



**Oxfordshire County Council Pension  
Fund TCFD Report  
Year Ending 31/12/24**

**August 2025**

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# Oxfordshire County Council Pension Fund Taskforce on Climate-related Financial Disclosures Report for year ending 31/12/2024

## Introduction

This is the Oxfordshire Pension Fund's (the Fund) fifth report under the Taskforce on Climate-related Financial Disclosures (TCFD) framework. As well as reporting against the TCFD recommendations the report is intended to review the progress made against the Fund's [Climate Change Policy](#) and [Implementation Plan](#) which were agreed in June 2020.

When the current Climate Change policy was adopted by the Oxfordshire Pension Fund in 2020 one of the key principles it was based upon was that there would be robust government action, including regulation, to tackle temperature rises caused by the burning of fossil fuels.

Unfortunately, the government action required has not materialised to the extent needed. Although there has been some good progress in the UK, particularly around the switch to renewable energy generation there has not been enough done to reduce Greenhouse Gas (GHG) emissions globally. This situation has been exacerbated by the actions of the current US administration, which has rolled back initiatives to tackle climate change and sought to accelerate the extraction of US fossil fuels. Within this context it is looking increasingly challenging to limit GHG emissions so that global temperature rises are kept below 1.5-2°C.

In March 2023 the Intergovernmental Panel on Climate Change (IPCC) published the synthesis report from its Sixth Assessment Cycle. The report made for sombre reading covering the inadequacy of emissions cuts, more severe climate impacts than expected from current warming, and the future risks from every fraction of a degree of warming. The report also highlights the need for a dramatic increase in capital that is directed towards climate mitigation and adaptation.

The United Nations Environment Programme's 2024 Emissions Gap Report continues to show how far off-target the world currently is from meeting a commitment of keeping global temperature rise to below 1.5°C.

Cuts in GHG emissions of 42% are needed by 2030 and 57% by 2035 to get back on track for 1.5°C. According to the report, national policies currently in place point to a 2.6-3.1°C temperature rise over the course of this century, well above the 1.5°C target identified in the Paris Agreement.

Although a 2.6-3.1°C temperature rise would almost certainly have a very negative impact on long-term investment returns, as well as on society and the environment more generally, it is also true to say that we are seeing a 'bending' of emissions and implied temperature curves. The temperature trajectory would be 4.1-4.8°C without any climate policies, and 3.6-4.8°C with 2007-2013 climate policies.<sup>1</sup> At the current rates of change we are moving in the right direction, but that change

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<sup>1</sup> <https://climateactiontracker.org/global/emissions-pathways/>

is not happening quickly enough to ensure that temperature rises are kept below 1.5°C.

There is still a feasible pathway to net zero by 2050. However, the window for necessary action is rapidly closing and further delay risks irreversible changes to the climate system and its associated impacts on wider human society and the environment. At the same time, the increased risk of temperature changes being above 2°C means that the Pension Fund needs to develop its plans for adapting to a hotter world with a less stable climate. We are now working with Brunel to understand better how the companies we invest in are preparing to adapt to climate change, for example through the physical risk engagement programme with companies in the food and drink sector, which is covered in more detail in a case study later in this report.

### **TCFD and the ISSB standards**

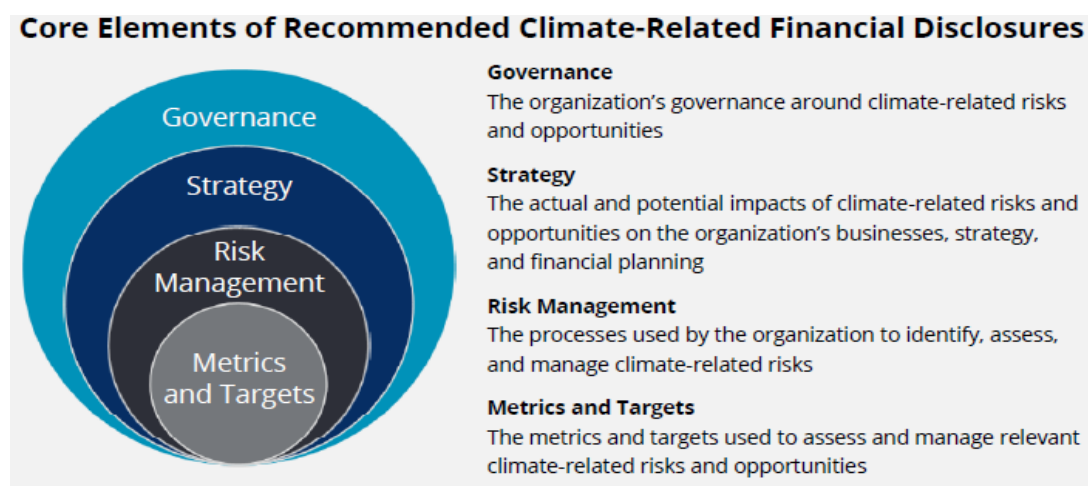
The TCFD was established in 2017 to develop recommendations for more effective climate-related disclosures by companies, banks, asset managers, asset owners and insurance companies. This could then promote more informed investment, credit, and insurance underwriting decisions and, in turn, enable stakeholders to understand better the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks.

In July 2023 the Financial Stability Board (FSB) announced that the work of the Task Force on Climate-related Financial Disclosures (TCFD) has been completed, with the ISSB Standards marking the 'culmination of the work of the TCFD'. Having fulfilled its remit, TCFD disbanded in October 2023.

Organisations can continue to use the TCFD recommendations should they choose to do so, and this report is based on those recommendations. For future reports the Fund may decide to move to the ISSB's IFRS S2 *Climate-related Disclosures* framework.

### **Recommended Disclosures:**

The four core elements of the recommended disclosures are detailed in the diagram below.



*(Recommendations of the Task Force on Climate-related Financial Disclosures, 2017)*

The TCFD recommendations on climate-related financial disclosures are intended to be widely adoptable and applicable to organisations across sectors and jurisdictions.

In November 2020, the UK Government announced its 'TCFD road-map' with a commitment to roll out statutory TCFD compliant disclosure across the finance sector by 2025. This is underway with regulators having made, or being in the process of making, TCFD based reporting mandatory.

Whilst this implementation plan is on-going following the phased introduction of legislation to UK Listed companies and Occupational Pension Schemes in 2021, there is currently no statutory requirement for Funds within the Local Government Pension Scheme (LGPS) to report under this framework. Although it is not a legal requirement for LGPS funds to produce an annual TCFD report it is seen as good governance and best practice for organisations to demonstrate how they are managing climate-related financial risks.

## **Governance**

### **TCFD Recommended Disclosure - a. Describe the board's oversight of climate-related risks and opportunities.**

The Fund's governance arrangements are set out in its Governance Policy Statement. All functions relating to the management of the Pension Fund have been delegated by Oxfordshire County Council to the Pension Fund Committee. As such, the Committee are responsible for the Fund's long-term strategy.

The Pension Fund Committee are responsible for signing off on the Fund's Responsible Investment Policy which, alongside the Climate Change policy, outlines the Fund's approach to managing climate change related risks and opportunities. The Fund has an Independent Investment Adviser who provides investment advice including on investment strategy, this includes the integration of climate change related risk assessment into the investment approach of the Fund.

