

Tyne and Wear Pension Fund

Net Zero Roadmap

November 2024

Introduction

Responding to climate change is a key priority for the Pension Fund and will be a significant factor in the ongoing investment of the Fund's assets. In November 2021, the Pensions Committee approved the Fund's first Climate Change Policy and Net Zero targets. The Policy has been updated in November 2024 to reflect the progress made to this point and to include the regulatory and industry developments around climate change.

The targets set and commitments made in the Climate Change Policy are entirely in line with global efforts to reduce the impact of climate change and minimise rising temperatures.

The Fund supports the Institutional Investors Group on Climate Change (IIGCC) Net Zero Investor Framework and committed to publishing a Net Zero Roadmap within 12 months of our initial Net Zero Commitment in November 2021. This document sets out the Fund's "roadmap" to achieving its net zero goals by '2050, or sooner' on its investment portfolio.

In addition, the Fund has committed to achieving net-zero GHG (Green House Gas) emissions on its own administrative operations by 2030 in line with a target set by South Tyneside Council who are the Administering Authority of the Fund.

All of the actions included within this Roadmap are primarily aimed at reducing climate risk, but due consideration is also given to broader environmental, social and governance (ESG) issues as set out in the Climate Change Policy.

Governance and Strategy

The governance arrangements for the Tyne and Wear Pension Fund are set out in the Climate Change Policy which highlight the role of the Pensions Committee in relation to climate change. As part of the Climate Change Policy, the Fund has committed to achieving Net Zero carbon emissions by 2050 or sooner. Interim targets to reduce emissions have also been set.

Included within the Investment Beliefs in the Investment Strategy Statement are the following beliefs related to climate change:

- Engagement with companies on climate related issues can be effective in creating change to protect shareholder value.
- Climate change provides investment opportunities as well as risks.
- Asset owners and managers have a responsibility to ensure there is effective engagement on climate related issues.

In addition to the Net Zero and interim carbon emission reduction targets, the Climate Change Policy also provides a number of other commitments the Fund will strive to achieve. These are set out in actions below:

No	Action	Target date
1	Review Climate Change Policy	Annually
2	Undertake full triennial review of the Investment Strategy based on asset liability modelling. Part of this process is to identify opportunities to support the Fund's climate change objectives within the fiduciary role of the Fund	September 2025 and every three years thereafter
3	Undertake a "health check" of the investment strategy between triennial reviews including identifying opportunities to support the Fund's climate change objectives within the fiduciary role of the Fund	Completed in November 2023
4	Undertake triennial review of the medium and long term targets set out in the Climate Change Policy	Completed in November 2024 and reviewed every three years thereafter
5	Publish a roadmap of actions and report on progress annually	Annually
6	Work with South Tyneside Council on the delivery on net zero GHG emissions on our administrative operations	Ongoing with a backstop date of 2030

Targets and Objectives

The Fund has undertaken a triennial review of the medium and long term targets along with an annual update of the Roadmap to ensure that they remain appropriate and challenging, given the ever changing, economic, environmental and technological environment. The review looked for opportunities to bring forward the Net Zero targets where this is considered reasonable and in accordance with the fiduciary duty.

The Tyne and Wear Pension Fund commits to transitioning its investment portfolios to net-zero GHG emissions by 2050 or sooner and to reduce emissions by 40% - 45% by 2030 based upon the 2022 baseline calculated in the carbon footprint analysis. In addition, a reduction of 65% – 75% will be targeted by 2036 and reporting against these targets will be published annually. These new commitments will be measured against the new primary EVIC metric.

The Fund will also align with the IEA NZ2050 decarbonisation pathway as a predictor of future emissions performance and this pathway has been used as the basis for calculating the interim targets stated above.

The Fund also commits to undertaking climate based financial risk assessments and to report the results as part of an annual Taskforce for Climate Related Financial Disclosures (TCFD) Report. This will require the Fund to develop a range of metrics and targets.

In order to ensure that the Fund achieves its targets, we will undertake an annual carbon footprint analysis and report publicly on the progress being made.

