Clwyd Pension Fund

Managing Climate Risk – Highlights for Year Ended 31 March 2023

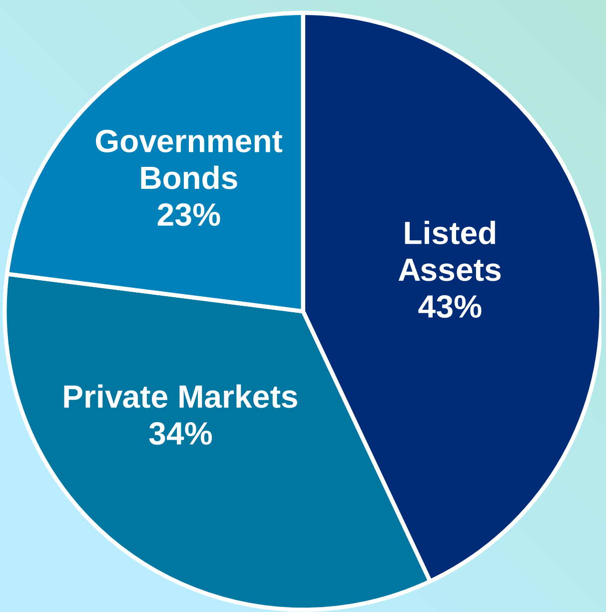
Fund Beliefs

ESG factors, including climate change, can **impact the performance** of the Fund's investments over the medium to long-term.

Taking a broader and longer-term view on ESG factors, including identifying sustainability themes and trends, presents risks and opportunities which require explicit consideration.

Good stewardship can add value and mitigate risks in the long-term.

Strategic Asset Allocation



Total emissions quoted in this summary is based on scope 1 and 2 emissions and covers approximately c.41% of listed assets (the majority of the 43% listed assets) of total Fund assets where reliable greenhouse gas emissions data is available.

***Scope 1: Direct** emissions from company activity (e.g. running gas boilers and vehicles)*

***Scope 2: Indirect** emissions (e.g. electricity purchased for heating and cooling buildings)*

Fund Targets

- **Total Fund – *Target net zero investment portfolio by 2045 or earlier.***
- **Total Fund – *50% or more reduction in greenhouse gas emission by the end of 2030.***
- **Listed Equities only – *reduce greenhouse gas emission by 36% by 2025 and 68% by 2030.***

Ongoing Greenhouse Gas Emissions

The annual greenhouse gas emissions from companies in the Fund's listed asset investments is:

97,878 tons CO_2e

The Fund has since reduced this figure, by moving to a mandate with lower exposure to carbon emissions; **this has reduced ongoing emissions by c.12,000 tons CO2e (c.12%)**

Emissions in the real world

The c.12,000 ton reduction in greenhouse gas emissions, under scopes 1 & 2 is broadly equivalent **to removing 6,400 cars from the road.**

*Based on average car mileage of **7,600** per year and **221**g **CO_2** per mile for a medium sized car.*

Source: *[Nimblefins Average CO2 Emissions]*

Fossil Fuel Revenue Exposure

The Fund's exclusion policy has defined companies with fossil fuel exposure through revenue thresholds. By moving to a mandate with lower exposure to fossil fuel companies, **the Fund has reduced its investments, managed by WPP, in companies with fossil fuel revenues by c.£14m.** Estimated exposures across WPP funds fell from c.£27m to c.£13m, based on the Fund's strategic asset allocation.

We encourage you to read the Fund's full Climate Change-related Disclosures report available at [add link] which sets out all the assumptions, limitations and important notices in respect of the climate-related data presented in this summary.

Key Actions Taken

Training: Ongoing training and review of skills to ensure the Fund is well equipped with sufficient knowledge of developments around climate change risk and regulatory changes.

Three metrics, covering c.41% of Fund assets, have been chosen to monitor the progress against climate change risks. The level of assets covered is expected to rise over time.

Targets have been set against listed equities and an exclusions policy adopted (see latest Investment Strategy Statement).

Risks and Opportunities: Regular analysis is undertaken to identify climate change related risks and opportunities that should be prioritised in order to help achieve the Fund's targets.

Commitments: Since 31 March 2022, the Fund has committed £95m to private market investments aiming to address and capitalise from a transition to a lower carbon economy. *There is no current method of measuring emissions avoided.*

Future Actions

Reduce ongoing GHG emissions, to meet agreed targets.

Reduce and eventually remove fossil fuel company exposure.

Continue to commit to investments that support the energy transition.

Increase the analysis coverage of the Fund's investments (i.e. private markets – *subject to data availability and quality).*