LONDON BOROUGH OF CAMDEN	**WARDS:** All
REPORT TITLE Carbon Footprint report	
REPORT OF Executive Director Corporate Services	
FOR SUBMISSION TO Pension Committee	**DATE** 5 March 2024

SUMMARY OF REPORT

Climate Action is one of the principal Investment Beliefs of the Pension Fund. The Fund and Council recognise that we are facing a climate and ecological crisis. We must do everything possible to limit the impact of climate change whilst protecting and enhancing our natural environment.

Carbon footprints measure the carbon equivalent tonnage of greenhouse gases which impact on global warming within the portfolio. The Fund is concerned about climate change and how this might impact investments. This report updates on the Carbon Footprint of the Pension Fund's equity and bond assets.

Local Government Act 1972 – Access to Information

No documents requiring to be listed were used in the preparation of this report

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RECOMMENDATIONS

The Pension Committee is asked to note the contents of the report.

Signed by

Executive Director Corporate Services ………**Agreed**………………..

Date ………**22/02/2024**…………….

1. Introduction and background

1.1. Camden is a leading local authority on the climate agenda. The Council have committed to do all that it can to make Camden a zero-carbon borough by 2030, twenty years ahead of national targets set within the UK Climate Change Act. In October 2021 the Council considered a report on the Climate Crisis ahead of COP26. The Pension Fund also shares the Council's aim of reducing carbon and moving to a net zero carbon economy.

1.2. In 2018, the **Intergovernmental Panel on Climate Change (IPCC)** highlighted the unprecedented scale of the challenge required to keep warming to 1.5°C. Five years later, that challenge has become even greater due to a continued increase in greenhouse gas emissions. The pace and scale of what has been done so far, and current plans, are insufficient to tackle climate change.

1.3. More than a century of burning fossil fuels as well as unequal and unsustainable energy and land use has led to global warming of 1.1°C above pre-industrial levels. This has resulted in more frequent and more intense extreme weather events that have caused increasingly dangerous impacts on nature and people in every region of the world.

1.4. Every increment of warming results in rapidly escalating hazards. More intense heatwaves, heavier rainfall and other weather extremes further increase risks for human health and ecosystems. In every region, people are dying from extreme heat. Climate-driven food and water insecurity is expected to increase with increased warming. When the risks combine with other adverse events, such as pandemics or conflicts, they become even more difficult to manage.

1.5. The latest IPCC report in 2023 brings in to sharp focus the losses and damages we are already experiencing and will continue into the future, hitting the most vulnerable people and ecosystems especially hard. Taking the right action now could result in the transformational change essential for a sustainable, equitable world. The IPCC said that "Climate justice is crucial because those who have contributed least to climate change are being disproportionately affected."

1.6. Almost half of the world's population lives in regions that are highly vulnerable to climate change. In the last decade, deaths from floods, droughts and storms were 15 times higher in highly vulnerable regions.

1.7. In this decade, accelerated action to adapt to climate change is essential to close the gap between existing adaptation and what is needed. Meanwhile, keeping warming to 1.5°C above pre-industrial levels requires deep, rapid and sustained greenhouse gas emissions reductions in all sectors. Emissions should be decreasing by now and will need to be cut by almost half by 2030, if warming is to be limited to 1.5°C.

1.8. The IPCC said that solution lies in climate resilient development. This involves integrating measures to adapt to climate change with actions to reduce or avoid greenhouse gas emissions in ways that provide wider benefits.

1.9. Climate resilient development becomes progressively more challenging with every increment of warming. This is why the choices made in the next few years will play a critical role in deciding our future and that of generations to come.

1.10. The IPCC set out that there is sufficient global capital to rapidly reduce greenhouse gas emissions if existing barriers are reduced. Increasing finance to climate investments is important to achieve global climate goals. Governments, through public funding and clear signals to investors, are key in reducing these barriers. Investors, central banks and financial regulators can also play their part.

1.11. If technology, know-how and suitable policy measures are shared, and adequate finance is made available now, every community can reduce or avoid carbon-intensive consumption. At the same time, with significant investment in adaptation, we can avert rising risks, especially for vulnerable groups and regions.

1.12. Changes in the food sector, electricity, transport, industry, buildings and land-use can reduce greenhouse gas emissions.

