Wales Pension Partnership

ALL-WALES CLIMATE REPORT

February 2026

OVERVIEW

The impact of human activity on our climate system continues to be felt globally, with new record temperature highs being set year after year. This has led governments around the world – including here in Wales – to declare a climate emergency and make commitments to decarbonise. The Welsh Senedd has set a 2050 net-zero target, with interim targets set for 2030 and 2040, and has been setting carbon budgets for Wales since 2016. The most recent advice from the Climate Change Committee[1] is supportive of the current targets and emissions pathways and considers a number of recommendations for the Fourth Carbon Budget (from 2031). This includes reducing the ongoing reliance on fossil fuels and increasing investment in new technologies, including renewable energy systems.

Background

With assets of £25.8 billion (as at 31 March 2025), the eight Welsh LGPS Funds that comprise the Wales Pension Partnership (WPP) provide benefits to thousands of current and former public-sector employees. These assets are invested broadly across different geographies and asset classes. The primary goal of these investments is to generate returns that will allow pension benefits to continue to be paid in future. Within these assets, there is a necessity to examine what consideration is being given to climate change, the risks it may bring and how investments can contribute positively to climate solutions.

The Funds' collective consideration of climate change is the focus of this report, which was commissioned by the eight Constituent Authorities (CAs) with responsibility for the Funds, all of which are also stakeholders in the WPP. This report has been prepared on their behalf by Hymans Robertson LLP, the purpose of which has been:

1. To assess progress since WPP conducted the first all-Wales climate assessment in 2023, with this report covering the period between end-March 2022 and end-March 2025.
2. To assess, as far as possible, the exposure to different aspects of climate-related risk and opportunity across all pension assets within the Funds – not just those controlled by the WPP.
3. To identify the further steps that can be taken by the Funds and the WPP to further address the climate challenge.

What we have done

Since we concluded our first climate report in 2023, we have made significant progress against our collective ambitions. This progress has been captured in this report, which demonstrates that we have:

- Seen the carbon emissions (measured by weighted average carbon intensity) of companies in which our equity assets are invested fall by 38%. This can be attributed to both the actions of underlying investee companies, where emissions intensity has fallen by between 14% and 31% across our main equity Sub-Funds, and the reallocation of capital between companies within these portfolios.
- Consolidated the majority of our passive equity investments into a new pooled fund over which we have greater influence. This fund also captures our own voting policy, meaning that 85% of our collective equity assets are now voted on using the WPP's own voting policy.
- Established our climate framework, which supports the way we evaluate the climate characteristics of our assets. It also supported the construction of our passive fund.
- Established our private-markets programmes, with over £1bn of assets now committed to these strategies. This has led to a significant increase in our commitments to renewable-energy infrastructure.
- Supported both directly and indirectly the creation of energy infrastructure within Wales, including investment in a programme to fund the development of wind energy.
- Via Robeco, engaged with 100 companies on climate-related issues across 10 different themes.
- Promoted the importance of Ocean Health as an engagement topic, leading Robeco to implement an ongoing programme of engagement with companies on this topic.

[1] CCC advice to Welsh Government on existing targets, international credits and carbon accounting

We are proud of what we have achieved over the last two years, but we recognise that more needs to be done. Accordingly, we commit to the following actions:

- We will continue to evolve our monitoring and reporting on carbon emissions to better account for the reasons for change and ensure that we are able to hold the organisations in which we invest properly accountable. We will also continue to identify examples of good practice that we can use to explain our positioning to stakeholders.
- We will continue to work with our investment managers and other partners to build consistency in our data collection, particularly across private markets, and encourage disclosure where this is beneficial and practicable.
- We will ensure that appropriate focus is placed on the transition activity of high-impact companies. We will ensure that our stewardship is sufficiently robust in holding to account organisations that need to commit to long-term change, but that organisations are supported to do so.
- We will continue to progress the review of our investment framework to establish an appropriate set of baseline restrictions that can be extended across the whole of the WPP.
- We will work to ensure that we can identify companies that contribute to climate solutions, recognising that there will most likely be nuance in any definition and challenges in ensuring that data is available. We will continue working with our private-markets managers to finalise an appropriate climate reporting framework.
- As assets are consolidated within the WPP Investment Management Company (IMCo), we will work to increase the proportion of equity assets voted under the WPP's voting policy to 100%.

The WPP is pleased to be able to demonstrate ongoing progress in its efforts to ensure that climate issues are being addressed across our investment arrangements. Recognising the forthcoming change in governance arrangements, we will work with the new IMCo to ensure that our climate ambitions and Funds' ongoing requirements are properly communicated, and that policies and processes are updated to allow the IMCo to effectively progress our work.

Cllr Peter Lewis
Chair, WPP Joint Governance Committee

February 2026

PROGRESS MADE AGAINST RECOMMENDATIONS

The 2023 report made a series of recommendations that were ultimately agreed by the Joint Governance Committee (JGC). Since that report was published, we have made significant progress towards those goals, as we outline below.

Agreed action: The WPP will develop a climate framework to support future discussion and consensus building on climate ambition. Such a framework will include agreeing a common taxonomy and a common basis for setting climate targets, recognising the work that some Funds have already undertaken. This will support future product development, policy evolution and reporting to be addressed in a consistent manner.

Outcome: A climate framework has been developed for the WPP and is referenced further within this report. It has informed the development of our internal reporting and oversight. The framework also formed the basis for the development of the WPP's new passive fund.

Agreed action: The WPP will assess its existing Sub-Funds against the common climate framework to consider how climate ambitions may be developed and explore the ongoing evolution of its investment offerings.

Outcome: Individual WPP Sub-Funds have been assessed against the WPP's climate framework through our internal monitoring. We have also incorporated assessment against our climate framework within this reporting exercise. Further work has also been undertaken with Russell to consider how changes may be made to existing Sub-Funds, with our existing low-carbon overlay being extended and changes made within our Global Credit Fund.

Agreed action: WPP will develop further monitoring of asset transition alignment, noting that development of associated targets is also an issue on which asset owners can have influence over organisations, typically via voting & engagement.

Outcome: Over the last year, WPP has evolved its internal reporting on climate & ESG risks to incorporate alignment metrics, drawing on the Net Zero Investment Framework (NZIF). This supports WPP's approach to engagement, specifically those companies in material sectors that need to do more to become aligned to a decarbonisation trajectory.

Agreed action: The WPP will review its current passive-equity requirements. It will consult Funds on meeting their passive-equity demands and associated climate goals and consider how these can be practically implemented. In doing this, the WPP will consider how its Stewardship Policy can be extended across passive assets.

Outcome: Considerable progress has been made on this objective, with the Aquila Life WPP World ESG Insights Fund launched in November 2025. This has brought around £4.0bn of additional equity assets within the direct control of WPP. Development of the Fund will also bring the bulk of passive-equity assets within the direct scope of the WPP's Stewardship Policy. Using BlackRock's voting choice, Robeco has been appointed to vote on holdings within the Fund. The case study on page 12 outlines this further.

