors should aim to increase investments in climate solutions. Before setting targets, we need to define what climate solutions mean for us and ensure they align with our net zero goals and responsible investment beliefs.

We will achieve this by following the approach outlined below:

1. **Solution classification:** identify and classify activities, products, and services that reduce emissions using net zero scenarios or local taxonomies
2. **Contribution type:** assess how these activities contribute to decarbonisation
3. **Corporate indicators:** calculate a company's contribution using revenue and capital expenditure data
4. **Portfolio/Fund metrics:** aggregate these contributions at the portfolio or fund level and agree monitoring process

Considerations

We understand that investing more in climate solutions, like renewable energy and electric transportation, might temporarily increase portfolio emissions due to their production. We believe that such investments will be critical in reducing actual carbon emissions and enabling a successful transition to net zero. They can also present attractive investment opportunities, aligned with our broader objectives. We'll take this into account when setting climate targets and planning our strategy.

While we are not currently setting a prescriptive target for the amount to be invested in climate solutions, we would expect to see the amount invested in such opportunities increase over time given our approach and focus on financing reduced carbon emissions.

[33] IGOT master.pdf
[34] EU Taxonomy Navigator

Our approach to managing climate risk

We take a holistic approach across our investment portfolio, member liabilities and our employer base. This approach is consistent with our broader integrated risk management framework.

How we manage climate risk holistically

Investment strategy and implementation

Climate change is a key consideration when setting our investment strategy and target asset allocation. We continue to work with advisors to incorporate more sophisticated ways of modelling climate risk across complex investment portfolios.

Following implementation of the investment strategy, climate risk is monitored at the portfolio and sub-portfolio level. This involves analysis of historic emissions data as well as forward looking assessments. Individual funds and asset managers are monitored for their level of climate risk integration in their investment decision-making process and stewardship activity. If outcomes fall short of expectations, we will engage to drive change and raise standards.

Climate scenario analysis

We have undertaken climate scenario analysis at least every three years since 2017. This analysis looks to quantify the impact on different investment portfolios under various climate scenarios. To date analysis has been focussed on our investment portfolio only.

Going forward we expect to undertake climate scenario analysis at a minimum every three years in line with our triennial actuarial valuation. Our next analysis will take place as at 31 March 2025 and will analyse the impact on both the investment portfolio and the member liability side to assess the impact on overall funding levels under different climate scenarios. This will be prepared in line with the "Key principles for preparing climate scenarios analysis as part of the 2025 valuation[35]" developed by the Scheme Advisory Board in January 2025.

We acknowledge the challenges associated with climate scenario analysis and therefore this is one of many tools used to assess climate risks across the Fund (further detail on how we manage climate risk is included within our annual climate-related financial disclosures report). We continue to work with service providers and engage the industry to promote and develop best practice in terms of climate risk modelling.

[35] Climate Risk Reporting Principles January 2025 final.pdf

Liability funding and employer covenant

We consider climate-related risks in our funding strategy, recognising potential impacts on employers, members, and investments due to asset pricing, long-term inflation, interest rates, and life expectancy.

Since 2022, we've partnered with employers to highlight climate risks and gather data on potential impacts, including mitigation actions. We've focused on how these risks could affect their business models and ability to meet long-term commitments to our Fund.

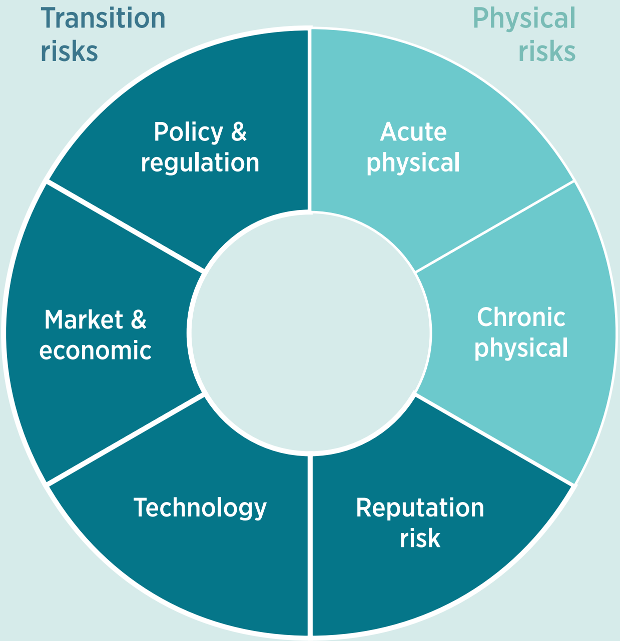
We've created scorecards to measure and monitor covenant strength in the context of our longer-term funding strategy and potential impact on an employer's capacity to meet contributions. These scorecards use various metrics, including sector-specific details, to determine risk categorisation for funding.