1.13. A carbon footprint is a useful quantitative tool that can inform an organisation's broader strategy towards climate change within investments, and report on the proportional amount of an investment portfolio's emissions.

1.14. Measuring the carbon footprint of a portfolio allows comparison to global benchmarks, identify priority areas and actions for reducing emissions, and track progress in making those reductions. According to the UN PRI (Principles of Responsible Investment) investors who measure the carbon footprint of portfolios say that doing so can improve their own understanding of the portfolio risks and opportunities that climate change presents, gives them answers to stakeholder questions on climate change and allows them to demonstrate publicly their commitment to tackling climate change.

1.15. The Camden Pension Fund has been reporting on its carbon footprint annually since 2017, with this report being the seventh report to the Pension Committee.

2. Local Authority Pension Fund Forum (LAPFF) engagement

2.1. In addition to monitoring its carbon footprint and exposure to carbon emitting investments, the Fund is an active member of the Local Authority Pension Fund Forum (LAPFF).

2.2. LAPFF is a voluntary association of local authority pension funds based in the UK. It exists to promote the long-term investment interests of local authority pension funds by promoting the highest standards of corporate governance, and to maximise their influence as shareholders to promote corporate social responsibility and high standards of corporate governance amongst the companies in which its members invest.

2.3. LAPFF has been a leading voice within the investment community on the material threats of climate change. LAPFF presses companies to align their business models with a 1.5 degree scenario and pushes for an orderly net-zero carbon transition.

2.4. The Forum has engaged companies on environmental issues since the early 1990s, on climate change since 2001, produced its first report on the investment impact of climate change in 2004 (two years before the UK government's ground-breaking Stern Review) and has called for mandatory corporate carbon reporting which was introduced in 2012.

2.5. There is a risk that a number of fossil fuel assets could become worthless as new regulations limit carbon emissions (so-called 'stranded assets'). LAPFF highlighted this in a report produced with Carbon Tracker in 2016 examining stranded assets. The report 'Engaging for a low carbon transition' noted 'The risk to businesses is that under an energy transition, volumes and prices are likely to be lower than oil companies assume in their 'business-as-usual' (BAU) or 'growth' planning scenarios. This risks future and current investments delivering sub-commercial returns.'

2.6. LAPFF has also identified that winding down some extractive and processing operations mean that there will be decommissioning liabilities that are material.

2.7. This is why the Forum has been pushing for companies to disclose transition plans oriented towards a net zero economy and also a transition away from fossil fuels due to the price volatility and geopolitical risk attached – as seen with the war in Ukraine - and is engaging companies on how the energy transition will impact their business.

2.8. The Forum considers climate risk is not limited solely to energy producers. Transition will be predicated on changes in demand as well as supply. LAPFF therefore engages with manufacturers (e.g. steel, aluminium and concrete companies) and those whose products sold, and in use, contribute considerably to carbon emissions and are likely to see the greatest disruption (e.g. airlines, aircraft manufacturers, carmakers, construction companies and housebuilders).

2.9. LAPFF also provides support for individual member funds including through its climate change investment policy framework, to help guide their policy approach to current and future investment risks and opportunities that result from the impacts of climate change.

2.10. Engagement lies at the heart of Forum's work with companies as LAPFF considers engaging with companies can deliver positive change. Outcomes from these engagements are disclosed publicly in the LAPFF Annual and Quarterly Engagement Reports.

2.11. The scale of the challenge demands that the Forum works with other investors. Amongst other collaborative initiatives, the Forum is part of Climate Action 100+. Together its members have combined assets of $68 trillion giving real force when engaging the world's top carbon emitters.

2.12. LAPFF also actively promotes the 'Say on Climate' initiative, encouraging all listed companies to submit a Climate Transition Action Plan to a annual shareholder vote at their AGMs. Companies' failure to manage climate risk presents a significant threat to shareholder value. LAPFF considers filing resolutions at a limited number of companies with a high carbon impact is no longer enough. All listed companies need to present a clear strategy for reducing their entire carbon footprint (across scopes one, two & three) on which investors can vote annually at the AGM.

2.13. LAPFF considers asset owners and managers should incorporate 'Say on Climate' into their investment and voting policies, and where investee companies do not voluntarily put an action plan to shareholders for approval, consider filing or co-filing 'say on climate' resolutions. LAPFF endorses advocating for a mandatory 'say on climate' which would mean that regulation would ensure this opportunity would be on every listed company's AGM ballot.