Climate change is considered in the budget setting process for training requirements, any climate related consultancy deemed beneficial, and climate related reporting requirements.

In June 2020 the Pension Fund Committee agreed a [Climate Change Policy](#) and Climate Change Policy [Implementation Plan](#). Progress against the Policy and Implementation Plan is to be reported to Committee quarterly with a more detailed annual review.

Following agreement of the Policy a Climate Change and Responsible Investment Working Group was formed, which currently comprises of Committee members, a Local Pension Board member, Fund officers, the Fund's Independent Investment Adviser, a scheme member representative, and a member of the Fossil Free Oxfordshire campaign group. The Working Group aims to meet quarterly to review and discuss the Fund's approach to climate change mitigation and adaptation.

As required by LGPS regulations, the Pension Fund operates a Local Pension Board which meets on a quarterly basis. The Board's role is to ensure the efficient and effective governance and administration of the Fund, including compliance with relevant regulations and legislation that apply to the Fund.

The Fund, along with nine other LGPS funds, is currently a part of the [Brunel Pension Partnership](#) which develops investment portfolios that are made available to client funds to invest in. Under pooling requirements set by the government the Fund is required to make all investments through Brunel while maintaining responsibility for asset allocation decisions. The key bodies where the Fund interacts with Brunel are the Client Group, Brunel Oversight Board, and Shareholder Forum where Fund representatives and Brunel meet. There is also a Responsible Investment sub-Group where discussions take place between Brunel and the various client funds about the approach to assessing and managing climate-related risks, amongst other issues.

Climate-related risks and opportunities form a key part of the reporting received from Brunel on their portfolios and activities and Brunel has a dedicated responsible investment team.

As the asset manager responsible for appointing sub-asset managers, Brunel has a key role ensuring that climate-related risks and opportunities are integrated into the investment process. In fact, Brunel go beyond this, with a stated aim to “*systematically change the investment industry to ensure that it is fit for purpose for a world where the temperature rise needs to be kept to 1.5°C compared to pre-industrial levels.*”

In practical terms this translates into a focus on five principal areas, as shown in the chart below: Policy Advocacy; Product Governance; Portfolio Management; Persuasion; and Positive Impact.



Brunel regularly publishes its own plans and performance in this area - going beyond regulatory requirements. Brunel's annual [RI & Stewardship Outcomes Report](#) considers performance in meeting Brunel's responsible investment goals - including on climate change; their annual [Carbon Metrics Report](#) shows the exposure of all its active holdings; and the [TCFD Climate Action Plan](#) reports on Brunel's progress around climate metrics and targets.

Brunel published its first Climate Change Policy in 2020. In 2022, a Climate Stocktake was undertaken to review this Policy. At the time of publication Brunel are part-way through its 2025 Climate Stocktake. Brunel are following a similar approach for this second Stocktake, engaging with partner funds and reviewing practices via key questions.

- Did we deliver what we said we would do?
- Does it still meet the expectations and needs of our partner funds?
- Is it best practice?
- What are other stakeholder views?
- Are asset managers aligned?
- Are there companies of concern?

Following the analysis, Brunel will look to revise and enhance its [Climate Change Policy](#), to ensure that it is driving the right behavioural change.

**TCFD Recommended Disclosure - b. Describe management's role in assessing and managing climate-related risks and opportunities.**

Day-to-day management of the Fund's Climate Change Policy implementation is delegated to management through the Executive Director for Resources and Section 151 Officer and they are required to report progress to the Pension Fund Committee quarterly. Management receives an annual carbon metrics report from Brunel, which informs its reporting to Committee.

Officers engage with Brunel and other Fund Managers on climate issues and receive and consider responsible investment reporting, including climate related, that is included in Fund Managers' quarterly reports. The Fund has an officer representative on the Brunel Responsible Investment Sub-Group, who currently chairs this group, and Cross-Pool Responsible Investment Group where developments around climate issues are regularly discussed (e.g. metrics developments, engagement activities and results).

The Fund has a Responsible Investment Officer post. A key area of responsibility for this role is around monitoring and reporting on the Fund's climate-related risks and how these are being managed.

Management is responsible for developing and operating a training plan for Committee members and Officers to ensure appropriate skills and knowledge.

**Strategy**

**TCFD Recommended Disclosure - a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.**

The Pension Fund has liabilities that stretch decades into the future and so primarily takes a long-term view to investment decisions. Given the diversity and global nature of the Fund's investments almost all climate-related risks and opportunities are relevant to the Fund. While some of the climate-related risks/opportunities apply to the Fund across its investments as a whole, others are specific to certain sectors or geographies and fund managers are required to consider the materiality of these.

The most significant long-term risk is the systemic risk across financial markets, including social and other factors, associated with climate change that could arise if actions are not taken to adhere to the Paris Agreement. Examples of this type of systemic risk include unmanaged mass migration or the collapse of food production systems, both of which would have a hugely negative impact upon financial markets. Setting a target of Net Zero Paris alignment by 2050 is a commitment by the Fund to help to manage and mitigate that systemic risk, with a view to being able to meet the Fund's liabilities into the future.

In terms of more specific and short/medium-term risks - stranded assets, physical risks (e.g. property), sovereign debt where countries are dependent on fossil fuel linked revenue, policy risk (e.g. carbon pricing), technology risk (obsolescence), social and economic disruption as the result of a transition away from a fossil fuel-based economy and changes in consumer behavior are all factors that can affect

the Fund's investments. There is also a risk that the Fund develops its investment strategy around achievement of the Paris goals but the goals are not achieved, meaning the Fund's investment strategy is misaligned with the reality of the actual climate path.

The Fund has identified climate-related opportunities including the ability to reduce portfolio risk by identifying and taking action on assets at risk under Paris aligned scenarios and the potential to identify outperformance opportunities by investing in those companies whose business models/strategies are best aligned with meeting Paris Agreement scenarios. Additionally, investment opportunities exist in assets linked to the implementation of the Paris Agreement. For example, the Global Sustainable Equities (GSE) portfolio differs from our other active equity portfolios in its approach to climate opportunities in that the portfolio has a specific objective to pursue such opportunities.

**TCFD Recommended Disclosure - b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.**

Climate change is considered in the development of the Fund's [Investment Strategy Statement](#), which includes the Fund's strategic asset allocation. After each funding valuation undertaken by the actuary the Fund completes a fundamental review of its asset allocation which will consider climate related risks and opportunities. The Fund uses diversification to manage investment risks but given the systemic nature of climate risks this approach has limits to its effectiveness under more extreme scenarios.

The Fund's Climate Change Policy states that where there are two investment options that broadly aim to deliver the same investment objective the Pension Fund will prioritise the option that delivers the best fit to its climate change commitment. For example, consistent with this principle the Fund moved around 15% of the Fund from regular market-cap index trackers to a Paris aligned benchmark (PAB) alternative in 2020.

Climate related risks and opportunities are considered when setting the Pension Fund's Business Plan and these also inform discussions with Brunel around portfolio offerings and construction. In 2025 the Fund tendered for an asset manager to provide an affordable housing fund where one of the key criteria used to assess the various funds was the extent to which the manager had set environmental targets for the portfolio. The asset manager appointed has a target that all new housing developments should be to EPC A standard.