The Fund also commits to working with other investors along with our Investment Managers to promote the change necessary and to pursue efforts to limit the temperature increase to 1.5°C as set out in the Paris Agreement. This includes our Pool Company, Border to Coast, who have made similar commitments to the Fund and we support their policy objectives.

Set out in the Climate Change Policy are a number of key actions which the Fund will address in this Roadmap. These are shown in the table below and are explained in further detail in the sections that follow:

	Short term	Medium term	Long term
Measuring climate risk	✓		
Pressuring managers to provide better climate data	✓	✓	
Strengthening climate engagement	✓	✓	
Reviewing investment strategy	✓	✓	✓
Altering current investment mandates	✓	✓	
Reallocating capital to climate-focused strategies	✓	✓	✓

Measuring Climate Risk

Carbon Footprint Analysis

In order to understand the Fund’s current carbon emissions, a carbon footprint analysis is undertaken annually. The latest analysis was based on the investment portfolio as at 31st March 2024. The Carbon Footprint report on the climate metrics set out in the Climate Change Policy and highlights progress made annually and against appropriate benchmarks. The results of the Carbon Footprint analysis are reported annually in the TCFD Report.

Despite the limitations around the quality and availability of data across every asset class, a whole fund carbon footprint is calculated with estimates used for those mandates and assets where reliable data could not be provided by the Investment Managers.

Climate Metrics

The annual TCFD Report will set out the metrics the Fund intends to use to help measure progress towards the Net Zero ‘2050 or sooner’ target. These metrics will be updated annually as part of the carbon footprint analysis and the results published in the TCFD Report. The Fund published its first TCFD report in November 2022, two years ahead of the expected statutory requirement for LGPS funds.

Following a period of research and discussion between Fund Officers, Hymans Robertson, and Border to Coast, the Fund has agreed a set of metrics which it will use to monitor and report progress against the Fund’s Net Zero commitments. The Fund believes that the approach and targets are consistent with those produced by Border to Coast. These metrics were approved by the Pensions Committee and are included in the Climate Change Policy.

The appropriateness of the metrics to be used by the Fund will be assessed periodically in discussion with the Investment Adviser, Border to Coast and all other Investment Managers. The ongoing Government consultation covering the TCFD reporting requirements for LGPS

funds will also be monitored and the requirements of the final legislation will be incorporated into the metrics used by the Fund, where appropriate.

It is expected that some of the metrics currently being used by the Fund will need to evolve with legislative requirements.

Carbon Footprint Analysis and TCFD Report

The TCFD report shows the Fund's progress against its agreed climate metrics and its primary target of reducing the Fund's Weighted Average Carbon Intensity (WACI).

The exercise to produce the Fund's TCFD report and carbon footprint analysis has provided the opportunity for the Fund to measure its position against a wide range of climate metrics agreed by Pension Committee. However, this has confirmed the overall quality and reliability of data is poor especially in private markets.

To illustrate the point, one of the metrics determined by the Fund is in relation to data quality, however, it is apparent that this metric is not sufficiently robust at the current time. Therefore, the TCFD report includes a metric on data coverage rather than data quality which is considered to be more informative at the current time. This position will be monitored along with all the other climate metrics and specific targets for each metric will be set when the data improves.

Climate Scenario Analysis

The Fund has undertaken a review of its Investment Strategy during 2022. One of the key aspects of this review was a Climate Change Scenario Analysis. This Climate Change Scenario Analysis was presented to the Pensions Committee and the Local Pension Board on 15th July 2022.

The analysis was undertaken on three different climate change scenarios and assessed how effective the proposed investment strategy may be under each of those scenarios. The results and conclusions of the analysis are included in the Climate Change Policy.

In summary, the Fund is considered to be in a good position to manage the risks from Climate Change, but the position needs to be continually monitored. No specific additional action is needed, other than the actions already contained in the Service Plan and the implementation of the results of the 2022 Review of the Investment Strategy detailed in the Investment Strategy Statement.