2.14. As a way of escalating engagement activity LAPFF issues voting alerts. These alerts give voting recommendations to members ahead of company AGMs and are mainly focused on companies where standards fall short of LAPFF expectations. In addition to these regular alerts, the Forum also has a dedicated series of alerts making recommendations on shareholder resolutions that call on companies to set carbon reduction targets, have Paris aligned accounting, business and transition plans and ensuring lobbying activity is aligned to their public statements of support for climate action.

2.15. LAPFF's approach to engagement is also informed by the social implications of a rapid energy transition. Although the low carbon economy is predicted to create new jobs, it is also likely to adversely affect many jobs and communities. Without careful consideration and action, this in turn could reduce support for action to reduce emissions and slow the pace of the energy transition. So, alongside engagement on climate risk, the Forum is also seeking to ensure that companies have in place plans for a just transition for their workforce and the communities in which they operate.

2.16. Ensuring there is a just transition to net zero will require involvement and actions from a range of stakeholders. That is why LAPFF engages not just with companies. For example, the Forum recently supported an Inquiry into 'responsible investment for a just transition' being undertaken by the All Party Parliamentary Group on Local Authority Pension Funds. The Forum also engages with policymakers, including through consultation responses, on the regulatory environment and ensuring it supports our net zero ambitions.

2.17. The Forum's 87 LGPS member funds currently have combined assets of over £350 billion. In addition, six of the LGPS Pools (including the London CIV) are also members. This gives the Forum significant influence when lobbying companies at the most senior level on members' behalf.

2.18. When engaging, LAPFF encourages companies to align their business models with a 1.5°C scenario[1] and to push for an orderly transition to a net zero carbon economy. Under the Paris Agreement reached in December 2015, almost 200 countries pledged to substantially reduce global greenhouse gas emissions to limit global warming to 2 degrees Celsius while pursuing efforts to limit the increase even further to 1.5ºC. LAPFF believe that companies have a unique role to play in addressing the challenges posed by climate change, not only because they are emitters of greenhouse gases (GHGs), but also as they are providers of short and long-term solutions to decarbonise the economy and adapt to climate change.

2.19. LAPFF has been sceptical of those carbon emitting companies which have public relations strategies – as opposed to costed plans – which claim that net zero can be achieved by their undertaking carbon offsets, whether that is by claiming that tree planting and growth can mitigate their activities, or carbon capture and storage ('CCS') techniques - which add to the cost of fossil fuels and are proving uneconomic compared to a shift to renewables. LAPFF has had some success in getting some companies to accept that nature-based solutions

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[1] Under the Paris Agreement reached in December 2015, almost 200 countries pledged to control greenhouse gas emissions to limit global warming to 2 degrees Celsius by 2100 from pre-industrial levels, aiming to keep warming at or below 1.5 degrees Celsius.

– such as tree planting – are needed for the general reduction of carbon in the atmosphere and for sectors where decarbonisation is most challenging, rather than maintaining the fossil fuel sector. HSBC's recent business focused transition plan states:

> "While CCS theoretically offers potential for coal and gas to continue playing a role in stationary applications, this is limited in most 1.5°C-aligned scenarios. Capacity estimates vary but can contribute up to 15 per cent of total abatement by 2050."
>
> "In most instances, carbon capture will not be the most cost-effective means of carbon abatement. This means it is only likely to be used in areas where decarbonisation is most challenging."

2.20. Clearly decarbonisation to date due to renewables has been both feasible and cost effective.

2.21. LAPFF recognises the issue of stranded assets, decommissioning liabilities and continued fossil fuel extraction as a collective investment risk for all asset owners and as an engagement and policy priority.