The Pension Fund has made a commitment to achieve net-zero emissions on its own operations by 2030.

**TCFD Recommended Disclosure - c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.**

The Fund is committed through its Climate Change Policy to staying abreast of the latest scientific developments in respect of climate change to ensure that the Policy remains appropriate in its aim to align with the Paris Agreement.

Under a scenario where additional cuts in emissions are required to meet the Paris Agreement, and there was a global commitment to achieve this, the Fund would anticipate amending its target for emissions reductions across its investments accordingly and making any necessary changes to its asset allocation targets and/or investment portfolios.

Under a scenario where the Paris Agreement goals were to be overshoot the Fund would consider making changes to its investments that align with this reality, this would likely include mitigating physical risks that would be associated with such a scenario. The Fund would also review whether there are changes the Fund could make, for example in engagement activity or policy advocacy, that could help correct the scenario back towards a Paris aligned one.

The draft government guidance by the Ministry of Housing, Communities and Local Government (MHCLG) on TCFD implementation proposes to place a new duty on LGPS Administering Authorities (AAs) to assess their assets, liabilities, investment strategy and funding strategy against climate risks and opportunities in at least two climate scenarios. This assessment must include at least one scenario based on a global temperature rise of 2°C or lower on pre-industrial levels. This assessment must occur at least once every valuation cycle. In interim years, AAs must consider whether any changes in the fund have been substantial enough to require scenario analysis to be repeated.

There has been controversy over the application of scenario analysis to the potential impacts of climate change, with some approaches criticized for potentially underplaying the impact of climate change on long term investment returns. For this reason the Fund has taken a cautious approach to using scenario analysis in previous reports given the limitations of quantitative scenario planning of this type as a tool for assessing what impact climate change may have on our investment portfolios.

Such analysis is in its infancy, and Brunel, along with other investors, are evolving how they embed the analysis into its processes. The focus is on providing decision-useful information for Brunel's partner funds, and this is only one way in which this goal can be achieved. Scenarios are a useful tool for portfolio managers to engage in dialogue and to ask the right questions about holdings; they are not a tool to use in isolation. Brunel do not use these to make specific investment decisions.

Brunel's scenario analysis utilises market-standard scenarios including:

- NGFS scenarios (Orderly Net-Zero, Disorderly Net-Zero) for Transition Risk analytics for in-scope investments
- IPCC SSP, The Network for Greening the Financial System (NGFS) was established in 2017 by central banks and supervisors with the aim to promote best

practices and enhance the role of the financial system to manage risk and mobilise capital for a low-carbon economy

Brunel's scenario analysis approach is based around using different scenarios to analyse companies' exposure to physical risk from climate change, to analyse portfolio alignment with the Paris Agreement and to understand potential earnings at risk from carbon pricing on a portfolio level.

### **Physical risk**

What is it?

Physical risks stemming from climate change can manifest as persistent due to long-term alterations in climate patterns or acutely through specific events such as floods or storms. Supply chain disruptions, operational interruptions and asset damage are all examples of risk implications from physical risk.

How will we use the information?

To pinpoint the assets most vulnerable to climate hazards, using the point in time assessments of exposure to climate hazards.

The financial implications of these physical risks will be assessed by contrasting changes in climate hazard exposure against a location-specific baseline for each asset. This approach allows Brunel to concentrate on the financial materiality of climate hazard exposures for distinct asset categories.

### **Paris Alignment (SDA & GEVA)**

What is it?

Assessing the decarbonisation rates of individual companies in comparison to the targets set by the Paris Agreement. This enables us to track our listed portfolios and benchmarks against the goal of limiting global warming to less than 2°C above pre-industrial levels.

How will we use the information?

To combine the rates and evaluate the overall Paris alignment of the portfolio.

### **Transition Risk / Earnings at Risk**

What is it?

A direct impact on a company's operations, of rising carbon prices, is likely to be seen, where regulations impose a higher price for greenhouse gas emissions. Companies may be vulnerable to pass-through costs of rising carbon prices as suppliers try and recover their own additional regulatory costs.

How will we use the information?

The S&P Earnings at Risk framework allows us to quantify a company's potential exposure to carbon price increases associated with Scope 1 and 2 emissions for holdings from 2025 to 2050.

## **Risk Management**

### **TCFD Recommended Disclosure - a. Describe the organization's processes for identifying and assessing climate-related risks.**

Climate change is included in the Fund's risk register, which considers impact and likelihood in assigning a score. The risk register is reviewed on a quarterly basis and reported to Committee at each meeting. Officers consider regulatory, scientific and political developments on climate change, in particular those from recognised international bodies such as the IIGCC, International Energy Agency, and the UN Environmental Programme.

The Fund meets regularly with Brunel and discusses climate issues including any identified from the narrative reporting or climate metrics provided by Brunel. Officers also carry out regular checks on the Fund's investment portfolios to identify any holdings that might represent a heightened climate-related risk.

Brunel in turn meet with their appointed fund managers who also have a responsibility to consider climate related risks and opportunities. For example, Brunel have a target for all companies held in their portfolios to achieve a Transition Pathway Initiative score of 4 or higher.

Climate-related risks are often identified through the Brunel Responsible Investment and Investment teams, and information regarding the risks and impacts is then brought to the Investment Risk Committee (BIRC). In this forum the standard climate metrics are considered alongside the additional information provided and the materiality of the risk is determined, along with recommended courses of action. Where this related to a new risk, the emerging risk process is applied. The Responsible Investment Sub-Group at Brunel provides an additional forum to discuss climate related risks with Brunel.

### ***Case Study - Top 10 GHG emitters report***

*In 2024 across all the Brunel equity and bond portfolios the top 10 GHG emitting companies accounted for 29% of all emissions. The remaining 3000+ companies were responsible for 71% of emissions. Given the significant GHG emission footprint of these top 10 companies they represent some of the largest risks within our investment portfolios. In response to requests from Oxfordshire and other client funds Brunel developed an annual bespoke report for each client fund identifying their top 10 emitters, providing background information on each company and also the latest state of play on engagement with the company by Brunel, Brunel's engagement advisor EOS Hermes and by the individual asset managers.*

*The Top 10 report enables the fund to identify key risks and also to understand the materiality of those risks based on each company's business model and also*

*the status of the latest engagements with the company around climate-related risks. It is a key tool for identifying risk and understanding how that risk is being managed.*

**TCFD Recommended Disclosure - b. Describe the organization's processes for managing climate-related risks.**

The Fund is responsible for asset allocation decisions and sets its asset allocation targets to be consistent with the Fund's Climate Change Policy. Where the Fund identifies investment needs that are not currently deliverable from Brunel portfolios there is a process for the creation of new portfolios by Brunel that can meet that need.

The key approach by which the Fund's risk is managed is through diversification of investment into a variety of asset classes. Within this strategy there is also embedded an approach of integrating climate change risk management into the investment process.