As part of the 2022 Triennial Valuation, the Fund Actuary has undertaken climate scenario analysis in respect of the Fund's liabilities. The results of this assessment will be set out in the Valuation Report. It is expected that similar assessments will be required at future triennial valuations.

Scope 3 Emissions

The Fund's carbon footprint analysis and metrics are based upon Scope 1 and Scope 2 carbon emissions only, as this reflects the most accurate and reliable data currently available. In 2023, the carbon footprint analysis included for the first-time Scope 3

emissions data. Whilst data coverage is still significantly lower than Scope 1 and Scope 2 carbon emissions, it is anticipated that this will improve over the next few years and consideration will need to be given on how this is incorporated into future reported metrics and used to assess progress against the Fund’s climate change targets.

Key actions for monitoring climate risk are:

No	Action	Target date
7	Publish annual Carbon Footprint analysis to measure climate metrics	Annually
8	Publish annual TCFD Report to report on the climate metrics	Annually
9	Undertake Climate Scenario Analysis to align with the triennial review of the investment strategy	September 2025 and every 3 years thereafter
10	Consider undertaking additional Climate Scenario Analysis in the period between triennial reviews	Annually
11	Report on climate related risks within the Triennial Valuation Report	31 March 2023 and then triennially
12	Ensure all of the Fund’s Investment Managers are fully incorporating climate risk into their investment decision making processes	Ongoing
13	Consider the reliability of Scope 3 emissions data for inclusion in future carbon footprint analysis. The formal review to be aligned with the triennial review of net zero targets.	November 2025 Data quality not considered sufficiently reliable in 2024
14	Consider setting specific targets for each of the climate metrics once the robustness and reliability of the data improves	November 2025 Data quality not considered sufficiently reliable in 2024
15	Introduce a data quality metric to the TCFD report and consider setting specific targets for other climate metrics where there is confidence in the data	November 2025 Data quality not considered sufficiently reliable in 2024

Pressuring managers to provide better climate data

As part of the development of the Fund’s approach to managing climate change risk and opportunities, all of the Fund’s Investment Managers have been asked to provide climate metric data along with explanations of the rationale for holding some of the higher carbon emitting companies. The Fund has been actively engaging with each manager to produce quarterly fund specific climate metrics and to identify the top three holdings in the following categories, including a rationale for the decision of holding high carbon investments:

- Total carbon emissions
- Fossil fuels exposures
- Green revenues

This information has been collated and reported to the Pensions Committee, to highlight the overall carbon exposures of each portfolio and the main drivers of each portfolio's climate metrics.

In addition to this quarterly reporting, the Investment Managers are required to provide data to help the Fund measure its overall position against the climate metrics and targets that have been set.

Particular attention is focused on the Fund's two largest investment managers: Border to Coast and Legal & General. Further details of the work with these managers is covered in sections below.

Border to Coast

The Fund has been working with Border to Coast to set targets for each individual portfolio and drive the decarbonisation of the Fund's investment portfolio. Aligning to Net Zero within each portfolio is a key part of the approach to reaching our overall target and to ultimately reducing real economy emissions.

Border to Coast are being encouraged to develop plans to expand the targets to cover multi-asset credit investments and private markets assets as and when methodologies and data availability permit. In order to reach their targets, Border to Coast will focus on a number of levers available to them to encourage companies the Fund is invested in to reduce emissions. This includes the approach to engagement and the escalation strategy.

The existing targets set by Border to Coast include the following funds managed on behalf of TWPF:

- UK Equity Alpha.
- Global Equity Alpha.
- Emerging Markets Equity Alpha
- Sterling Investment Grade Credit.

The Multi Asset Credit fund is expected to have its own asset class target within the next twelve months and plans are also being developed to also have targets for private markets funds as soon as practically possible.

Following the transition of the Fund's UK Commercial Property assets to Border to Coast in 2024 these assets are expected to be aligned with overall Border to Coast Climate Change Policy and Net Zero targets. Work to develop asset specific targets is ongoing.