2.22. The Pension Fund includes a specific risk in its **risk register** that "Fossil Fuel linked investments suffer losses due to stranded assets and reputational damage". The actions taken to mitigate this risk include:

- participation with LAPFF to engage with fossil fuel companies and boards and continue work in this area including through collaborative initiatives such as Climate Action 100+, strategic resilience resolutions, and managed decline of fossil fuel extraction;
- continued engagement with Fund managers to ensure climate change and stranded asset issues are acknowledged and dealt with by boards;
- continued use of voting policy to support strategic resilience resolutions (with LAPFF voting alerts) and appropriate measures with respect to climate change
- to measure the Fund's carbon footprint to better understand the exposure to fossil fuels, and to look to enhance this in future, including the use of TCFD-compliant reporting

3. The Task Force for Climate-related Financial Disclosures

3.1. The Task Force for Climate-related Financial Disclosures (TCFD) was convened by the Financial Stability Board in 2015 to "develop voluntary, consistent climate-related financial disclosures that would be useful to investors, lenders and insurance underwriters in understanding material risks".

3.2. The **TCFD** published its final report in June 2017, designed to help companies provide better information to support informed capital allocation setting out overarching recommendations in four thematic areas: governance; strategy; risk management; and metrics and targets. Beneath these sit 11 recommended disclosures that provide more granular detail on the information to be disclosed under each of the recommendations:

TABLE 1 TCFD Recommendations and disclosures

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended Disclosures	**Recommended Disclosures**	**Recommended Disclosures**	**Recommended Disclosures**
a) Describe the board's oversight of climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	a) Describe the organization's processes for identifying and assessing climate-related risks.	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	b) Describe the organization's processes for managing climate-related risks.	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

3.3. The design and structure of the recommendations are intended to provide the market with decision-useful, forward-looking information on how organisations are addressing climate-related risks and opportunities in their activities.

3.4. In delivering the TCFD's final report, the chair of the TCFD, Michael Bloomberg, anticipated that the widespread adoption of the recommendations would help ensure that "the effects of climate change become routinely considered in business and investment decisions", and help organisations "better demonstrate responsibility and foresight in their consideration of climate issues". In doing so, implementation of TCFD-aligned disclosures will promote "smarter, more efficient allocation of capital, and help smooth the transition to a more sustainable, low-carbon economy".

3.5. Each year the Taskforce reports on adoption of the framework. In 2023 it reported that some of the key takeaways were:

- The percentage of public companies disclosing TCFD-aligned information continues to grow, but more progress is needed. For fiscal year 2022 reporting, 58% of companies disclosed in line with at least five of the 11 recommended disclosures — up from 18% in 2020; however, only 4% disclosed in line with all 11.
- The percentage of companies reporting on climate-related risks or opportunities, board oversight, and climate-related targets increased significantly — by 26, 25, and 24 percentage points, respectively — between fiscal years 2020 and 2022.
- Disclosure of climate-related financial information in financial filings is limited. On average for fiscal year 2022, information aligned with the 11

recommended disclosures was four times more likely to be disclosed in sustainability and annual reports than in financial filings.

- Over 80% of the largest asset managers and 50% of the largest asset owners reported in line with at least one of the 11 recommended disclosures. Based on a review of publicly available reports, nearly 70% of the top 50 asset managers and 36% of the top 50 asset owners disclosed in line with at least five of the recommended disclosures
- Based on a 2022 TCFD survey, asset managers and asset owners indicated the top challenge to climate-related reporting is insufficient information from investee companies. Asset managers highlighted information from public companies as most challenging (62%), while asset owners identified information on private investments (84%).

3.6. In November 2020 the Chancellor of the Exchequer announced that the UK intended to introduce fully mandatory climate-related financial disclosure requirements across the economy by 2025, using the TCFD framework, while a significant proportion of the mandatory disclosure requirements would be in place by 2023.

3.7. Pension schemes which are subject to TCFD will be obliged to include an appropriate forward-looking metric from 1 October 2022 when considering their approach to the management of climate-related risks.

3.8. The Department of Levelling-Up, Housing & Communities (DLUHC) consulted on the implementation of mandatory TCFD-aligned reporting in the local government pension scheme (LGPS). The London CIV responded, broadly agreeing with Government's proposals but highlighting some of the costs that may be borne by administering authorities.

3.9. LGPS Funds are already required to consider factors that are financially material to the performance of their investments, including environmental, social, and corporate governance considerations. They also must have a policy stating how such considerations will be considered in setting their investment strategy. The aim of the proposals in the consultation document was to build on that position by ensuring that the financial risks and opportunities arising specifically from climate change are properly understood and effectively managed by Funds, and that they report transparently on their approach in-line with broader UK policy.