Climate risks

Policy and regulation: encompasses compliance expenses, stranded assets, asset write-downs, limitations on carbon-heavy assets, and asset depreciation

Market and economic: valuations of companies or securities, asset write-downs, sustainability of specific business models, and effects on credit ratings

Technology: costs for discarding old technologies, investing in new ones, and updating processes to use new technologies



Acute physical: short-term extreme weather, disruptions to operations, transport, and supply chains, damage to assets and insurance impacts

Chronic physical: gradual changes like rising temperatures or water scarcity, reduced availability of resources like labour and natural resources

Reputation risk: harm to brand value or reputation can cause lost income and extra costs, like those for corporate affairs and legal issues

Chart adapted from WMPF's Employers: Risk Management Framework 2023.
Reproduced with permission from PWC.

Focus sectors

We're working with our employer covenant consultants to review and further develop our plan, ensuring clarity on tangible outcomes. In 2025, we'll continue discussing climate risk with employers to raise awareness. We'll consider including the climate-related scorecard in our new funding strategy and employer risk management framework by 31 March 2026.

Our road ahead

Considerations[36]

Decision-making data
Data continues to be a challenge across asset classes, metrics and regions. Some issues come from the lack of data available from companies, particularly smaller companies with limited resource and capacity. Some issues come from the lack of standardisation in methods to calculate emissions associated with an investment, for instance commodities.

We do not believe that incomplete data should be a barrier when looking at our long-term climate objectives. Where data is available but not complete, we have set time-bound, actionable targets whilst aiming to improve data over time. Where data is not available, we have set ambitions to increase data availability and transparency.

Emerging markets
Not all sectors and countries will decarbonise at the same rate. Each sector and jurisdiction will have its unique challenges and barriers. We need to acknowledge the context of the companies when looking at their decarbonisation journey.

For emerging markets, the challenge is building the systems and infrastructure to utilise renewable energy sources, which requires capital. In the short-term, they might be reliant on fossil fuels to operate as normal. The International Energy Agency[37] provides decarbonisation pathways that companies can follow based on its sectors and geography.

Nature and biodiversity loss
Climate change has a significant and idiosyncratic impact on biodiversity loss, affecting natural ecosystems that are essential to our economy. Financial institutions are increasingly including biodiversity risks in their assessments and investment strategies. Biodiversity loss can disrupt supply chains, reduce productivity, and increase costs, impacting the financial stability of investments[38,39].

Subject to data provision, over the next two years, we will look to map materiality to assess, report and address nature-related dependencies, impacts, risks and opportunities in our investment portfolio[40]. We will collaborate with data providers and asset managers to obtain the necessary materiality insights using high-quality, location-specific data, and leverage these insights to make our engagement activities more targeted and effective.

Offsetting
Our climate strategy does not include the use of offsets. Offsets can be classified as technologies that remove carbon emissions from the atmosphere or as instruments like carbon credits that represent this reduction. We want to avoid over-relying on offset technologies to negate emissions. We believe improving efficiency and reducing emissions should be the main driver to achieve net zero. We recognise that offsets can reduce residual emissions that can't be decarbonised yet. While offsets can cancel out emissions, the technology is still in early stages and not yet sufficient to significantly reduce carbon emissions. Capital is needed to support innovation for new solutions. We will continue to monitor and develop our approach to offsets; however, our focus remains on our target areas as set out in Section 7.

Policy uncertainty
Most company changes will be driven by government policies and regulations. For investors, there is some uncertainty on how governments position themselves in the climate challenge. This can be different between nations and change over time as governments within a country change. As an example, some regulations can help accelerate change, for instance tax reliefs for renewable energy technologies. Others can demotivate change for instance awarding contracts for new fossil fuel extraction plants.

As of February 2025, 195 countries have adopted the Paris Agreement[41], which is a legally binding international treaty on climate change. As part of our climate strategy, it will be important to work with governments and policymakers towards achieving

[36] Addressed in alphabetical order
[37] https://www.iea.org/
[38] Asset owners 'increasingly aware' of risks of biodiversity loss, report says | Impact Investor
[39] biodiversity-loss-and-land-degradation-overview.pdf
[40] The Taskforce on Nature-related Financial Disclosures
[41] Paris Agreement - Status of Ratification | UNFCCC

this goal. We will collaborate alongside asset owners, who share the same values as us, to reinforce the collective action needed to achieve change for the better.