Legal & General

All of the Fund's passive investments are held with Legal & General. The Fund has engaged with Legal & General on a range of ESG issues and especially climate change. Over the past three years, Legal & General have been developing their reporting capabilities to provide a range of climate metrics to the Fund for each portfolio. In addition, Legal & General has made a 'Climate Impact Pledge' to focus on climate related engagement activity and the

outputs from these engagements are published on an annual basis. Further details on Legal & General’s Climate Impact Pledge can be found below.

Private Markets

Carbon emissions data in respect of private market investments has been difficult to gather but progress is clearly being made. In producing the Fund’s carbon footprint analysis, estimates were used for some parts of the portfolio where actual data was not available. The need for more timely and accurate data is a challenge for all asset classes but private markets have lagged public markets mainly due to the nature of the investment vehicles.

The Fund has been in discussion with each of its private market managers to encourage and require them to respond to this challenge and develop suitable and robust reporting of climate metrics to clients. Whilst this is an ongoing process and the majority of the Fund’s managers have responded to the challenge and have either improved the data provision in 2024 or are looking to introduce the data provision in the coming year, it is clear further work is needed with these managers.

Key actions in respect of climate data are:

No	Action	Target date
16	Work with each of the Fund’s Investment Managers to improve the quality of data provided across all of the Fund’s metrics	Annually
17	Contribute to the development of Border to Coast’s climate metrics and reporting	Ongoing
18	Continue to work with the private market managers to develop climate metrics reporting to better inform the annual Carbon Footprint analysis	Ongoing

Strengthening climate engagement

The Fund considers engagement is a key mechanism to successfully meeting its Net Zero targets and, ultimately, the goal of reducing real economy emissions. This engagement starts with the Fund engaging directly with its investment managers who are in turn required to engage with companies in which they invest. Particular attention should be made by managers to high-emitting companies.

As set out in the Corporate Governance and Responsible Investment Policy, the Fund participates in collaborative engagement through Border to Coast, Legal & General and other investment managers and through the Local Authority Pension Fund Forum (LAPFF).

Each of these organisations has a policy on climate change which aligns with the Fund’s Climate Change Policy, and all share the Fund’s belief that engagement is more effective than divestment when seeking to influence company behaviour.

Border to Coast

The Fund now invests around 41% of its assets through our pooling company Border to Coast. The Fund is actively involved in the development of the approach to managing climate change risks and opportunities at Border to Coast.

Border to Coast is required by the Fund to engage with the companies in which it invests on the Fund's behalf. The Fund has been actively involved in setting the key engagement themes for Border to Coast. Below is a summary of their approach which is supported by the Fund:

- Border to Coast portfolio managers and the Responsible Investment Team **engage directly** with our investee companies.
- Border to Coast **expect external managers to engage** with companies as part of their mandate on our behalf.
- Border to Coast use an **external voting and engagement services provider** to enable meaningful engagement with global companies.
- Border to Coast will **work collaboratively** with other like-minded investors to maximise Border to Coast's influence on behalf of Partner Funds.
- Border to Coast and all Partner Funds are members of LAPFF, which engages on behalf of its members, which are Local Government Pension Funds and pools, across various ESG themes to maximise their influence as shareholders.

Legal & General Climate Impact Pledge

In 2016, Legal & General launched its Climate Impact Pledge with targeted voting and investment sanctions for companies, creating an annual ranking of companies on climate change. The Fund is fully supportive of this Pledge, which is considered to be a very important part of Legal & General's approach to engagement with companies on climate change issues.

In 2020, Legal & General expanded its programme to about 1,000 global companies in 15 'climate-critical' sectors and published the first results of this new expanded methodology in June 2021.

Within the Climate Impact Pledge, Legal & General have set out minimum voting standards where they would vote against a company if they do not meet at least one of the minimum standards set by Legal & General. In 2024, a further 37 companies in climate-critical sectors sanctioned through a vote against the Chair with 455 climate critical companies subject to some form of voting sanctions.

The Climate Impact Pledge includes a number of 'Red Lines' for priority engagement with companies. Failure by a company to engage on climate issues, or crossing Red Lines, will lead to sanctions which may include divestment from certain investment products by Legal & General.