***Case Study - Climate alignment of the biggest emitters***

*At the end of 2023 a new climate alignment policy for the highest emitting companies was agreed between Brunel and its client funds. This was in response to concerns that the Climate Action 100+ companies were not moving fast enough to be in alignment with the objectives of the Paris Agreement.*

*Each year Brunel's CA100+ holdings are assessed against the Alignment Maturity indicators used for the CA100+ benchmark. Those that do not meet the threshold of the policy and cannot provide credible evidence of alignment to net zero will be classed as Climate Controversial and given 12 months to improve. If they are found not to have improved sufficiently at the end of the time period then they will face further escalation, up to and including the potential for divestment.*

*Built into the Climate Alignment policy is a year-on-year tightening of the criteria to ensure that progress on alignment with the Paris Agreement is ongoing as we move towards 2050. The exact detail of the tightening of the criteria is discussed at the Responsible Investment sub-Group (RISG), with a recommendation then going via the Client Group to the Brunel Investment Committee.*

*When it came to setting the criteria for 2025 in November 2024 the RISG chose to adopt significantly tighter criteria than in the previous year, including holding Oil & Gas companies to a higher standard than other sectors, due to the level of risk for these companies.*

Voting and engagement form an important part of the Fund's management of climate-related risks. Engagement on behalf of the Pension Fund primarily takes place through Brunel, their appointed fund managers, and their engagement provider. This is in accordance with the approach set out in Brunel's Climate Change Policy, which the Fund is able to input into. Voting is undertaken on behalf of the Fund by Brunel, utilising the expertise of their voting and engagement provider and appointed managers.

Brunel's approach to voting escalation sees an initial vote against the reappointment of a company Chair escalate to other board members where they have not met their climate disclosure expectations. These expectations will increase over time with the target of all their material holdings being on the Transition Pathway Initiative (TPI) Level 4 as a minimum, and having made meaningful progress to alignment with a 2°C or below pathway.

### ***Case Study - Shareholder resolution at Shell***

*Shell has consistently been one of the top contributors to the Oxfordshire Pension Fund's carbon footprint, and as with all companies involved in fossil fuels, can attract criticism. It is the company that the Fund has raised the most concerns about with Brunel, and there is a strong focus by both Committee and officers on ensuring that the company is being held to account to manage the significant risks that its business model entails.*

*A key role of active ownership is to hold companies to account for the commitments they make and as a long-term shareholder, Brunel has been engaging with Shell for several years on a range of topics. This takes up a lot of resource but given the potentially key role that an integrated oil and gas company such as Shell could have in the required energy transition it has been seen as a worthwhile use of resources.*

*At the end of 2024, Brunel co-filed a resolution on the congruency of Shell's Liquid Natural Gas (LNG) strategy and its climate commitments, along with ACCR and other LGPS funds. This resolution received over 20% support at the company's 2025 AGM.*

*Brunel has also had several conversations with the company on their views on the demand drivers of LNG growth, the alignment with their net zero target and the resilience of the LNG portfolio given the scaling of renewables and likely downward pressures on prices. We believe further transparency is critical for investors to appraise the risks and opportunities as it relates to these issues.*

*Whilst the Oxfordshire Fund has concerns regarding Shell's long-term alignment with the Paris Agreement, Brunel will continue to engage with the company for the time-being.*

The Fund, through Brunel and the Fund's membership of the Institutional Investors Group on Climate Change (IIGCC), is involved in the development of Paris Aligned Portfolios under the IIGCC's Net Zero Framework. It is intended that this work will lead to all portfolios offered by Brunel being Paris aligned eventually.

The Fund believes that in some areas, particularly around public policy engagement, it is beneficial for the Fund to act with like-minded investors. As such, the Fund is a member of investor groups whose aims are aligned with those of the Fund in respect of climate change including Climate Action 100+, Institutional Investors Group on Climate Change and the Local Authority Pension Fund Forum.

**TCFD Recommended Disclosure - c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.**

Climate change is included on the Fund's risk register, which is a standing item at the quarterly Committee meetings. Climate change is a key topic included as part of the Committee training plan to ensure appropriate skills and knowledge for those making decisions.

In appointing third parties, such as the Fund's Independent Investment Adviser, the Fund will set out requirements around responsible investment issues such as climate change as appropriate.

Climate change is also considered by the Fund's actuaries when undertaking their funding valuation.

In 2024 the Fund published its first [responsible investment policy](#), which highlights the key sustainability-related risks to the Fund. These priority areas were identified through an analysis using the World Economic Forum's Global Risks report, alongside an assessment of the key sectoral risks for those sectors the Fund has the greatest exposure to.

Climate change is identified as one of the high priority risks in the policy, but other related-risks were also identified, including deforestation. There is no pathway to net zero that doesn't include addressing deforestation, so this is a key part of our approach to climate risk, as laid out in our responsible investment policy. Brunel are currently working with their engagement and voting provider Hermes EOS to use engagement activities and voting decisions to manage risks related to deforestation.

We work with our asset manager Brunel to identify the areas of greatest risk and agree resource allocations in response to those assessments. This allocation strategy helps the Fund to mitigate and manage those risks. A key tool for this process is the annual Climate Metrics report provided by Brunel for the Fund. This provides a useful snapshot of performance and risk in relation to the Fund's Net Zero targets at both an aggregated overall Fund level and individual portfolio level.

### **Metrics and Targets**

**TCFD Recommended Disclosure - a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.**

Metrics reported in this section are from the Fund's Carbon Metrics Reports. The report includes listed equity and the Sterling Corporate Bond portfolio, covering around 60% of the Fund's overall investment portfolio. The Fund is working to improve reporting across other asset classes, including private markets, so that the level of coverage can be increased.

We seek to manage climate risk in each and every portfolio, as well as our own operations, but we are not in a position to quantitatively measure and report progress in all these areas. We prioritise the disclosure metrics for our listed equities

and corporate bonds, as this represents the highest proportion of the Fund’s assets under management (AUM).

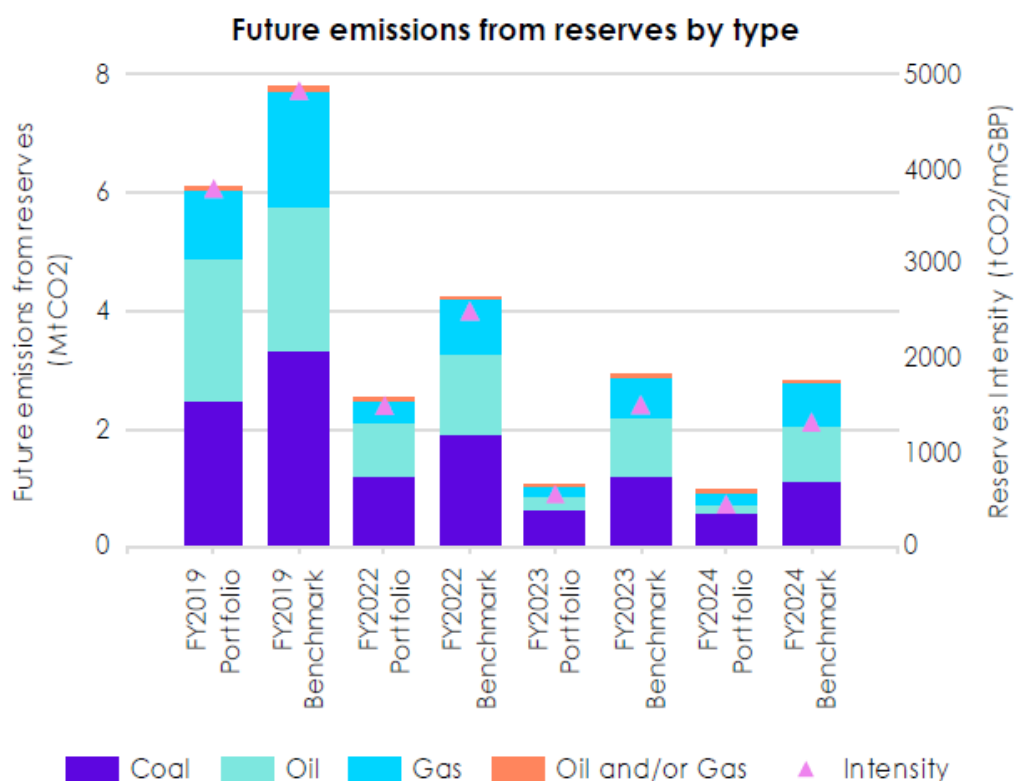
It is recommended that this report is not read in isolation. It should be considered alongside the Oxfordshire Pension Fund Carbon Metrics Report which is designed to provide detailed metrics and information regarding individual Listed Markets portfolios and the Sterling Bond portfolio.