Agreed action: WPP will review and evolve its current climate-related stewardship theme. WPP will agree a list of 'climate-focus' companies that will be further scrutinised, across both active and passive mandates (within equity allocations in the first instance). The list will comprise stocks within those materially impacted sectors where there is the greatest climate risk.

Outcome: WPP has continued to evolve its climate-related stewardship theme. It has also developed a climate-focus list comprising 44 companies that are now subject to additional ongoing scrutiny.

Agreed action: WPP will continue to assess and report progress against the metrics for WPP assets on an annual basis, and it will repeat this 'whole of Wales' exercise as at 31 March 2025.

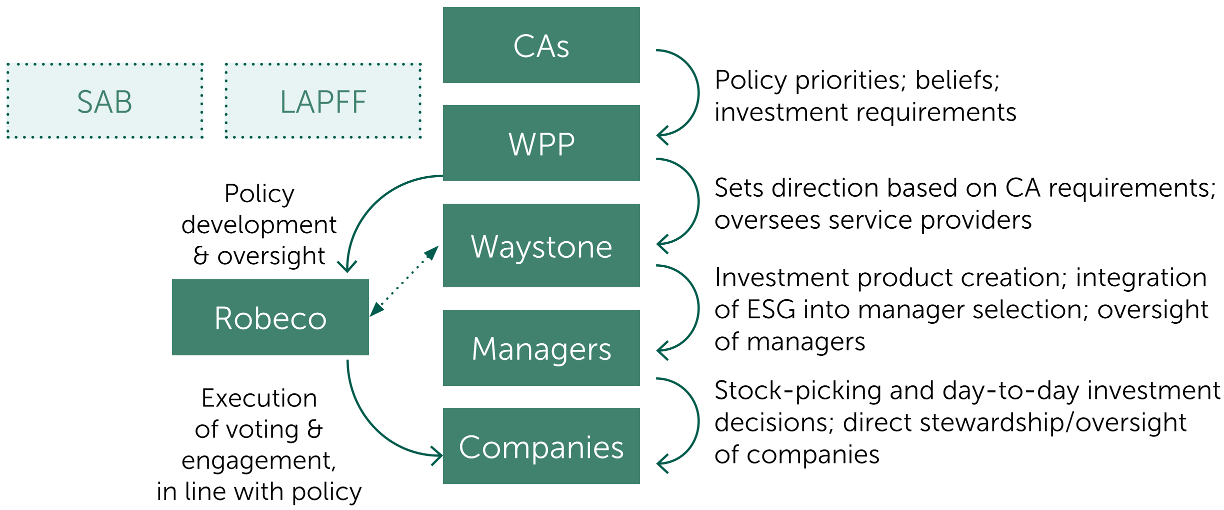
Outcome: WPP published a TCFD report as at 31 March 2024 and has completed this exercise as at 31 March 2025.

GOVERNANCE

Within the Funds, governance responsibilities are split between those exercised at a local level and those exercised at a Pool level. In general, at a local level, primary decision-making responsibility lies with a Pension Committee represented by elected members. The Pensions Committee will draw input, advice and governance support from Officers and external advisers, while outsourcing the day-to-day management of assets to third parties.

The formation of the WPP sought to provide a consolidation route for the management of assets. Decision-making is vested in the JGC – which comprises one elected member from each of the eight CA Pension Committees and a co-opted (non-voting) scheme member representative – supported by the Officers Working Group (OWG), which serves to develop policy and provide oversight.

Implementation of strategies by the WPP is largely outsourced to third parties, with Waystone, Russell Investments, Robeco, Schroders, Grosvenor GCM and Hymans Robertson among the strategic partners that support the WPP.



Local approaches to climate change

While individual Funds have considered climate change to varying degrees, there is not yet a common climate goal at the Pool level. Table 1 summarises the local commitments that have been made:

Table 1: Summary of local climate commitments as of 30 September 2025

Have set a net-zero target date, including interim objectives	4 Funds
Have a general climate ambition, which may include some objectives	4 Funds

Some Funds are further along their journey than others in both framing their ambition and implementing change. All Funds have made commitments to at least one vehicle that has a climate-related objective and all have supported the Climate Policy of the WPP.

Pool approach to climate change

The WPP has developed and sought to implement its own Climate Policy, which is reviewed annually, with an assessment of progress against each policy commitment published on an annual basis. This policy operates in conjunction with the WPP's broader Responsible Investment Policy and Stewardship Policy.

Within its Climate Policy, the WPP has set out a number of beliefs that help guide activity by the Pool. We provide examples below of how we've translated some of these beliefs into actions.

Belief	Examples of how this belief has been implemented
WPP recognises the importance of a just transition and that changing our current trajectory will require a holistic approach across all areas of the economy. The transition will mean an ongoing period of change, away from a global economy that is broadly reliant on fossil fuels. Mitigating and adapting to the effects of climate will also necessitate investment in climate solutions.	Development of the new passive fund has increased the assets directly managed against a sustainability objective to over £5bn. Further, commitments have been made in private-markets allocations to support renewable-energy infrastructure and forestry. WPP continues to explore how to develop its investment policies to meet the needs of its stakeholders.
A greater public understanding of climate-related risks, alongside government commitments, is likely to trigger a low-carbon transition. This will present numerous compelling investment opportunities for investors, such as WPP's CAs, who are well informed on climate-risk matters and able to effectively manage and mitigate transition risk.	WPP recognises the potential for climate opportunities, particularly within our private-markets programmes. One of our private-debt managers, for example, actively seeks to invest in assets that create positive environmental and/or social impact, supporting the just transition. Central themes include decentralised energy infrastructure, smart-grid technology and battery storage.
WPP recognises nature resilience as necessary in mitigating and adapting to climate change, with nature protection an essential element in achieving global net-zero emissions. WPP recognises the interconnectedness of nature and climate, and it understands that these must be addressed together.	We've taken steps to monitor exposure to deforestation risks from key commodities, using this to support dialogue with Robeco. WPP also championed the introduction of an engagement theme focused on marine biodiversity, which was subsequently launched by Robeco in early 2025.
It is incumbent on WPP to identify potential sources of climate-related risks (and opportunities) in the development of, and continued investment in, any WPP investment solution, as well as in the procurement of any service provider. WPP will seek to ensure that such risks and opportunities are appropriately managed and communicated to CAs.	Our investment managers monitor and report on climate-related metrics on an ongoing basis as part of their regular due diligence, with WPP also carrying out its own quarterly monitoring. In addition, climate is a key consideration in the assessment of any new service provider or investment product. For example, when reviewing our Voting & Engagement (V&E) provider, we emphasised the importance of engagement on the climate transition to WPP.
As part of its role, WPP's V&E provider collaborates with other asset owners to maximise the effectiveness of WPP's engagement activities. WPP believes that collaboration with other asset owners and its investment managers can be an effective method for amplifying its voice with investee companies and raising awareness of climate-related issues.	WPP participates in collaborative engagement with other LGPS funds and pools via the Local Authority Pension Fund Forum (LAPFF). In collaboration with Robeco and other asset owners, WPP proactively supported two specific climate engagements during the year – the Global Investor Statement to Governments on the Climate Crisis and an open letter to BP – which we look at further below.