As noted above, Tyne and Wear Pension Fund supports the Climate Impact Pledge and regularly engages with Legal & General on the progress made globally and by individual companies to achieve the Net Zero 2050 or sooner target.

Local Authority Pension Fund Forum (LAPFF)

The Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and is represented on the Forum's Executive. LAPFF engagement spans a wide range of issues including climate risk. LAPFF is a strong supporter of the 'Say on Climate' initiative which asks companies to set out their strategy to managing the transition to a net zero emissions business.

LAPFF recognises that climate change is a significant and urgent investment risk. Academics and investment experts put the price of inaction in the trillions of dollars. To safeguard the investments of LGPS funds and the pensions of their beneficiaries, LAPFF's main engagement objectives are for companies to align their business models with a 1.5 degrees scenario and to push for an orderly net-zero carbon transition.

For pension funds to make informed investment decisions and understand the climate value at risk of investing in individual companies they and their investment managers require companies to disclose data on emissions and set carbon targets. LAPFF therefore also considers that companies should report on their emissions and approach to carbon management as part of their business strategy.

The Fund has also recognised the importance of a Just Transition in its Climate Change Policy and will support the work of LAPFF in this area and seek to promote this initiative with the Fund's Investment Managers.

Private Markets

Whilst most engagement activity tends to focus on quoted markets, notably equities, private market managers are often uniquely placed to engage and influence the behaviours of the companies which they own. The Fund will continue to liaise with its private market managers to ensure this engagement is taking place and improvements are made.

Voting

The Fund has retained all voting rights on its active portfolios, including Border to Coast (who in turn have retained voting rights on all externally managed funds), and the Fund expects external managers to engage with investee companies and bond issuers in line with the Fund's Corporate Governance and Responsible Investment Policy.

Voting records are provided by all Investment Managers and reviewed for compliance with the Fund's policies. In addition, voting alerts issued by LAPFF are shared with all relevant Investment Managers along with a request for an explanation of the Investment Manager's approach to voting on the issue.

Key actions in respect of engagement on climate-related matters are:

No	Action	Target date
19	Working with investment managers to ensure engagement is focused on priority areas including climate related matters.	Ongoing
20	Actively participate in the development of the Border to Coast approach to climate change and continue to review Border to Coast policies to ensure alignment with Tyne and Wear policies.	Ongoing
21	Actively participate in LAPFF discussions on climate change and promote LAPFF voting alerts to the Fund's Investment Managers	Ongoing
22	Recognise the work of LAPFF to promote a Just Transition and ensure the Fund's and Investment managers policies reflect this initiative.	Ongoing
23	Work with private market managers to improve reporting on engagement and outcomes for the assets which they own.	Ongoing

Review investment strategy

The Fund's Investment Strategy has been reviewed in 2022 alongside the Triennial Valuation. Part of the review included considering how the asset allocation can be altered to help achieve the climate change targets without harming funding outcomes. This included modelling a carbon friendly strategy which involved an increase in allocations to a diversified mix of lower carbon asset classes such as private equity, private debt, and infrastructure. The strategy had a limited impact in terms of funding outcomes which was reassuring in showing that the Fund could make these changes without compromising financial returns.

The proposed changes provide for a marginally better long-term outcome for the Fund, and a marginally reduced downside risk. These changes were probably not justified on financial grounds alone given their small impact, but the changes also provide a good opportunity for the Fund to increase its allocation to lower carbon asset classes which helps with achieving the Fund's carbon reduction targets.

The key recommendations from the review of the Investment Strategy, insofar as they impact on the Fund's management of climate change risks and opportunities, were:

- Transition 6% out of quoted equities and 3% into private equity, infrastructure and private debt and a further 3% into a Climate Opportunities Strategy. These private market asset classes are believed to have lower carbon footprints and will assist in the overall management of climate risk and opportunities.
- Retain the current exposure to the Legal & General Future World Index Funds for now but consider further commitments once further experience with these funds has been gained.