The Fund currently uses the following metrics to assess climate related risks and opportunities at both an aggregate and listed portfolio level:

- Weighted Average Carbon Intensity (WACI)
- Absolute Carbon Footprint by Scope
- Carbon to Value Intensity Fossil Fuel Revenue Exposure
- Fossil Fuel Reserves Exposure
- Future Emissions from Reserves
- Disclosure Levels (Scope 1 and 2 Emissions)

Fossil fuel reserves exposure and future emissions from reserves are useful insights into potential downstream scope 3 emissions and can be used as an indicator of potential stranded asset risks.

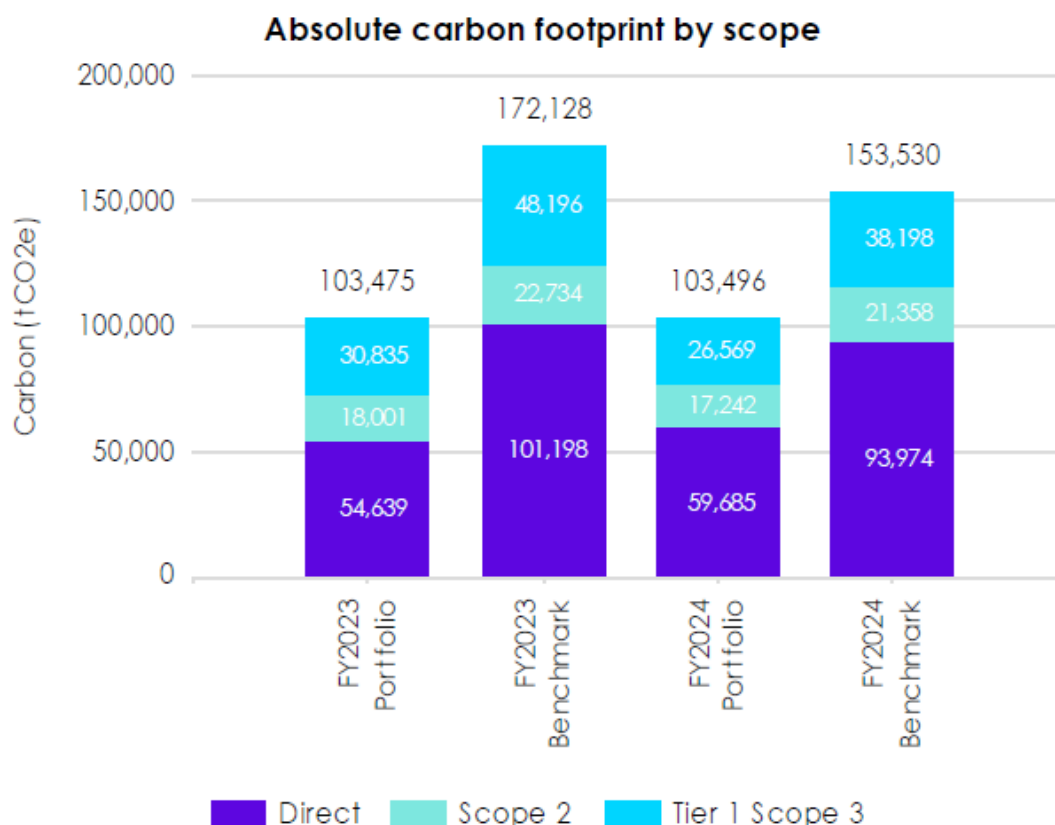
The bar chart below shows fossil fuel reserves exposure for the Fund annually from 2019-2024.



**TCFD Recommended Disclosure - b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.**

The Pension Fund’s Carbon Metrics report discloses scope 1, 2 and upstream first tier scope 3 emissions for all listed equity portfolios and the Fund’s Sterling Corporate Bond Portfolio.

The graph below provides a snapshot of the Absolute Carbon Footprint by Scope of the Fund at an aggregated level versus its benchmark as at 31/12/2024.

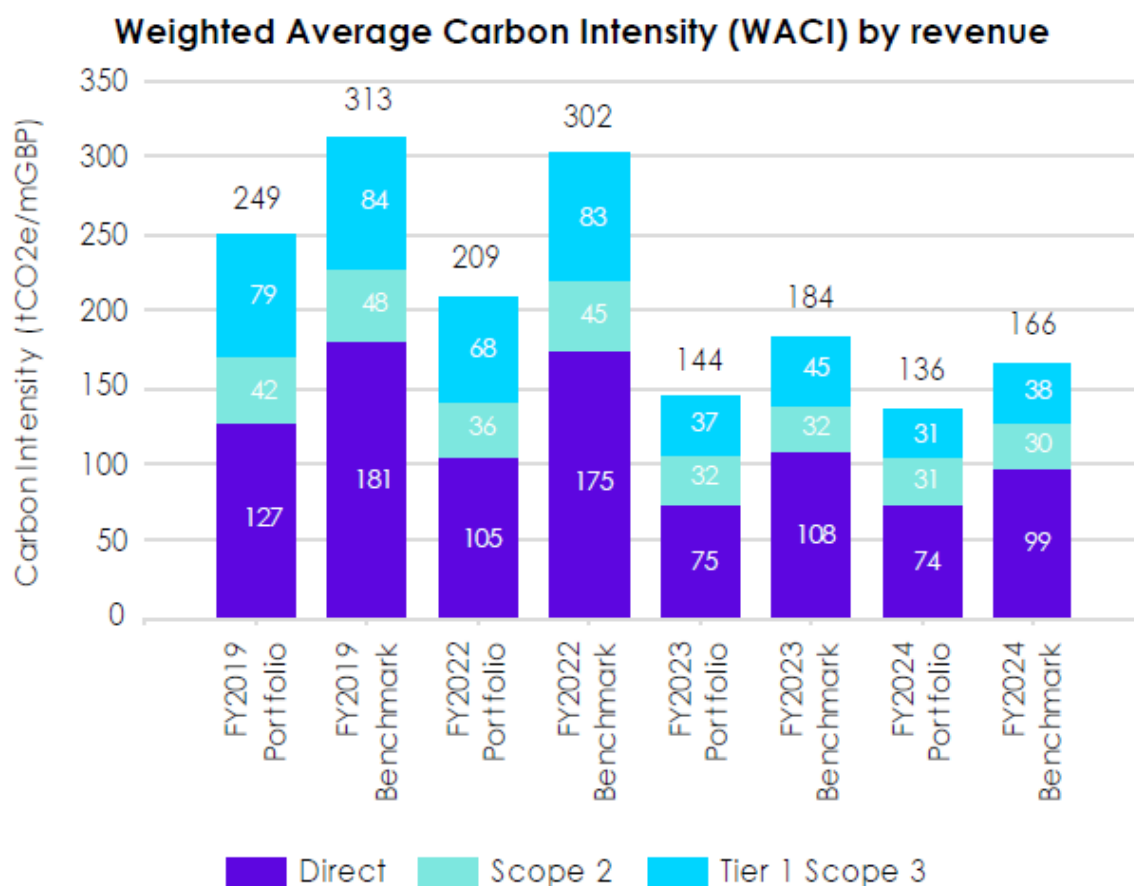


**TCFD Recommended Disclosure - c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.**

The Fund has an annual reduction target for GHG emissions across its investment portfolios of 7.6%.