3.10. The Government's view is that the requirements for the LGPS should set as high a standard as for private schemes. The Government have therefore made the requirements for private schemes the starting point for their proposals but have aimed to take account of the unique features of the LGPS including its local administration and democratic accountability.

3.11. The Camden Pension Fund are supportive of the proposals and will aim to introduce the disclosures ahead of the mandated timeline. The Fund will introduce TCFD-aligned reporting on its investments as far as possible and the metrics in the appendix will support that work. In June 2023 DLUHC wrote to the Scheme Advisory Board to confirm that the Government will not be implementing any requirements related to the governance or disclosure of climate-related financial risks for the financial year 2023/24.

3.12. The Fund has commissioned the London CIV's Climate Analytics team to produce a series of reports, appended to this report, on the climate related concerning the Carbon Footprints of all our equity and bond managers. This is in addition to the climate reporting supplied by the managers themselves and is TCFD-compliant. These reports were produced using data available as at 30 June 2023.

4. Carbon Footprint methodology

4.1. A carbon footprint is measured in tonnes of carbon dioxide equivalent (tCO_{2e}). The 'carbon dioxide equivalent' (CO_2e) allows the different greenhouse gases to be compared on a like-for-like basis relative to one unit of CO_2. The CO_2e is calculated by multiplying the emissions of each of the six greenhouse gases by its 100 year global warming potential (GWP).

4.2. A carbon footprint considers all six of the Kyoto Protocol greenhouse gases: Carbon dioxide (CO_2), Methane (CH_4), Nitrous oxide (N_2O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs) and Sulphur hexafluoride (SF_6).

4.3. Carbon footprints are measured with reference to 3 scopes.

- Scope 1 - direct greenhouse gases (e.g. fuel combustion, company vehicles)
- Scope 2 - indirect greenhouse gases from the consumption of purchased electricity and other sources of energy
- Scope 3 - indirect emissions not directly owned or controlled by the organisation (e.g. travel to work, third party distribution and logistics, production of purchased goods etc)

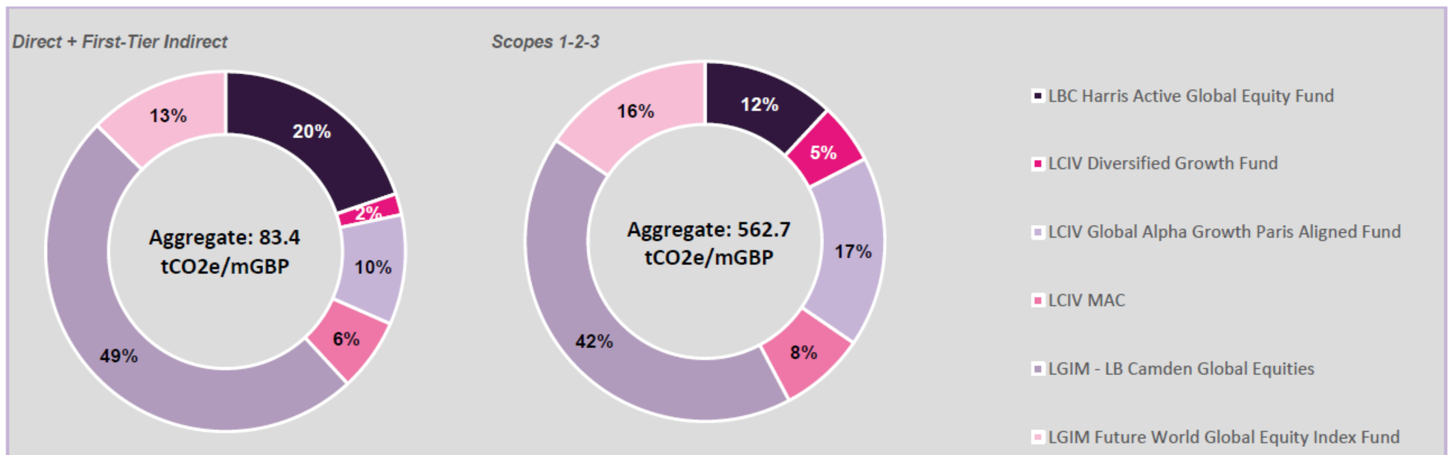
4.4. Historically most companies only measured scope 1 and 2 carbon footprints. As of March 2020 only 18% of constituents of the Morgan Stanley Composite Index (MSCI) All Country World Index (ACWI) reported Scope 3 emissions, although this number has been increasing. Scope 3 impacts can often be between 2-5 times scope 1 and 2 impacts and it is important to understand that consideration of scope 3 dramatically alters the carbon impact picture.