Scope 3 emissions
Scope 3 emissions are the emissions from a company's value chain. Company value chains can exist across multiple countries, have multiple layers and lack oversight from the managing company. This means data is more likely to be incomplete, inaccurate or estimated. Multiple companies may have the same suppliers/customers. This makes Scope 3 emissions data difficult to aggregate due to double counting. These factors make it difficult to set targets despite it being the most significant source of emissions for most companies. We will continue to work with our pooling company and data providers to improve data collection and quality in this area.

Sovereigns
Sovereign emissions are assessed differently from those of companies, infrastructure, and property, making them hard to combine with other asset classes. Due to the nature of sovereigns, the difficulty in driving behavioural change, and their role in our investment portfolio, we do not plan to include them in emissions-related targets but will monitor and report on these and where relevant use as a tool for engagement.

Unforeseen macroeconomic events
Economic-wide events will make the path to net zero more challenging. Net zero needs to be achieved collectively across countries and industries to reverse global temperature rises. Positive effects include policy changes that encourage the just transition and transition to a low-carbon economy.

Anti-climate sentiments may hinder climate efforts, but we will remain committed to our Responsible Investment values and fiduciary duty. We will therefore need to account for climate-related risks that could impact our investments both before and as they emerge.

Reporting

We have developed our climate strategy in collaboration with our asset managers, pool, and consultants. It has been informed by industry best practices, standards and guidance such as the IIGCC's NZIF 2.0 framework[42].

We will provide updates on the targets and ambitions for our portfolio as outlined in Section 7. Where the data does not exist for certain targets and asset classes, we will look to collect as much data as possible and work with industry participants to improve data collection and transparency.

We will provide regular public updates to our Governing Bodies.

Our external reporting will consist of:

- **Climate-related financial disclosure report –** annual report that highlights the progress towards our four established targets and two ambitions, where data is available and appropriate
- **Responsible investment activities report –** quarterly report prepared for our Governing Bodies, including updates on key engagements with priority companies focused on climate objectives

[42] NZIF 2.0 Report PDF.pdf

Accountability

The implementation of our climate strategy will be monitored and overseen by our Governing Bodies, Fund Officers and other relevant parties.

Body	Roles and responsibilities (relating to climate change risk)
Fund Officers	• Responsible for the implementation of our climate strategy • Monitor and oversee our external fund managers, engagement service providers, proxy advisors and pool company on their engagement efforts and net zero implementation
Internal Investment Committee	• Monitor, oversee and challenge progress against our four net zero targets and two ambitions • Monitor and propose any changes to the climate strategy
Investment Advisory Panel	• Reviews the process of effective decision-making including the approach taken to the management of climate-related risks and opportunities
Pensions Committee	• Monitor, oversee and challenge the implementation of our climate strategy • Approve our climate strategy • Approve our Climate-Related Financial Disclosure Report • Undertake training on the latest practices on climate, which may be delivered by external organisations
Pensions Board	• Monitor our compliance with climate-related regulation and guidance
Investment Consultant	• Provide external expertise and guidance on our strategy and implementation approach • Help to identify climate-related risks and opportunity sets
Paris Aligned Asset Owner Commitment	• Keep us accountable to our net zero commitment through annual disclosure and accountability

Our next review: 2028/2029

We will annually review our climate strategy to incorporate industry best practices and changes to our investment strategy, making amendments as necessary.

We plan to conduct a formal review in 2028/29 to assess progress against our near- and short-term objectives before 2030.

Acknowledgements

We would like to thank LGPS Central, Mercer, the IIGCC, Carbon Tracker and the various investment managers consulted for their valuable guidance and feedback during the development of our strategy.

The Paris Aligned Investment Initiative Asset Owner Commitment[43]

1. Transitioning our investments to achieve net zero portfolio GHG emissions by 2050, or sooner.

2. Implementing this commitment with the aim of achieving real economy emissions reductions and undertaking a comprehensive set of actions available to investors, drawing on the Paris Aligned Investment Initiative's Net Zero Investment Framework.

3. Setting objectives and targets, including an interim target for 2030 or sooner for reducing Scope 1, 2 and 3 emissions associated with our portfolios and setting a target for increasing investment in climate solutions, consistent with a fair share of the 50% global reduction in CO2 identified as a requirement in the Intergovernmental Panel on Climate Change special report on global warming of 1.5°C.