The policy also sets out the role of the WPP regarding climate risk, noting that the Pool serves as a forum for collaboration and the implementation of local Fund policy, rather than to drive or influence the climate policy and objectives of the Funds. This collaboration creates the ability for mutual decision-making on climate policy and the outcomes that may be pursued.

Our climate framework

One of the key recommendations of the 2023 report was to develop a common climate framework, the purpose of which has been to support a consistent approach to communication, policy setting, strategy development and reporting across the WPP and its stakeholders. A key aspect of this framework has been to define the portfolio characteristics that the WPP believes are important when evaluating climate-related issues. The attributes of this framework are set out below.

Table 2: Portfolio characteristics within our climate framework

Attributes	Expectation
Carbon emissions	We aim to determine Scope 1, 2 and 3 emissions, and wish to see investments demonstrating a downward trajectory measured on a like-for-like basis. We note that the progression for the reduction of Scope 1 & 2 emissions is not expected to be smooth. Reduction in Scope 3 emissions should be linked to broader systems change.
Net-zero alignment	We aim to assess companies based on where they are in their journey using established frameworks such as the Net Zero Investment Framework (NZIF). We recognise that companies will progress differently based on the nature of their industry and that understanding alignment means action can be taken to impact engagement and capital allocation.
Exposure to material sectors	Carbon emissions are typically generated by companies within a smaller number of sectors – and such companies have a greater need to decarbonise their activities. We aim to focus on companies where engagement efforts can have impact.
Exposure to climate solutions	We want to understand exposure to companies that are contributing to positive change directly or indirectly. Evaluation should consider the nature of the activity, the materiality of the contribution and any unintended consequences. Revenue thresholds may support evaluation.
Exposure to fossil-fuel companies	We are concerned about exposure to companies involved in the exploration, extraction, refinement and distribution of fossil fuels, and the direct generation of energy from fossil fuels. This reflects concerns about long-term asset stranding and the contribution of fossil fuels to climate change. We differentiate between different types of fossil fuels and the materiality of involvement using revenue thresholds.
Nature risk	We recognise the intrinsic link between climate and nature and focus particularly on deforestation exposure via the commodity supply chain.

While it initially supported our monitoring activity, we also used this framework to support the development of our passive solution. We want to expand this framework within the ongoing evolution of our policy and stewardship efforts, and this is an ongoing area of focus.

Supporting the education of decision-makers

Supporting learning is one of the key roles of the WPP. We achieve this through our annual training plan and quarterly training sessions, which give us an opportunity to educate our stakeholders while providing a platform through which they can engage with our service providers and others. Climate is a regular subject on which we provide training, with topics covered over recent years including:

1. WPP's climate policy and climate beliefs
2. Our climate framework and climate-focus list
3. Net zero and climate metrics, including the concepts of net-zero journey planning and transition pathways
4. Approaches to sustainable investment management
5. Climate solutions in private-markets investments
6. Effective climate stewardship

We continue to seek areas of interest for our stakeholders and believe that increasing education will allow better ongoing scrutiny and oversight of our efforts.

Governance changes

Following the 'Fit for the Future' consultation, the WPP developed plans to form its own FCA-regulated pool company. These plans received government approval and, at the time of writing, work is ongoing to launch the WPP IMCo ahead of the 1 April 2026 deadline. WPP expects that the IMCo will ultimately take on much of the climate-related governance and associated investment and stewardship responsibilities, building on the foundations that have been established over recent years.

Action area:

The change in governance arrangements will adjust the way WPP addresses climate issues. While our collective ambitions will remain, we will work with IMCo to ensure that these ambitions and Funds' ongoing requirements are properly communicated. One aspect of this will be ensuring that policies and processes are properly updated.

WHERE OUR ASSETS ARE INVESTED

To understand how climate change is being addressed within the assets of the Welsh LGPS Funds, it's necessary to explore how these assets are invested. Strategic decision-making and asset-allocation decisions currently rest locally with the eight Funds, while WPP creates solutions for the investment of assets.

As time passes, we expect the assets of the Funds to be progressively switched towards solutions offered by the WPP. However, issues of cost and liquidity will act as barriers to rapid change, particularly in illiquid asset classes. Table 3 illustrates how the assets are collectively invested as of 31 March 2025, with the comparative position as of 31 March 2022 also shown.

Table 3: Asset allocation across Welsh LGPS Funds

	Position as of 31 March 2022			Position as of 31 March 2025		
Asset class	**Value (£m)**	**Allocation**	**Number of mandates**	**Value (£m)**	**Allocation**	**Number of mandates**
Listed equity	14,738.4	64.4%	26	15,242.8	59.3%	21
Fixed income	4,489.1	19.6%	12	5,305.1	20.7%	16
Property	1,690.3	7.4%	50	1,411.5	5.5%	43
Private equity	812.2	3.5%	136	944.9	3.7%	113
Infrastructure	302.1	1.3%	28	1,442.4	5.6%	45
Multi asset	294.0	1.3%	3	115.8	0.5%	1
Private debt	126.6	0.6%	7	534.1	2.1%	18
Alternatives*	432.7	1.9%	14	688.9	2.7%	27
Total	**22,885.4**	**100.0%**	**276**	**25,685.5**	**100.0%**	**284**

*Alternatives includes hedge funds, timberland & agriculture, currency hedging and cash. Totals may not add up to 100% because of rounding.

Source: Constituent Authorities.

Assets are invested primarily in listed markets, with 80.4% (2022: 85.3%) invested across equity, multi-asset and fixed-income mandates as of 31 March 2025. The continued shift away from listed markets has seen Funds diversify away from equity, with allocations to private-markets mandates (private equity, infrastructure and private debt) all increasing.

The most significant shifts have been into private debt (up 1.5%) and infrastructure (up 4.3%), which reflects both the drawdown of previous commitments and new commitments being made into the more recently established WPP private-markets programmes. These programmes offer the potential to gain direct exposure to those real assets that can address climate and biodiversity risks, such as renewable-energy infrastructure and forestry.

WPP-managed assets

As of 31 March 2025, 56% (2022: 48%) of assets fell within the direct responsibility of the WPP, spread across 10 actively managed Pooled Sub-Funds and the WPP's private-markets programme. Each Partner Fund invests in at least two active Sub-Funds, with one investing in as many as eight. Ongoing Sub-Fund development is a key part of WPP's workplan, with the consideration of climate a critical element of the development of future investment programmes and the management of existing investments.