The metric that has been identified in the Climate Change policy to track progress against this target is the Weighted Average Carbon Intensity (WACI) by revenue figure. This metric takes the carbon intensity (total carbon emissions divided by total revenue) of each investee and multiplies it by its weight in the portfolio.

According to the most recent Climate Metrics report from Brunel the WACI by revenue of the Oxfordshire Aggregate Portfolio is around 18% lower than its Strategic Benchmark



The overall WACI by revenue figure for 2024 saw a decrease of 5.5% compared to the 2023 level. This means the overall level of reduction from 2019 is around 45%, which means we are on target for an annualized rate of reduction of 7.5% since 2019.

For our listed equity portfolios Brunel has set the following targets:

100% of AUM in material (high impact) sectors\* In developed listed equities that are i) achieving Net Zero or ii) meeting a criterion considered to be aligned or iii) aligning\*\* by 2030, extending to all markets by 2040.

Brunel's ambition is that by 2040 all listed assets are i) achieving Net Zero or ii) meeting a criterion considered to be aligned or iii) aligning\*\*\*.

\* *Currently in scope are listed companies on the Climate Action 100+ focus list; companies in high impact sectors consistent with Transition Pathway Initiative sectors including banks.*

\*\* *Note that, for a product to be on track for meeting its target, at least 80% of assets must fall into in the first and second categories*

\*\*\* *Note that, for a product to be on track for meeting its target, at least 80% of assets must fall into in the first and second categories*

Whilst the Fund does not have a specific fossil fuel reserves exposure reduction target, it does support seeking to reduce exposure over time, in line with our commitment to be net zero by 2050.

One area that is important to track to understand if the Fund is making progress towards its net zero target is to calculate its investments into companies delivering the green products and services driving the transition to a low carbon economy. Following on from 2023's pilot FTSE Russell have assessed a number of Brunel's portfolios for their exposure to green revenues vs their benchmark, the results are in the table below:

<b>Portfolio</b>	<b>Green revenues</b>	<b>Benchmark green revenues</b>
Active Global High Alpha Equity	9.8%	8.8%
Active UK Equity	3.5%	4.1%
Passive World Developed Equity PAB Index	18.7%	8.8%
Active Global Sustainable Equity	15.6%	9.1%
Sterling Corporate Bonds	4.1%	7.5%

As the table shows, all of the portfolios apart from the Active UK Equity and Sterling Corporate Bonds are ahead of their benchmarks, with the Passive World Developed PAB Index and the Active Global Sustainable Equity portfolios showing significant outperformance.

## Climate Change Policy Implementation Plan Progress

The table below gives a high-level status on progress against the various actions identified as required to deliver the Climate Change policy Implementation Plan.

Activity	Status	Notes
Target a 7.6% annual reduction in GHG emissions across its investment portfolios using WACI as a metric	On target	Currently delivering a 7.5% annual reduction in portfolio carbon intensity since 2019 using WACI as a metric.
Work with Brunel to establish whether alternative portfolios are available that better deliver on the Policy than current options	Under target	Passive funds moved to PAB index; rebalancing of equity towards Global Sustainable and Passive FTSE PAB portfolios. Work to move UK Equity portfolio from focus on large cap to SME cap companies currently paused.
Consider the renewable infrastructure weighting when making future allocations to the Brunel Infrastructure portfolio	On target	Infrastructure funds Cycle 2 and 3 have higher renewables weighting. £30m allocated to Wessex Gardens climate solutions portfolio
Investigate an appropriate metric for measuring the proportion of assets invested in climate mitigation and adaptation	On target	Green revenues data now available for equity, bonds and infrastructure portfolios
Work with Brunel to set appropriate targets and measures of success in relation to engagement activity undertaken on the Fund's behalf	On target	The Fund supports the use of internationally recognised standards and frameworks such as the Transition Pathway Initiative and the Climate Action 100+ benchmark as the basis for engagement
The effectiveness of the engagement approach operated by Brunel will be formally reviewed as part of the 2025 stocktake of their Climate Change Policy and the Pension Fund will contribute to this review.	On target	New engagement plan agreed with Brunel and other clients that will see companies required to meet CA100+ criteria, that will tighten over time. Failing companies could ultimately face exclusion from investment portfolios.
Work with Brunel to identify or develop appropriate metrics, across all investment portfolios, to monitor the successful implementation of the Policy.	On target	Climate metrics report is a useful tool for measuring implementation of the policy. Also working with Brunel to develop metrics on green revenues and widening of coverage to all asset classes.
Consider joining investor groups whose aims align with those of the Pension Fund's Climate Change Policy.	On target	Member of the IIGCC, Climate Action 100+ and the Local Authority Pension Fund Forum
Investigate options for portfolio scenario analysis based on different climate change scenarios so that this can be incorporated in the next fundamental asset allocation review in 2026.	On target	The latest Brunel Climate Metric report includes some scenario analysis metrics. We will continue to work with Brunel to develop this further.

Pension Fund to be carbon neutral on its own operations by 2030.	On target	Working with the Oxfordshire County Council Net Zero team to benchmark current operations
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### **Emissions Reduction Target**

As noted above the Fund's Climate Change Policy Implementation Plan set a target to reduce greenhouse gas emissions intensity by 7.6% per annum. This was set to be consistent with the Fund's Policy commitment to be aligned to the 1.5°C temperature goal of the Paris Agreement with limited or no overshoot.

As the chart on page 59 shows the Fund has been able to hit the target set in the Climate Change policy to reduce the emissions intensity of our portfolios by 7.6% each year.

While the Fund does not have a target for reductions in exposure to fossil fuel reserves this has reduced by over 80% since 2019.

The Fund recognises that there are a range of different metrics to assess emissions related to investment portfolios, all of which have their own merits and drawbacks. At present the Fund is reporting on WACI (as recommended by TCFD) as this can be used across all listed portfolios, irrespective of allocations and therefore can be decision-useful in assessing the relative carbon emission efficiency (per million pounds) of portfolios when attributing the impacts of strategic asset allocation decisions.