4.5. The **London CIV** have analysed all of our equity and bond portfolios as part of their **Climate Analytics** service and their reports form the appendices to this report. They will be present to introduce their reports and answer questions. Appendix A is the overall dashboard and is discussed below. The details for each individual manager are set out in Appendices B– G. The data has been drawn from June 2023 data.

Table 2 provides an overview of the whole Fund and shows the direct and first tier indirect carbon intensity of 83.4 tCO_2e/£m (81 last year). The scope 1-3 carbon intensity is 562.7 tCO_2e/£m (429 last year). On both indicators the Fund's metrics are higher than in 2023 compared to 2022 but this is true for the benchmark too. Some reasons that the CIV have given for this are improved

measurement and transparency with data from companies getting better at tracking and reporting scope 3 emissions.

Table 2 Carbon Intensity (tCO_2e/£m)



4.6. The Implicit temperature of the Fund is not currently aligned with the objectives of the Paris agreement being graded as <3ºC which is the same rating as last year.

4.7. Table 3 shows the fund-level summary by manager with the highest scope 1-3 level being the CIV Baillie Gifford DGF having 1553 tCO_2e/£m (well above the index average of 605 tCO_2e/£m). Both the Multi Asset Credit fund (876 tCO_2e/£m) and the L&G global equities (674 tCO_2e/£m) are highlighted as amber having figures greater than their index averages.

4.8. In terms of fossil fuel exposure Harris has the largest exposure of 3.4% of its fund (largely due to holding ConocoPhillips) and the Multi asset credit fund has 4.2%. Looking at the MAC holding and top contributors to the fossil fuel number this is due to a energy sector dominance (continental resources, occidental petroleum, Delek, EQT, Tullow oil Valaris, Harbour energy, Cheasepeake and Narbos).

4.9. Table 3 also shows the implied temperature of each manager with the only manager that is red ">3ºC" being the Multi Asset Credit fund (CIV). Last year both the MAC fund and the L&G global equity funds were red (>3%).

4.10. As expected the climate aware funds (CIV global alpha growth Paris-aligned fund and L&G Future World Fund have lower carbon footprints and fossil fuel exposures (showing three out of four green ratings each).

Table 3 Climate risk dashboard

	Coverage (%)	Direct + First-Tier Indirect C/V (tCO2e/mGBP)	Scopes 1-2-3 C/V (tCO2e/mGBP)	Fossil Fuel Exposure (%)	Implied Temperature (°C)
LBC Harris Active Global Equity Fund	97.2%	111	451	3.4%	<2°C
MSCI ACWI Index		*111*	*657*	*2.3%*	*<3°C*
LCIV Diversified Growth Fund	26.6%	81	1553	0.6%	<2°C
MSCI World		*94*	*605*	*2.4%*	*<3°C*
LCIV Global Alpha Growth Paris Aligned Fund	99.0%	42	488	0.0%	<3°C
MSCI World		*94*	*605*	*2.4%*	*<3°C*
LCIV MAC	25.0%	110	876	4.2%	>3°C
Bloomberg Global Aggregate Corporate Total Return Index		*0*	*0*	*3.1%*	*<3°C*
LGIM - LB Camden Global Equities	99.0%	116	674	2.3%	<3°C
MSCI ACWI Index		*111*	*657*	*2.3%*	*<3°C*
LGIM Future World Global Equity Index Fund	99.0%	45	376	0.9%	<3°C
MSCI ACWI Index		*111*	*657*	*2.3%*	*<3°C*

5. Other Mandates

5.1. Below are comments made by all of our other mandates not covered by the Climate Analytics service (which only covered equity and bonds). These comments have been taken directly from their TCFD and climate documents.

HarbourVest (HV):

5.2. HarbourVest produces and distributes an annual ESG Report, which provides all HarbourVest investors with an update on HarbourVest's ESG initiatives. Our ESG report includes an overview against the TCFD framework annually. More broadly, through our work with the Initiative Climat International, they are actively collaborating with a large group of peers to standardise disclosure on climate change that will support clients to set their own targets and produce TCFD reporting. HV also shares ESG updates at its Annual Meeting and in periodic investor updates throughout the year.