Table 4: Distribution of WPP investment programmes

Pooled active listed	Participating CAs	Underlying managers	31 March 2025 (£m)	31 March 2022 (£m)
Equity: Emerging Markets	4	6	273.0	465.7
Equity: Global Growth	5	4	3,541.1	3,245.8
Equity: Global Opportunities	5	8	3,402.3	3,765.6
Equity: UK Opportunities	2	5	765.5	724.2
Equity: Sustainable Active Equity	8	4	1,524.3	-
Fixed Income: Absolute Return Bond	3	4	532.8	512.9
Fixed Income: Global Credit	5	4	1,026.5	761.7
Fixed Income: Global Government	2	2	503.4	264.1
Fixed Income: Multi-Asset Credit	5	5	848.8	749.7
Fixed Income: Sterling Credit	1	1	726.5	574.2
Private markets				
Infrastructure	5–7[1]	5	680[2]	-
Private Credit	7	1	302[2]	-
Private Equity	5	1	114[2]	-
Total			**14,240.2**	**11,063.9**

[1]Given multiple vintages and different sleeves, a range of 'participating CAs' may be shown; [2]drawdown values
Source: Waystone/underlying IMs/WPP.

Indirectly managed assets

WPP has an established relationship with BlackRock as its primary passive investment manager. This covers a range of equity and fixed-income funds; the WPP is the facilitator of this arrangement, with individual Funds then contracting directly with BlackRock. As of 31 March 2025, the Funds invested across 23 (19 in 2022) different BlackRock funds, outlined in Table 5, with assets totalling £5.85bn (2022: £6.54bn). These comprise a mix of equity funds with explicit sustainability and/or climate objectives, investments in renewable infrastructure alongside other equity, fixed income and alternative funds.

Table 5: Allocations within BlackRock

	2022		2025	
Pooled active	**Value (£m)**	**% of BlackRock**	**Value (£m)**	**% of BlackRock**
ACS World Low Carbon Equity	3,182.3	48.6	3,294.0	56.3
ACS World ESG Equity	133.6	2.0	102.6	1.8
ACS World Multifactor ESG Equity	-	-	76.3	1.3
Other Equity Funds	2,238.4	34.2	1,411.7	24.1
Fixed Income Funds	710.2	10.9	558.0	9.5
Other Funds	279.6	4.3	407.3	7
Total	**6,544.1**	**100%**	**5,849.9**	**100%**

Source: Constituent Authorities.

The BlackRock ACS World Low Carbon Equity Fund tracks the MSCI World Low Carbon Target Reduced Fossil Fuel Select Index. The index aims to reflect a lower carbon exposure than that of the MSCI World Index by overweighting companies with low-carbon emissions relative to sales and those with low potential carbon emissions per dollar of market capitalisation.

Recognising the WPP's broader goals and building on the recommendations from the 2023 report, work over 2024/25 sought to develop a bespoke, WPP-only pooled equity fund that met the collective requirements of the CAs. This work continued over 2025, and the Aquila Life WPP World ESG Insights Fund was formally launched on 7 November 2025, consolidating assets from the three ACS funds listed above. This is illustrated in the case study below.

CASE STUDY:

Aquila Life WPP World ESG Insights Fund

WPP worked with BlackRock to develop a new, bespoke passive equity fund that has consolidated passive equity investment into a single pooled fund, and which also applies WPP's own stewardship processes.

The CAs collaborated with Hymans Robertson and BlackRock to prioritise the various factors that were desired within the new fund. An important factor here was to shift the emphasis away from solely optimising portfolio allocations against backward-looking carbon emissions, instead incorporating forward-looking factors into fund design. Work also built on the foundations laid in the development of our Sustainable Active Equity Fund, which incorporated a series of exclusions tailored to the development of this product.

Through a process of iterative development and consultation with stakeholders and their own advisers, we developed a Fund that is managed against the MSCI World Index, but which considers five factors:

- Our agreed exclusionary screens
- Forward-looking climate ambition
- Carbon emissions
- Green revenues
- BlackRock's proprietary BSI intel insights

During the development process, WPP also collaborated with Robeco to ensure that the new Fund could take into account WPP's existing voting policy through BlackRock's voting choice programme. This has been successfully introduced, meaning that around 85% of WPP's equity investments now fall under a single stewardship programme.

Following a period of transition, the Aquila Life WPP World ESG Insights Fund was formally launched on 7 November 2025, with assets of around £4.0 billion, making it the largest of WPP's pooled investments.

WPP will retain an active role in both monitoring the performance of the Fund and in reviewing the Fund's investment parameters to ensure it remains at the forefront of thinking.

CARBON EMISSIONS

Emissions from burning fossil fuels have been the primary contributor to the increase in atmospheric CO_2 levels and the growing risk from climate change. There is a global need for economic activity to be decarbonised. Therefore, assessing the extent to which the economic activity of assets held by the Welsh LGPS Funds are dependent on carbon emissions can indicate the need for change.

Emissions are generally attributed to a particular source, with each category collectively referred to as a 'Scope' of emissions. Scope 1 and 2 capture those emissions within direct control of an entity from its processes and energy usage. Scope 3 emissions relate to those upstream (in the supply chain) or downstream (in the distribution and use of products/services) from the entity.

As we are asset owners, carbon emissions represent an outcome that can be measured rather than a factor over which we have direct control. It's important to us that emissions across our invested assets reduce over time. However, we recognise that this needs to be because of the underlying organisations changing their activities rather than simply by selling higher emitting assets. We measure emissions using two metrics:

- **Weighted average carbon intensity (WACI).** WACI calculates the greenhouse gas emissions (Scopes 1 and 2) per unit of revenue for each company in the portfolio, weighted by our allocation to each company. This tells us the average amount of carbon used to generate sales.
- **Carbon emissions intensity – enterprise value including cash (EVIC).** This approach apportions emissions based on the capital structure of each company, recognising both equity and debt investors as having ownership of emissions.

Carbon emissions

Table 6 below sets out carbon emissions across the listed assets held by the Welsh Funds in 2025 compared with similar figures for 2022. These are calculated with reference to the actual holdings within each of the underlying strategies and weighted by asset values.

Table 6: Emissions intensity by asset class

	WACI		Footprint (EVIC)	
Asset class	31 March 2022	31 March 2025	31 March 2022	31 March 2025
Listed equity	103.9	64.2	50.9	34.8
Fixed income	94.0	141.5	39.3	62.6

Source: Hymans Robertson calculations. We have not shown the figure for multi-asset funds given only one such fund was held in 2025 and data quality was poor.

Equity assets have demonstrated a c.40% reduction in WACI over the three years from 2022 to 2025, with a similar fall seen on the alternative EVIC measure. Table 7 explores emissions intensity across various commonly held equity funds.