- Replace the Fund’s holding in the Legal & General RAFI Global Reduced Carbon Pathway 3.5% Index Fund with a strategy which provides balanced exposure to a wider range of factors and a significantly lower climate risk profile.
- Work with Legal & General and Border to Coast to identify and implement solutions to reduce the climate risk associated with the corporate bond portfolios.

Key actions following the recent review of the Investment Strategy are:

	Action	Target date
24	Continue to implement the new investment strategy and specifically the increased allocation to private market assets, including Infrastructure.	Ongoing. It will take several years to achieve the Fund’s long term target allocations
25	Identify suitable alternatives to the RAFI Fundamental Global Equity Index Fund which will support the Fund’s carbon reduction targets.	March 2025 New BCPP Multi factor to launch in early 2025
26	Monitor the position of the Legal & General Future World series of funds and consider further investment as part of the 2025 Strategy Review.	September 2025 or sooner
27	Consider the Legal & General Future World Corporate Bond Fund	December 2025
28	Consider the role of “green bonds” within the Fixed Income portfolios	March 2026 Awaiting BCPP development of suitable product

Altering current investment mandates

The Fund has been in regular discussion with all of its Investment Managers to understand how they are approaching climate change and to explain the Fund’s Climate Change Policy. The Fund expects all of its Investment Managers to set a Net Zero target and to fully assess climate related risks within their investment processes.

In 2021, the Fund asked all of its Investment Managers to complete a questionnaire on their approach to climate change to assist the Fund to develop its own approach. The results highlighted the progress being made and the increasing focus on climate change within the investment processes.

The exercise was repeated in 2024 using an ESG template created by Border to Coast. This was sent to all of the private market managers to establish how they are addressing ESG issues and the progress made over the last three years.

Active Equity and Fixed Income

Each of the Fund’s investment mandates have been assessed as part of the Carbon Footprint analysis which has highlighted those with the highest emissions. This has led to discussion with all managers around how they are working towards Net Zero and how this will align with the Fund’s own targets. This work is ongoing, and each manager is developing a response appropriate to their region and asset class. The Fund officers will continue to

assess these responses and provide challenge where further progress is considered necessary.

Passive Investments

The Fund has a longstanding relationship with its passive manager, Legal & General, who has a strong focus on engagement activity given the passive nature of these mandates. Legal & General have been developing their reporting tools to improve the quality of information provided on each portfolio. In addition, the Future World series of funds which incorporate a range of Environmental, Social and Governance (ESG) factors have been evolving to reflect an increased focus on climate related issues.

UK Commercial Property

Regarding the UK Property Portfolio, further engagement has been undertaken with the Fund's UK commercial property manager, Abrdn and work has been commissioned on developing a net zero pathway for the assets held in the UK commercial property portfolio. The outcome of this work was presented to Pensions Committee in February 2023. This analysis will help inform future decisions around property purchases and capital expenditure.

Following the analysis of the UK commercial property portfolio, the following targets were agreed with Abrdn:

- Align the portfolio with the Fund's interim carbon emissions reduction target of 50% to 60% by 2030
- Undertake Net-Zero analysis in due diligence for future property acquisitions
- Adopt green clauses in leases
- Include Net Zero considerations in EPC audits
- Commence solar panel Installations
- Install Electric Vehicle charging points following suitable due diligence.
- Target 80% data collection by tenant floor area by 2025

In order to achieve the targets, there are a number of opportunities within the existing portfolio to deliver a reduction in carbon emissions through a combination of renewable energy sources and a reduction in overall energy consumption known as energy efficiency (EE). These measures range from better insulation and improved glazing to the use of solar panels and LED lighting. All of these options will be considered as part of the asset management and capital expenditure requirements of new and existing commercial properties.

Private Markets

The Fund has a range of private market investments across Private Equity, Global Property, Infrastructure and Private Debt which reflect a number of themes which would be considered supportive of climate change issues. These include renewable energy, electric vehicle infrastructure and digitalisation.