However, WACI has limitations in being used to assess progress against the Fund's emissions reduction target, principally because it is an efficiency measure and so while efficiency may improve this does not mean actual emissions are necessarily reducing. The Fund's investment in the Brunel Sustainable Equities portfolio can also have a short-term negative impact on WACI performance as the managers in the portfolio are actively targeting investments in companies who are at the forefront of the energy and industrial transition to Net Zero. These are leaders in challenging and difficult-to-abate sectors.

These sectors inevitably have a higher carbon intensity today than companies in most other sectors, whose own transition journey is dependent on such companies. For example, one such company in the portfolio is Waste Management Inc. a waste and environmental services company operating in the US. The company is one of the largest contributors to the overall carbon intensity of our portfolio but it is also an energy transition solutions company, with key business activities including renewable energy and recycling.

An additional issue across all metrics is the use of scope 3 emissions where data quality and double counting factors, when using full scope 3 emissions, make its use challenging. At present the Fund's WACI data includes Scope 1, Scope 2, and first tier Scope 3 emissions (upstream emissions).

It is important that the Fund continues to work with Brunel to monitor and develop metrics such as fossil fuel reserves exposure, overall carbon emissions and green

revenue exposure to be able to give a more granular and rounded assessment of progress towards its net zero target.

### **Other Implementation Plan Items**

The Fund's Implementation Plan sets out several actions over the near-term that management has determined will enable it to deliver on its Climate Change Policy. Progress against each of these is summarised below.

***Work with Brunel to establish whether alternative passive, or similar, equity funds are available that better deliver on the Policy than current options available to the Fund.***

Brunel worked closely with leading index provider FTSE Russell to develop two indexes that met the EU criteria to be classified as a Climate Transition Benchmark or a Paris Aligned Benchmark. These indexes were made available for investment in November 2021. The Pension Fund Committee made a decision to move the Fund's full passive holdings of c.£530m to the Paris Aligned Benchmark fund putting it among the first group of investors to invest in the index. Of the two funds developed the Paris Aligned Benchmark has stricter climate criteria and effectively excludes fossil fuel companies from the index. The Fund has also been rebalancing some of its active equity funds away from portfolios with higher fossil fuel reserves exposure towards the Global Sustainable Equity and the Passive FTSE PAB Index portfolio, where exposure to reserves is lower and green revenues higher.

A decision was taken by the Committee to shift our current UK Active Equity portfolio from a focus on large Cap FTSE 100 companies towards a small and medium cap portfolio. This will reduce the Fund's exposure to oil and gas supermajor companies, which are significant contributors to the GHG footprint of the current portfolio. This work is currently paused as a result of the government's Fit for the Future reforms to the LGPS pooling structures.

***Consider the renewable infrastructure weighting when making future allocations to the Brunel Infrastructure portfolio.***

The Brunel's infrastructure portfolio specification states that a majority of the portfolio will seek to deliver climate solutions and a just energy transition to a lower carbon global economy.

In 2024 the Oxfordshire Fund joined five other Brunel client funds to invest into a climate solutions portfolio which will see more than £300m invested into a wide range of renewable technologies such as solar and wind as well as into battery storage and green hydrogen production.

Oxfordshire joined Avon, Cornwall, Devon, Gloucestershire and Wiltshire to invest through the Wessex Gardens Fund managed by Schroders Greencoat. The first investment involved acquiring a stake in the Toucan energy portfolio, investing £230m in the deal to acquire local solar assets. This is part of the largest operational solar deal ever transacted in the UK.

***Investigate an appropriate metric for measuring the proportion of assets invested in climate mitigation and adaptation.***

The Fund continues to work with Brunel in developing an appropriate metric or set of metrics and determining the criteria used to identify investments in climate mitigation and adaptation. This links to wider work being undertaken by various governments including the EU who have developed an EU Green Taxonomy and the UK which has established a Green Technical Advisory Group to advise the government on the establishment of a UK taxonomy that sets the criteria for an investment to be defined as environmentally sustainable.

For the Fund to set targets it first needs to be able to establish the current level of investments in climate solutions/green revenues. Once a baseline has been established then the percentage increase over time of investments by the Fund into companies contributing to the low carbon transition of the economy can be tracked and reported on.

FTSE Russell produced a [2022 paper](#) on green revenues exposure of equity portfolios in a 1.5°C scenario. According to this analysis a 1.5°C Paris aligned calculation (low case) calls for:

- 12% green economy exposure of the listed equity market by 2023.
- By 2030 this should be 20%
- By 2050 this should be 25%
- Therefore exposure is heavily front-loaded in order to mitigate temperature rises above 1.5°C.

Brunel have calculated the Weighted Absolute Value (£) of Green Revenues of the Fund's equity and bond portfolios using the FTSE Russell green revenues methodology. On this basis it is estimated that the Fund's exposure to green revenues as at December 2024 was £279,348,910, as a percentage of total investment into sterling bonds and listed equity portfolios this equals 12.72%.

Brunel have also calculated the green revenues from the Stepstone managed private market infrastructure portfolios, which is equivalent to £88,938,422.40 out of a total investment into those funds of £104,480,000.00. The Wessex Gardens fund also has a 100% allocation to assets that generate green revenues, the Oxfordshire Pension Fund has allocated £30,000,000 to this fund. If we add these all together that translates into 17.1% green revenue exposure % of our investments into sterling bonds, equity and infrastructure private markets, including Wessex Gardens.

This figure is well above the forecast required green revenues exposure for 2024 to be on track for net zero, estimated to be at around 12%, however, it is important to note that the calculation did not include investments into other asset classes including private equity and property where the percentage may well be higher. We will continue to work with Brunel to develop a metric for green revenues that includes the Fund's investments into all asset classes.

***The Pension Fund will work with Brunel to set appropriate targets and measures of success in relation to engagement activity undertaken on the Fund's behalf.***