Table 7: Emissions intensity for commonly held equity funds

	WACI		Footprint (EVIC)	
Sub-Fund	**31 March 2022**	**31 March 2025**	**31 March 2022**	**31 March 2025**
WPP Global Growth	80.6	51.7	43.1	24.7
WPP UK Opportunities	104.3	54.1	62.1	43.1
WPP Global Opportunities	117.4	79.1	68.4	52.8
WPP Emerging Markets	238.3	140.6	123.5	80.4
WPP Sustainable Active Equity	-	71.3	-	39.5
BlackRock World Low Carbon Equity	26.9	28.0	5.5	5.5

Source: Hymans Robertson calculations.

Reported emissions have fallen across each of the four actively managed equity Sub-Funds that have been in place for more than three years. This can be attributed to various factors, including changes to the goals of the funds, changes to the way in which the funds are invested and changes to the allocation of assets between different funds.

To more broadly assess how reported carbon emissions intensity has changed, we've also sought to attribute the reasons for change between (1) the actions of underlying companies and (2) investment-management decisions of asset managers, noting this is also impacted by our decarbonisation overlay.

In Table 8, we illustrate the causes of change for five equity funds. We do this by assuming that the portfolio that was held in 2022 was still held at 31 March 2025, meaning we can establish how emissions for each portfolio of companies have changed before considering the impact of capital being reallocated within the portfolio.

Table 8: Emissions intensity for commonly held equity funds

Sub-Fund	2022 WACI	Change due to companies	Change due to investment managers	2025 WACI
WPP Global Growth	80.6	(25.4)	(3.5)	51.7
WPP UK Opportunities	104.3	(19.7)	(30.6)	54.1
WPP Global Opportunities	117.4	(16.2)	(22.1)	79.1
WPP Emerging Markets	238.3	(33.2)	(64.5)	140.6
BlackRock World Low Carbon Equity	26.9	(5.2)	6.3	28.0

Source: Hymans Robertson calculations.

Each of the Sub-Funds demonstrated a fall in emissions intensity over the three years to 2025 when looking at the actions of the companies held. These are changes that we want to see, with companies held actively reducing their own carbon emissions intensity.

Investment management decisions have also contributed to a fall in reported emissions intensity across our Sub-Funds. One contributor to change has been the extension of our decarbonisation overlay across the UK Opportunities and Emerging Markets Sub-Fund, which is illustrated below. Other changes arise because the underlying investment managers have chosen to reallocate capital to companies with lower carbon intensity.

CASE STUDY:

Addressing carbon emissions within our equity Sub-Funds

Of the WPP's Pooled Sub-Funds, the Global Opportunities, UK Opportunities and Emerging Markets Sub-Funds make use of a 'decarbonisation overlay', whereby our manager (Russell) maintains the carbon footprint and exposure to fossil-fuel reserves at least 25% below benchmark, with some coal companies also being excluded.

- 25% lower carbon footprint relative to the benchmark
- 25% lower fossil-fuel reserves relative to the benchmark
- Targeted exclusions of coal revenues generating companies

The consideration of Scope 3 emissions, particularly within the downstream use of a company's products, is important for understanding the broad dependence of our global economy on fossil-fuel energy, noting that change needs to occur across all aspects of the economy. However, the measurement of emissions is itself a challenge. While Scope 1 and 2 emissions have been increasingly well reported, particularly by listed companies, Scope 3 emissions data is more challenging to measure and therefore less available.

CASE STUDY:

Exploring our Sustainable Active Equity Sub-Fund

Our Sustainable Active Equity Sub-Fund was established in 2023, with a series of sustainability-related restrictions and objectives. In particular, the Fund does not invest in companies associated with thermal coal extraction or unconventional oil & gas companies, eg those that exploit tar sands or Arctic oil. The Fund also has a goal of being wholly net-zero aligned by 2040. So why does the Fund show a higher carbon footprint than some of our other global equity Sub-Funds?

While we've guided what the Fund can't invest in, our underlying managers are free to select those companies that they believe can contribute to more sustainable long-term outcomes. One of these companies is ArcelorMittal (the steelmaker), which our analysis repeatedly tells us has very high carbon emissions. But high emissions doesn't mean we should exclude the company. Instead, it shows that there is an opportunity to support the company through a period of long-term change, particularly as we expect there to be ongoing demand for steel.

We know from our investment managers that ArcelorMittal is working to change the way it makes steel, while also investing heavily in creating its own renewable energy sources. These are just two examples of the changes taking place within the company and why we look beyond just numbers.

Action area:

We recognise that many stakeholders are focused on carbon emissions and expect to see a continual downward trajectory in emissions. We believe it's important to understand why change is happening and to better account for the reasons. We will continue to evolve our monitoring and reporting on carbon emissions to better account for this and to ensure we can hold organisations properly accountable. We will also continue to identify examples of good practice that we can use to explain our positioning to stakeholders.

Data quality

One key consideration in our calculations of carbon intensity, and other metrics, is the availability of data. This considers where emissions data has been reported (ie calculations are based on actual data) and where emissions data has been estimated, either at a company or asset class level.

Data on listed assets is generally well reported or otherwise estimable and thus available for calculation. The same is broadly true of listed bond markets, except for sovereign debt. We have therefore calculated emissions metrics within listed equity, fixed income and multi-asset mandates. We reference the actual holdings within underlying portfolios based on data reported by, or estimated for, companies (as provided by MSCI), with average data quality being noted in Table 9.

Table 9: Quality of underlying emissions data

	31 March 2022			31 March 2025		
Asset Class	**Reported**	**Estimated**	**Total**	**Reported**	**Estimated**	**Total**
Listed Equity	82.4%	16.8%	99.2%	87.5%	8.2%	95.7%
Fixed Income	60.8%	14.9%	75.7%	36.8%	7.5%	44.3%

For fixed income, government bond mandates have been excluded.

We note that data quality offers a further source of error when aggregating information across different asset classes and constructing combined positions. For example, where data quality is high (say 95%), assuming the remaining 5% of the holding – where data is missing – has the same carbon emissions is reasonable, with limited variation in the actual outcome. However, where data quality is substantively lower, this assumption introduces further variation. Data quality across our fixed income mandates has fallen as we have included a greater number of mandates within our analysis, but we recognise that data is somewhat sparse.

Action area:

Data quality and availability remain an ongoing challenge, particularly as WPP expands the breadth of its investments across private markets and seeks to deepen its understanding of climate-related issues within its investments. We will continue to work with our managers and other stakeholders to build consistency in our data collection and encourage disclosure where this is beneficial and practicable.