Each of the private market managers have been challenged to demonstrate how their portfolios support the Fund’s own climate change targets and this includes the provision of better data as set out above. These discussions are ongoing but progress is being made.

Key actions in altering the Fund’s current investment mandates are:

No	Action	Target date
29	Continue to challenge all of the Fund’s Investment Managers over their approach to climate change.	Ongoing
30	Work with the UK Commercial Property manager to implement the agreed targets and report on progress annually	Following transfer to BCPP new targets to be defined
31	Produce annual updates of the Net Zero pathway for UK Commercial Property and agree targets	Following transfer to BCPP new targets to be defined
32	Continue to promote climate change as a key investment theme in private markets and encourage the establishment of net zero roadmaps in all private companies.	Ongoing

Reallocating capital to climate-focused strategies

Climate Opportunities Fund

As part of the 2022 review of the Investment Strategy, the Pensions Committee approved a £465 million commitment into the Border to Coast Climate Opportunities Fund which will invest in assets that will support the climate transition. In March 2024 a further £200 million commitment was made to the second iteration of this fund. The Climate Opportunities Fund will invest in a range of low carbon infrastructure assets and private companies operating or promoting decarbonisation technologies, using both equity and debt investments.

The Climate Opportunities Fund represents an opportunity to increase the Fund’s allocations to investments involved in the transition to a low carbon economy and the associated energy transition globally which is a step towards achieving the Fund’s climate ambitions, as well as further pooling of the Fund’s assets.

To be considered for investment by the Climate Opportunities Fund, an asset will need to make a material positive impact on the climate transition over the long term. Before a commitment is made, fund managers are required to demonstrate how these investments are expected to have a positive impact and how this will be measured and reported.

Private Markets

As part of the investment strategy review the Fund also increased its allocation to private market assets notably Infrastructure, Private Equity and Private Debt. These asset classes provide the Fund with the opportunity to directly invest in the energy transition and support

decarbonisation projects. By increasing the strategic allocations to these asset classes, the Fund believes this will contribute to the Net Zero targets.

This new investment is in addition to the many millions of pounds that the Fund has already invested in wind farms, solar farms and other renewable energy products across the world.

The Fund will look to recycle its existing committed capital to new strategies that will accelerate emissions reduction and/or increase green revenues as opportunities arise.

Nature Based Solutions

Officers of the Fund have held discussions around the potential role of nature-based solutions within the investment strategy. These funds are part of a wider approach around offsetting strategies which the Fund will monitor as they develop. There are a range of land based and technological solutions which could reduce carbon emissions and/or create carbon offsets. Further analysis of this strategy is required before any investment of this type could be recommended.

Green Revenues

Included within the climate metrics approved by the Fund in November 2022 and reported in the TCFD Report is the “weighted average % of green revenues”. This metric is highlighting how the investment portfolio is contributing towards the energy transition and shift to renewable/green energy. Data will be provided by all of the Fund’s Investment Managers to calculate this metric and the target is to achieve a year-on-year increase in the reported figure.

Key actions in respect of climate-focused strategies are:

No	Action	Target date
33	Invest £465 million to the Climate Opportunities Fund with Border to Coast	March 2025
34	Consider new investments with other providers with climate opportunity investment products	Ongoing
35	Consider investing in the follow on Border to Coast Climate Opportunities fund which should be available for consideration in 2024/25.	Approved March 2024
36	Consider the Fund’s approach to carbon offsetting and the role of nature-based climate solutions as an investment opportunity to support the Fund’s carbon reduction targets.	December 2025 BCPP considering as part of Climate Opportunities

Roadmap of Actions

The table below summaries each of the actions the Fund is currently undertaking in chronological order to achieve its Net Zero ambitions.