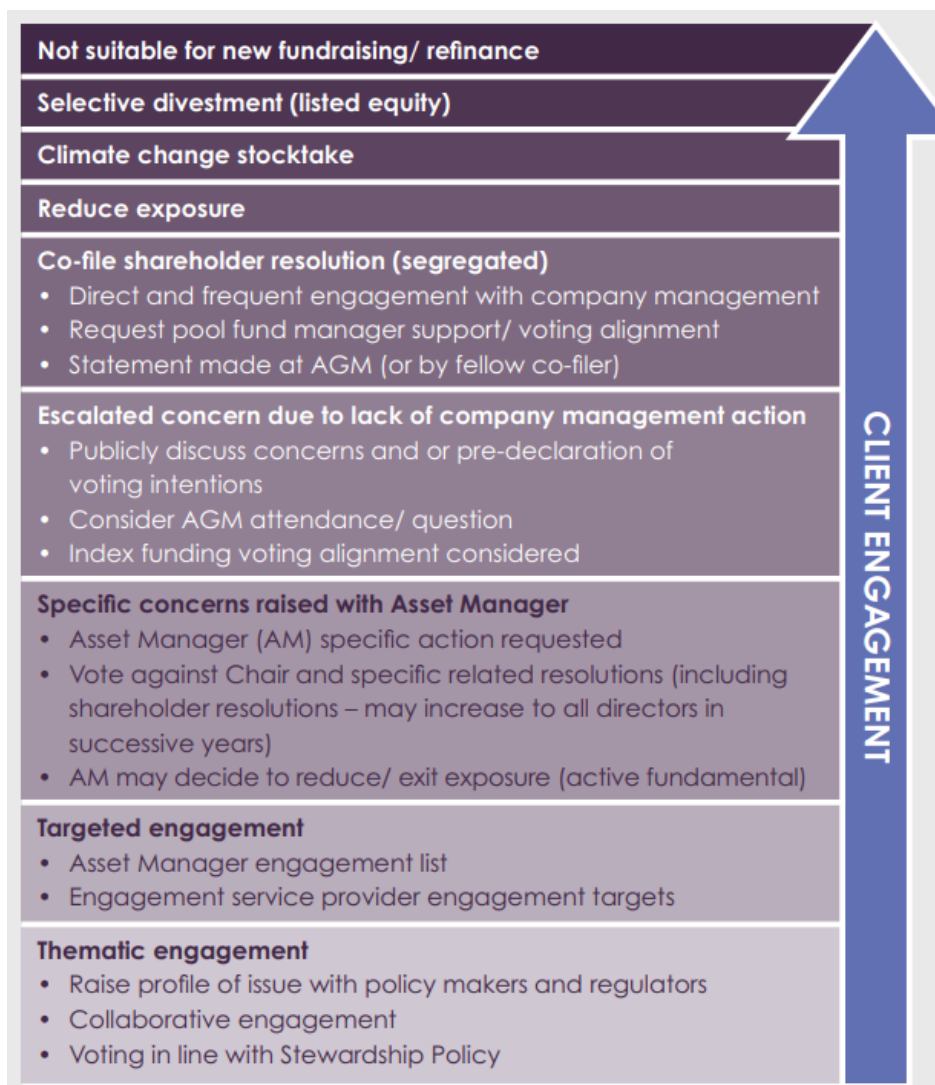
Brunel has three main strategies that it uses to persuade companies and other entities to act on climate change, namely: (a) direct engagement, including voting its shareholdings, (b) collaborative engagement, in particular through Climate Action 100+ (CA100+), and (c) engagement via its investment managers.

In relation to company engagement, Brunel expects companies in high-emitting sectors to publish their climate transition action plan, and to annually disclose emissions and progress against their commitments and targets. These expectations apply across all of the asset classes that Brunel invests in. In listed equities (and fixed income, in cases where investors are granted formal voting rights), Brunel has built these expectations into its voting policy.

Brunel will vote against the re-election of the company Chair where:

- Oil & Gas, Utilities, and all European companies have not at least reached Level 4 of the Transition Pathway Initiative (TPI) framework
- A company has not reached level 3 of the TPI framework for the US and Asia, or where the TPI score has fallen from level 4
- A company's strategy is materially misaligned with the goals of the Paris Agreement
- A company's strategy is misaligned to net zero ambitions

In cases where escalation is necessary Brunel has the following approach:



***The effectiveness of the engagement approach operated by Brunel will be formally reviewed as part of the 2025 stocktake of their Climate Change Policy and the Pension Fund will contribute to this review.***

A key component of the engagement approach is to encourage companies to set plans and objectives to align with net-zero.

Brunel provides updates on the engagements with companies every quarter and more detailed analysis on an annual basis in the Responsible Investment and Stewardship Outcomes Report.

In 2024 Brunel’s engagement advisor Hermes EOS engaged with 759 companies on Brunel’s behalf. Of these engagements around half were on environmental issues, including climate change.

As part of the Pension Fund’s input into the stocktake it agreed an Engagement Policy for the Climate Action 100+. The policy focuses on companies with the highest emissions. A series of measures are set out in the policy with target dates for achievement, failure to meet the criteria will lead to the potential exclusion of a company.

During 2024 following discussions between client funds and Brunel a more ambitious set of criteria were agreed for Brunel's climate policy that much more closely align with those Oxfordshire adopted. These criteria are now in effect and will be reviewed annually to agree a ratcheting up of the requirements companies need to meet or potentially face exclusion from portfolios.

***Work with Brunel to identify, or develop if not available, appropriate metrics, across all investment portfolios, to monitor the successful implementation of the Policy.***

Work on metrics is ongoing and is expected to be an evolving process that incorporates developments in available data with the aim of increasing the accuracy and relevance of metrics as well as increasing the level of portfolio coverage. Brunel are now able to provide an annual set of climate metrics for the Fund's equity and bond holdings. We now also have access to green revenues data for some of the private market funds too. Going forwards we will work with Brunel to extend the green revenues data across all investment classes to help better understand the positive impact of the Fund's investments into the transition towards a low carbon economy.

While metrics are available for listed equities and bonds there is currently a lack of data available for the majority of other assets particularly in a format that allows aggregation at portfolio level. There are some industry developments in this area that could be useful to the Fund, for example the Carbon Risk Real Estate Monitor that has been developed for real estate assets.

Brunel are working with their private market managers to produce climate data that can be used to measure alignment with climate goals.

This is also an area being looked at by the IIGCC as part of their Net Zero Investment Framework and the Fund will monitor the outputs from this work and its applicability to the Pension Fund's investments.

***Consider the merits of joining investor groups whose aims align with those of the Pension Fund as set out in the Policy.***

The Fund continues to be a member of The Institutional Investors Group on Climate Change (IIGCC), Climate Action 100+ and the Local Authority Pension Fund Forum..

In April 2025 the Fund become signatories to the [Asset Owner Statement on Climate Stewardship](#). This statement was issued by the Brunel Pension Partnership, the People's Pension, and Scottish Widows to articulate asset owner expectations on the implementation of climate stewardship by their asset managers.

The statement outlines key principles for asset managers, including engaging in industry and public policy discussions, prioritizing collaborative initiatives, developing a robust theory of change for company engagement, implementing a systematic voting approach, and adequately resourcing the stewardship function.

***Investigate options for portfolio scenario analysis based on different climate change scenarios so that this can be incorporated in the next strategic asset allocation review in 2026.***

The draft government guidance by MHCLG on TCFD implementation proposes to place a new duty on LGPS Administering Authorities (AAs) to assess their assets, liabilities, investment strategy and funding strategy against climate risks and opportunities in at least two climate scenarios. This assessment must include at least one scenario based on a global temperature rise of 2°C or lower on pre-industrial levels. This assessment must occur at least once every valuation cycle. In interim years, AAs must consider whether any changes in the fund have been substantial enough to require scenario analysis to be repeated.

As noted previously, for the latest reports Brunel have implemented forward looking metrics using various different climate scenarios. These are:

- Physical Risk
- Paris Alignment
- Transition Risk / Earnings at Risk

By their nature, scenarios are uncertain and not a precise science. The scenarios put forward will never come to pass as described, but are also based on assumptions and what are often new and evolving data sets.

Scenarios are a useful tool for Brunel's portfolios managers to engage in dialogue and to ask the right questions about holdings, they are not a tool to use in isolation or to make specific investment decisions.

The Oxfordshire Pension Fund Carbon Metrics Report provides portfolio level scenario assessments using the above criteria for our listed equity portfolios and the sterling bonds portfolio.

***As well as addressing the Pension Fund's investments the Policy also sets a target for the Pension Fund to be carbon neutral on its own operations by 2030.***

The Fund continues to work within Oxfordshire County Council's wider goal to achieve net zero emissions by 2030 across the whole organization, of which the Pension Fund is part. The Fund intends to report data on this and actions taken in future updates.