TRANSITION ALIGNMENT

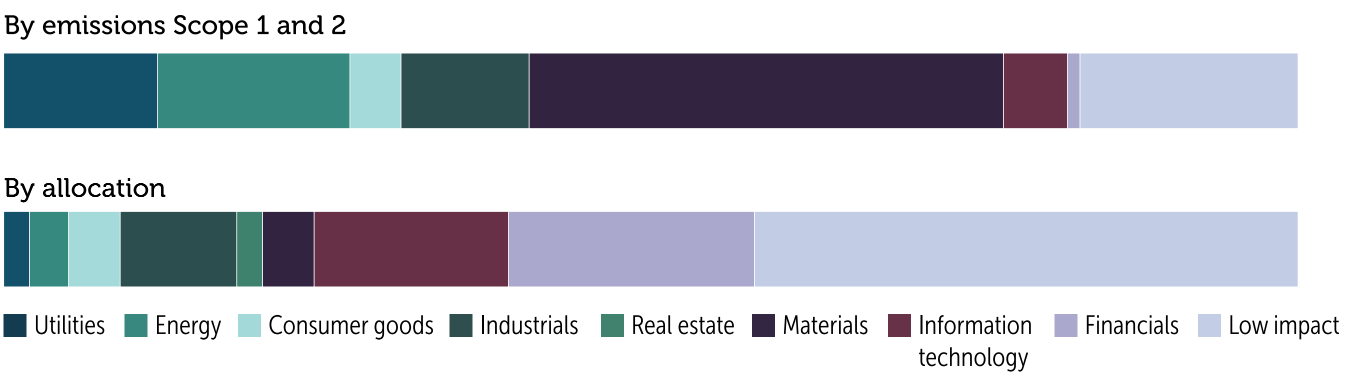
The management of climate-related risks is primarily about the process of change, something that we know takes time. We capture this through the engagement work undertaken by Robeco on our behalf, notably via the 'Acceleration to Paris' theme. This focuses on those companies at greatest risk from the energy transition and which are lagging behind their peers in implementing robust transition plans.

Transition alignment is a component of our climate framework and an issue that should be integral to the Funds' climate considerations when assessing progress against net-zero or other climate objectives. Our approach in this area continues to evolve beyond just assessing the existence of climate goals and objectives.

Understanding our exposure to material and high-impact sectors

Some sectors are more exposed to climate-related risks and opportunities than others. We identify our exposure to material sectors – those with the greatest potential impact on climate outcomes, such as energy, utilities and materials. We also highlight high-impact material sectors, where transition risks and opportunities are particularly significant. Understanding our exposure to these sectors allows us to focus our stewardship and risk management efforts where they can have the greatest effect.

Figure 1: Exposure to companies in high-impact sectors across equity portfolios



Across our combined equity portfolio, 58% of assets fall within high-impact sectors; this accounts for 83% of the Scope 1 and 2 emissions associated with our equity investments. Disproportionate exposure in utilities (2% exposure, 12% of emissions), energy (3% exposure, 15% of emissions) and particularly materials (4% exposure, 37% of emissions) suggests these are areas on which we should devote our resources and efforts to push for change.

Assessing transition alignment

We use the Net Zero Investment Framework (NZIF) to evaluate transition plans and pathways. Within the framework, companies are classified as 'committed' if they have set targets and 'planned' if they are developing them. This analysis helps us understand how well our investments are positioned for the transition and where further engagement may be needed.

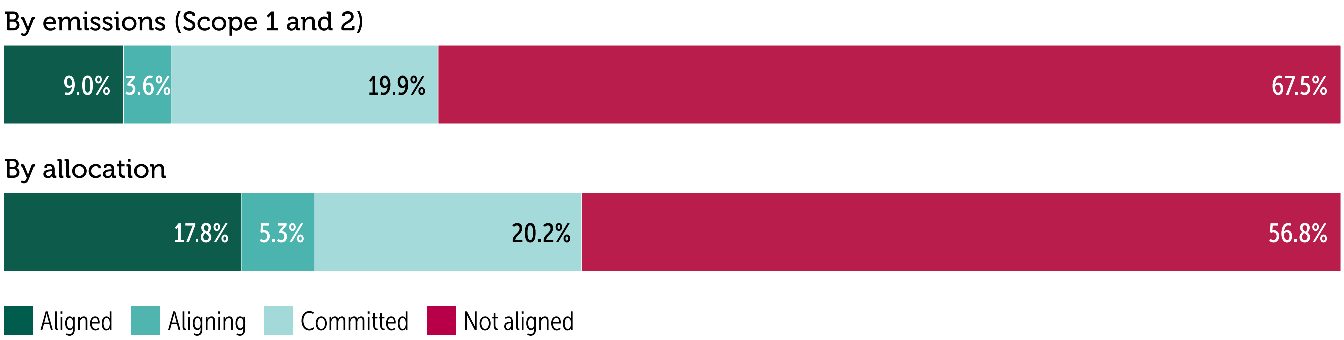
Table 10: Net Zero Investment Framework

Not aligning:	Assets without a commitment to decarbonise in a manner consistent with achieving global net zero.
Committed to aligning:	Assets with a long-term decarbonisation goal consistent with achieving global net zero by 2050.
Aligning to a net-zero pathway:	Assets with emissions performance not equal to a contextually relevant net-zero pathway. However, importantly, they have science-based targets and a decarbonisation plan and are thus ready to transition.
Aligned to a net-zero pathway:	Assets that have science-based targets, a decarbonisation plan and current absolute or emissions intensity at least equal to a relevant net-zero pathway. This category broadly signifies that transition risk is being managed at an asset level.
Achieving net zero:	Assets that meet all relevant criteria and have an emissions performance at net zero that can be expected to continue.

This matters for asset owners, as it implies the need for change. While some organisations may need relatively little change, others face greater challenges to ensure that the provision of goods and services can be achieved with little to no carbon emissions and, for those residual emissions, that there are appropriate offsetting arrangements in place. While the environment will continue to react to the actual level of emissions, the pace at which change occurs will be determined by policymakers, technological change, societal pressures and business interests.

Figure 2 illustrates the breakdown of our composite equity holdings against the NZIF. Companies are grouped based on their weighting in the portfolio (and thus the extent to which we are holding companies that are not aligned) and their emissions. The latter assessment is more important in assessing the extent to which the sources of carbon emissions are actively being addressed.