No	Action	Target date
3	Undertake an annual “health check” of the investment strategy between triennial reviews including identifying opportunities to support the Fund’s climate change objectives within the fiduciary role of the Fund	Completed November 2023
11	Report on climate related risks within the Triennial Valuation Report	31 March 2023 and then triennially
1	Review Climate Change Policy	Annually
5	Publish a roadmap of actions and report on progress annually	Annually
7	Publish annual Carbon Footprint analysis to measure climate metrics	Annually
8	Publish annual TCFD Report to report on the climate metrics	Annually
10	Consider undertaking additional Climate Scenario Analysis in the period between triennial reviews	Annually
16	Work with each of the Fund’s Investment Managers to improve the quality of data provided across all of the Fund’s metrics	Annually
30	Work with the UK Commercial Property manager to implement the agreed targets and report on progress annually	Annually
31	Produce annual updates of the Net Zero pathway for UK Commercial Property and agree targets	Annually
28	Consider the role of “green bonds” within the Fixed Income portfolios	March 2024
4	Undertake triennial review of the medium and long term targets set out in the Climate Change Policy	Completed in November 2024 and reviewed every three years thereafter
13	Consider the reliability of Scope 3 emissions data for inclusion in future carbon footprint analysis. The formal review to be aligned with the triennial review of net zero targets.	November 2025 Data quality not considered sufficiently reliable in 2024
14	Consider setting specific targets for each of the climate metrics once the robustness and reliability of the data improves	November 2025 Data quality not considered sufficiently reliable in 2024
15	Introduce a data quality metric to the TCFD report and consider setting specific targets for other climate metrics where there is confidence in the data	November 2025 Data quality not considered sufficiently reliable in 2024
36	Consider the Funds approach to carbon offsetting and the role of nature-based climate solutions as an investment opportunity to support the Fund’s carbon reduction targets.	December 2025 BCPP considering as part of Climate Opportunities
25	Identify suitable alternatives to the RAFI Fundamental Global Equity Index Fund which will support the Fund’s carbon reduction targets.	March 2025 New BCPP Multi factor to launch in early 2025

27	Consider the Legal & General Future World Corporate Bond Fund	December 2025
33	Invest £465 million to the Climate Opportunities Fund with Border to Coast	March 2025
35	Consider investing in the follow on Border to Coast Climate Opportunities fund which should be available for consideration in 2024/25.	Approved March 2024
2	Undertake full triennial review of the Investment Strategy based on asset liability modelling, part of this process is to identify opportunities to support the Fund's climate change objectives within the fiduciary role of the Fund	September 2025 and every three years thereafter
9	Undertake Climate Scenario Analysis to align with the triennial review of the investment strategy	September 2025 and every 3 years thereafter
26	Monitor the position of the Legal & General Future World series of funds and consider further investment as part of the 2025 Strategy Review.	September 2025 or sooner
	The ongoing actions are set out below:	
6	Work with South Tyneside Council on the delivery on net zero GHG emissions on our administrative operations	Ongoing with a backstop date of 2030
12	Ensure all of the Fund's Investment Managers are fully incorporating climate risk into their investment decision making processes	Ongoing
17	Contribute to the development of Border to Coast's climate metrics and reporting	Ongoing
18	Continue to work with the private market mangers to develop climate metrics reporting to better inform the annual Carbon Footprint analysis	Ongoing
19	Working with investment managers to ensure engagement is focused on priority areas including climate related matters.	Ongoing
20	Actively participate in the development of the Border to Coast approach to climate change and continue to review Border to Coast policies to ensure alignment with Tyne and Wear policies.	Ongoing
21	Actively participate in LAPFF discussions on climate change and promote LAPFF voting alerts to the Fund's Investment Managers	Ongoing
22	Recognise the work of LAPFF to promote a Just Transition and ensure the Fund's and Investment managers policies reflect this initiative.	Ongoing
23	Work with private market managers to improve reporting on engagement and outcomes for the assets which they own.	Ongoing
24	Continue to implement the new investment strategy and specifically the increased allocation to private market assets, including Infrastructure.	Ongoing. It will take several years to achieve the Fund's long term target allocations
29	Continue to challenge all of the Fund's Investment Managers over their approach to climate change.	Ongoing
32	Continue to promote climate change as a key investment theme in private markets and encourage the establishment of net zero roadmaps in all private companies.	Ongoing
34	Consider new investments with other providers with climate opportunity investment products	Ongoing