5.3. HarbourVest also recognise that emissions reporting data is very important to many of their investors. Whilst we have provided Emissions reports on the Investor Portal for the most recent HarbourVest Funds, we appreciate that Investors require this data across a greater range of funds. This year, we have emissions data available for funds that launched in 2013 or later.

5.4. HarbourVest has worked with Persefoni to produce an estimated greenhouse gas ("GHG") emissions dataset for its portfolio. Persefoni is a carbon management and accounting platform that helps general partners and companies measure, analyse, plan, forecast, and report on their organisational and investment portfolio carbon footprint.

5.5. This is the second year that HarbourVest has produced fund-level reporting on GHG emissions data. HV recognise that there are limitations with utilising estimated GHG emissions data and have committed to improving the data quality of their GHG emissions reporting over time. As a new development, HV are pleased that this year's dataset is a combination of estimated emissions data (calculated by Persefoni) and reported emissions data from companies (where available). They gained access to the reported emissions data from companies through our participation in the ESG Data Convergence Initiative.

Partners:

5.6. Partners comment: The health of the planet is a dominant global concern. The most critical long-term threats to the world, as well as the potentially most damaging to people and the planet, are all environmental in nature. "Failure to mitigate climate change", "failure of climate change adaptation", "natural disasters and extreme weather events", and "biodiversity loss and ecosystem collapse" rank as the most severe risks1. Unless properly managed, these risks will have costly implications on communities, businesses, and investors.

5.7. While addressing climate change will require action from governments and society, we continue to believe that investors and investment managers are uniquely positioned to contribute to the transition to a low-carbon economy through systematic assessment and management of climate risks and opportunities.

5.8. As a responsible investor, Partners Group has been assessing and managing climate-related risks and opportunities in relation to the investments made on behalf of its clients for many years. To continue acting in the best interest of our clients and in line with our focus on generating long-term sustainable returns and positive impact for all our stakeholders, we have made the following commitments to further mitigate investment risks resulting from climate change:

- Partners Group supports the Paris Agreement as an organisation and we are working towards achieving net-zero emissions for our Scope 1, 2, and 3 greenhouse gas (GHG) emissions by switching to renewable energy for our offices where available, implementing energy reduction measures, and by using carbon offsetting as a last resort.

- Partners Group is equally committed to managing its investment portfolio4 towards the Paris Agreement objectives, as we recognise our investment activity can have a positive impact through our transformational investing strategy.

- Partners Group became a public supporter of the Task Force on Climate-related Financial Disclosures (TCFD) in 2020. With this report, we seek to transparently communicate our climate ambition to our clients and stakeholders, as well as share our goals and milestones towards achieving a low carbon economy in line with the TCFD's recommended disclosures.

5.9. Green-house gas reduction measure – portfolio level: We are working to develop a multi-pronged approach to carbon reduction tracking methodology that is guided by the latest working groups and climate initiatives. We are also looking to develop a carbon tracking tool that measures carbon reduction achievements at the asset and portfolio level to measure progress in line with our Sustainability Strategy. The tool will initially focus on controlled investments in Private Equity and Private Infrastructure. It will track the GHG emissions (Scope 1 and 2) trajectory over time. The data that feeds into the tool comes from the SFDR-related ESG Data Collection process.

5.10. We aim to finalise our methodology in the coming years and will update it as needed, based on industry best practice.

CBRE:

5.11. We believe sustainability is fundamental to driving long-term value for all our stakeholders.

5.12. The second Climate Report sets out our approach to assessing climate risks and opportunities, aligns with the recommendations of the Task Force on Climate-related Financial Disclosures, TCFD, and details the progress we made since our last report. As a signatory to TCFD, we seek to influence our partners and stakeholders to adopt TCFD reporting recommendations to provide greater transparency for stakeholders. We achieved many milestones in 2022; some highlights include:

- Global commitment: CBRE IM became a signatory to the Net Zero Asset Managers initiative (NZAMi), an international group of asset managers

committed to supporting the goal of net zero greenhouse gas (GHG) emissions by 2050 or sooner where we are in alignment with client interests.