Figure 2: Alignment of equity allocations, high-impact sectors only



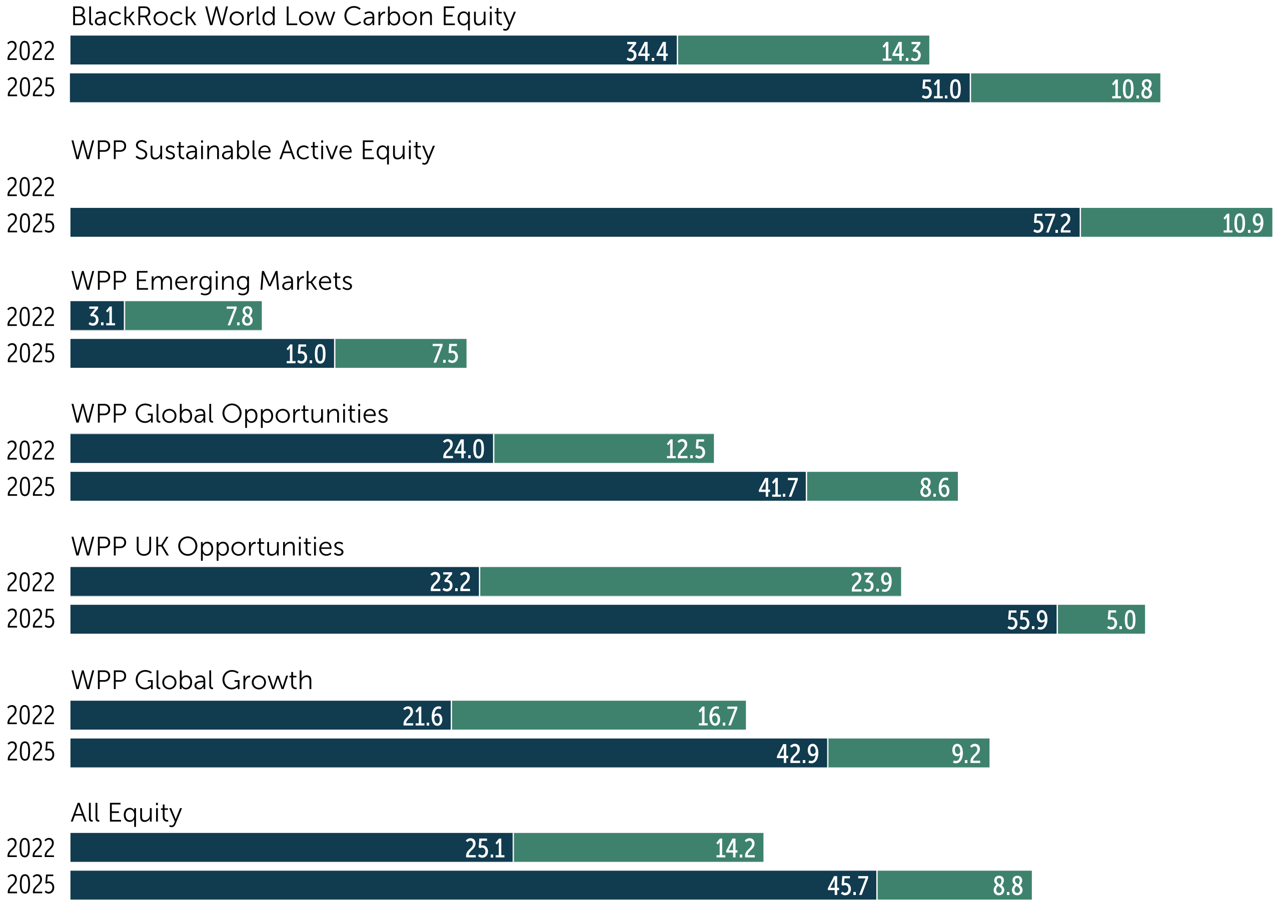
Although exposure to high-impact sectors across our combined equity portfolios accounts for 58% of assets by value, or 83% when weighted by emissions, there is clearly work to be done: only a third of emissions are considered to be committed to a net-zero pathway or better.

Assessing progress on science-based targets

While the focus of our efforts is on progress towards alignment, we continue to believe that there is merit in setting appropriate targets, also noting that it's sensible to illustrate changes over the period since our previous analysis. We therefore assess the extent to which companies in our portfolio have committed to, or have approved, science-based targets through the Science Based Targets initiative (SBTi).

The SBTi is a partnership that focuses on providing companies with clearly defined science-based targets to reduce emissions in accordance with the Paris Agreement's goals. The SBTi follows a step-by-step process for the setting of science-based emissions targets aligned with a transition to a net-zero economy. For the Funds' combined equity portfolios, we have assessed the extent to which companies are implementing such plans and whether those plans have been formally approved by the SBTi.

Figure 3: Companies addressing transition through SBTi



Source: Hymans Robertson calculations.

Across all equity holdings, approximately 55% (2022: 40%) of companies by value have committed to, or have gained approval of, appropriate targets from the SBTi. There has been a notable shift towards companies having approved targets, thereby turning commitments into tangible plans. While broadly consistent across most of the equity funds illustrated above, the notable outlier remains the Emerging Markets Sub-Fund.

Action area:

Supporting companies through the process of change is an area where WPP can help (particularly in collaboration with others). WPP will work with its partners to ensure there is appropriate focus on high-impact companies and that its stewardship is sufficiently robust in holding to account organisations that need to transition.

CLIMATE-RELATED EXPOSURES

WPP recognises that the companies and assets in which we are invested meet the various needs of our global economy and its consumers. However, we also want to ensure that, where possible, our investments can be directed towards assets that are contributing to a long-term, sustainable future. It's clear that there is subjectivity in this assessment, particularly when observing different timeframes, and we consider this in developing policy. We also need to understand how our assets are invested. Our climate framework focuses on two areas:

- **Exposure to companies with fossil-fuel reserves.** We analyse our exposure to companies with direct links to fossil fuels. This includes companies with thermal coal reserves; fossil-fuel reserves (including oil & gas); those involved in fossil-fuel extraction, production or power generation; and those with business ties to fossil fuels. Reducing exposure to these companies can decrease the potential risk of stranded assets as the economy transitions away from fossil fuels.
- **Exposure to companies deriving revenue from climate solutions.** We also consider our exposure to companies that generate revenue from climate solutions, as defined by the European Union (EU) taxonomy. These include companies involved in renewable energy, energy efficiency, sustainable water, green buildings and other environmental impact themes. Increasing our allocation to climate solutions supports the transition to a low-carbon economy and can provide new investment opportunities.

Fossil-fuel exposures

The continued exploitation of fossil fuels creates ongoing carbon emissions. Efforts to decarbonise activities (particularly products and services that place great reliance on fossil fuels as an input) could therefore give rise to stranded assets, ie the value of companies being written down as they are unable to exploit a resource that was previously assigned a positive value.

While a range of industries will be subject to this risk, it is reasonable to focus on those with fossil-fuel exposure, given they may become subject to existential pressures. But how do we define a fossil-fuel company?

For our analysis, we have considered three different metrics to demonstrate the scale of exposure within the Welsh Funds. We focus primarily on exposure to reserves, but have expanded this to consider companies with any fossil-fuel involvement, as per the below:

- Companies with thermal coal reserves
- Companies with fossil-fuel reserves (inclusive of the above)
- Companies with an industry tie to fossil fuels (thermal coal, oil & gas), including reserve ownership, related revenues and power generation

This last measure is the broadest assessment of companies that have an element of their business directly related to fossil fuels – eg in the supply chain of fossil-fuel companies. However, this does not tell us the significance of such involvement based on revenues generated, which is an issue we will explore and report on separately.

Table 11: Exposure to fossil fuels within listed equity exposures

Metric	31 March 2022	31 March 2025
Companies with thermal coal reserves	1.7%	0.9%
Companies with fossil-fuel reserves	5.6%	3.4%
Companies with fossil-fuel involvement	10.5%	8.8%

Source: Hymans Robertson calculations.