4. Where offsets are necessary where there are no technologically and/or financially viable alternatives to eliminate emissions, investing in long-term carbon removals.

5. Ensure any direct and collective policy advocacy we undertake supports policy and regulation relevant for achieving global net zero emissions by 2050 or sooner.

6. Implementing a stewardship and engagement strategy, with clear voting policy that is consistent with an objective for all assets in the portfolio to achieve net zero emissions by 2050 or sooner.

7. Engaging with asset managers, credit rating agencies, auditors, stock exchanges, proxy advisers, investment consultants, and data and service providers to ensure that funds, products and services available to investors are consistent with achieving global net zero emissions by 2050 or sooner.

8. Setting a target and reducing our operational (Scope 1 and 2) emissions in line with achieving global net zero emissions by 2050, or sooner.

9. Disclosing objectives and targets and publishing a clear Investor Climate Action Plan for achieving these goals as soon as possible, no later than one year from making this commitment, and reviewing and updating targets every five years or sooner.

10. Reporting annually on the strategy and actions implemented and progress towards achieving objectives and targets, and in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

[43] PAII-Net-Zero-Asset-Owner-Commitment-Statement.pdf

Glossary

Active Ownership	The use of rights and position of ownership to influence the activities or behaviour of investee companies and other relevant stakeholders.
Advocacy	The engagement with policymakers, standard setters, and market participants to address systemic ESG risks and opportunities.
Carbon Footprint	The total carbon emissions for a portfolio normalised by the market value of the portfolio.
Carbon Offsets	Actions or projects that compensate for the emissions of an individual, company or organisation.
Circular Economy	A model of production and consumption that might involve sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible to maximise a product's life cycle.
Climate Solutions	Activities, goods, or services that contribute substantially to, or enable, emissions reductions to support decarbonisation in line with credible 1.5°C pathways towards net zero, or that contribute substantially to climate adaptation (defined by the IIGCC).
Climate Scenario Analysis	A methodology used to assess the potential impacts of climate change on our investment and/or funding models by evaluating against a range of variables.
Data Coverage	A metric that defines the percentage of investments with carbon footprint data whether that is estimated, reported or verified.
Data Quality	A metric that represents the quality of reported emissions with one potentially representing independently verified emission data to five potentially representing estimated emissions based on sector averages.
Engagement	Purposeful, targeted communication with an entity (e.g. company, government, industry body, regulator) with the goal of encouraging change at an individual issuer and/or the goal of addressing a market-wide or system risk (such as climate).
Escalation	Processes, tools or techniques which an investor might use when a company fails to acknowledge or address investors' concerns following an engagement.
EU Taxonomy	A classification system used to establish a list of environmentally sustainable economic activities.
Financed Emissions	A metric that represents the absolute tonnes of CO2 equivalent for which an investor is responsible.
Just Transition	A framework developed to encompass a range of social interventions needed to secure workers' rights and livelihoods when economies are shifting to sustainable production, primarily combating climate change and protecting biodiversity.
Net Zero	A state in which the greenhouse gas emissions created by an organisation are counterbalanced by the greenhouse gases sequestered by an organisation over a given timeframe.

Normalised Finance Emissions	A metric that measures the Financed Emissions for every £1 million invested.
Operational Emissions	The emission associated with the day-to-day activities of an organisation when operating business-as-usual.
Paris Agreement	A legally binding international treaty on climate change. Its goal is to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.
Physical Risk/Climate Physical Risk	The financial risks and opportunities associated with the anticipated increase in frequency and severity of extreme weather events and other phenomena, including storms, flooding, sea level rise and changing seasonal extremities.
Responsible Investment	The integration of financially material environmental, social and corporate governance ("ESG") factors into investment processes both before and after the investment decision.
Scope 1 Greenhouse Gas Emissions	The direct emissions from owner or sources controlled by the owner.
Scope 2 Greenhouse Gas Emissions	The indirect emissions from the generation of purchased energy.
Scope 3 Greenhouse Gas Emissions	The indirect emissions that are not controlled by the institution but occur as a result of that institutions activities.
Stewardship	The responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society (defined in the FRC 2020 UK Stewardship Code).
Weighted Average Carbon Intensity (WACI)	A metric that measures a portfolio or fund's exposure to carbon-intensive companies.
Transition Risk	The financial risks and opportunities associated with the anticipated transition to a lower carbon economy. This can include technological progress, shifts in subsidies and taxes, and changes to consumer preferences or market sentiment.
Voting	The act of casting the votes bestowed upon an investor, usually in virtue of the investor's ownership of ordinary shares in publicly listed companies