- Influence: Helped develop a new net zero standard with the International Organization for Standardization (ISO). The new standard was launched in November at the UN COP27 Convention on Climate Change.
- Environmental Management System (EMS) certification: Received ISO 14001 certification for our EMS.
- Process integration: Improved the sustainability data and information that is discussed in our investment committees, as well as enhanced our asset management tools and processes.
- Training and education: Launched several programs to advance sustainability fluency and accountability across the Firm.

5.13. In 2023, CBRE plan to continue to focus on climate change mitigation and adaptation to guide their actions as they strive to future-proof investments and transition to a sustainable future. They recognize that sustainability is a journey and, as such, remain dynamic and continue to evolve their approach as regulations, global standards and innovation advance.

Aviva:

5.14. In 2016 Aviva was asked to join the Financial Stability Board Taskforce on climate related financial disclosures. In 2021 Aviva became the first major insurer to announce Net Zero by 2040 ambition. In 2022 they published their Climate Transition Plan and offered increased assurance of their 2021 TCFD metrics by using PwC. Following the publication of Aviva's Biodiversity Policy in 2021, they published a 'one year on' Biodiversity report in December 2022. They have submitted comments in response to Taskforce on Nature-related Financial Disclosures (TNFD) draft biodiversity framework.

5.15. Their TCFD report for 2022 recognises the enormous value of disclosure as part of the journey to a more sustainable future. Understanding the data is a fundamental first step to taking effective action.

Stepstone:

5.16. In 2022, we implemented a stand-alone Climate Policy outlining our commitment and approach to addressing climate change both internally and within our investment activities. The policy outlines our philosophy when it comes to integrating climate change considerations at every stage of the investment process. Our RI Committee oversees the implementation of the Climate Policy and related efforts and provides guidance and direction to the investment team and wider firm.

5.17. At StepStone, we take a comprehensive approach to risk management, with a focus on identifying and responding to the material risks and opportunities presented by climate change.

5.18. The RI team collaborates with our Head of Risk and Head of Research and Portfolio Management, who are also members of the RI Committee, to closely monitor these risks. The team places an emphasis on communicating with General Partners to encourage them to take appropriate actions to identify and

mitigate such risks. The current industry standard for addressing climate risks is still developing, and pricing these risks is evolving.

5.19. Across our platform, we evaluate how General Partners recognize and respond to these challenges. Our support of the TCFD guides us as we continue to enhance our due diligence, monitoring and engagement efforts, focusing on the most pressing risks and opportunities.

2. Responsible investor comment

2.1. Understanding the level of the Fund's carbon footprint, and the available reporting that make this up, is a key part of exercising the Fund's influence as a responsible investor, helping to ensure that the assets in which the Fund invests align with Camden's investment beliefs.

3. Environmental implications

3.1. Further to the Responsible Investment Comment above, a firm understanding of how the Fund receives measurements on the carbon emissions of the assets which it holds improves the Fund's ability to invest in line with our investment principles.

4. Finance Comments of the Executive Director Corporate Services

4.1. The Fund takes its Responsible Investment responsibilities extremely seriously and appreciates that a lack of focus on environmental, social and governance issues can lead to poor financial returns. This is particularly relevant in the case of stranded assets. The Fund has recently reviewed its investment beliefs and still has as one of its three principal beliefs Climate Action. This report embodies a key strand of the work the Fund does to ensure that future returns are aligned to the Paris Agreement and ensure returns are sustainable and do not lead to future issues with unaligned company business models and that the Fund progresses towards a net zero carbon economy in an orderly way.

5. Legal Comments of the Borough Solicitor

5.1. The administering authority is under a duty to prepare, maintain and review their Funding Strategy. The scheme should consider any factors that are financially material to the performance of their investments, including social, environmental and corporate governance factors. This report demonstrates that the administering authority is discharging its responsibility.

Appendices

Appendix A: Climate Analytics Risk Dashboard
Appendix B: Harris Active Global Equity
Appendix C: Baillie Gifford Diversified Growth fund
Appendix D: Baillie Gifford's Global Alpha Growth, Paris Aligned fund
Appendix E: CQS & PIMCO Multi Asset Credit Fund
Appendix F: LGIM Global Equities
Appendix G: LGIM Future World Equity