Table 12: Exposure to fossil fuels within individual equity funds as at 31 March 2025 (2022)

Sub-Fund	TC Reserves	FF Reserves	FF Involvement
WPP Global Growth	0.3% (0.0%)	1.7% (3.7%)	7.0% (8.7%)
WPP UK Opportunities	1.4% (3.7%)	9.3% (13.3%)	19.5% (14.0%)
WPP Global Opportunities	0.8% (2.5%)	4.4% (6.7%)	8.8% (9.6%)
WPP Emerging Markets	1.8% (4.1%)	4.5% (10.9%)	8.3% (12.8%)
WPP Sustainable Active Equity	1.0% (-)	1.2% (-)	5.8% (-)
BlackRock World Low Carbon Equity	0.1% (0.3%)	0.8% (0.6%)	5.5% (3.5%)

Source: Hymans Robertson calculations.

Exposure to companies with forms of fossil-fuel involvements have generally fallen over the period across the various WPP Equity Sub-Funds. Both the WPP Sustainable Active Equity Fund and the BlackRock World Low Carbon Equity Fund have explicit exclusions around certain fossil-fuel companies, which are informed by revenue thresholds. Where exposure is shown for these funds, it relates to companies falling below the revenue threshold, ie where fossil-fuel activity is a small element of the business.

Consideration has also been given to exposure within fixed-income mandates, which is illustrated below.

Table 13: Exposure to fossil fuels within fixed-income exposures

Metric	31 March 2022	31 March 2025
Companies with thermal coal reserves	0.9%	0.6%
Companies with fossil-fuel reserves	2.5%	2.3%
Companies with fossil-fuel involvement	4.9%	7.1%

Source: Hymans Robertson calculations.

A similar pattern can be seen over the three-year period, with exposure to companies with fossil-fuel reserves having fallen slightly.

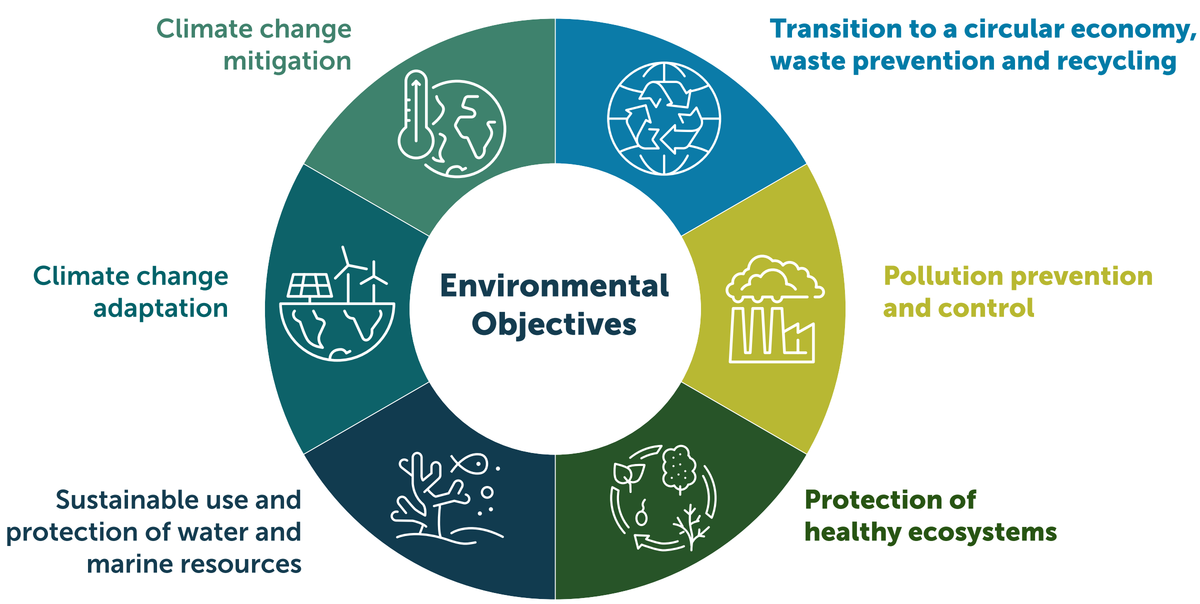
Action area:

Investment in companies involved in fossil-fuel extraction has been an area of ongoing discussion across WPP. We have already introduced exclusions in our two sustainably oriented mandates to curtail investment in fossil-fuel extractors, and we have been working over 2024/25 to explore whether these restrictions can be extended across the whole of the WPP. We expect to conclude this project in early 2026.

Climate solutions

There is a requirement for capital investment in what may be broadly termed 'climate solutions'. This can capture a range of investment opportunities in areas including, but not limited to, renewable energy, resource management, forestry, agriculture and technology. Within the Climate framework, we currently focus on organisations meeting one of the six environmental objectives set out in the EU taxonomy.

Figure 4: Components of the EU taxonomy



Across our combined equity portfolio, we assess the extent to which the assets of the Welsh Funds are financing climate solutions. We consider investments in the six environmental impact themes of alternative energy, energy efficiency, green building, pollution prevention, sustainable water and sustainable agriculture. Not every company focuses wholly on activities within these themes; therefore, we can consider the relative 'focus' of each company by evaluating the revenues derived from solutions-based activity.

There has been little change across our combined equity portfolio over the last three years, with just over 27% of companies in which we invest contributing to solutions. The launch of the Sustainable Active Equity Sub-Fund has not materially impacted the way in which exposure to climate solutions has been captured, but it has been a notable change over the period.

Figure 5: Revenues of companies within equity portfolios attributable to environmental solutions

Source: Hymans Robertson calculations.

Action area:

Although our framework captures climate solutions, work remains to clearly define and identify companies that contribute to climate solutions. We recognise the complexities in definitions and the challenges in ensuring that data is available. We want to better understand this exposure across our entire asset base.

OUR PRIVATE-MARKETS EXPOSURES

WPP continues to expand its private-markets allocations, shifting away from more traditional, listed assets, with more direct exposure to real assets that can address climate and biodiversity risks (eg renewables, forestry, sustainable infrastructure). We expect our local and impact allocations to continue to grow – a key priority not only for the Pool but also given the government's 'Fit for the Future' expectations.

Collectively, over the reporting period, our partner funds were invested in over 200 private-markets funds across various asset classes. For this reason, we've chosen to be selective in our private-markets coverage, focusing on those assets held by the Pool. The table below sets out some of the high-level climate characteristics of our private-markets programme, covering areas within our climate framework.

Table 14: Climate characteristics of our private markets strategies

Asset class	Climate solutions	Fossil-fuel-related investments	Carbon emissions reporting
Private debt	Not explicitly targeted	No explicit restriction	No
Private equity	Not explicitly targeted	No explicit restriction	Yes
Infrastructure	Explicitly targeted	Could be included, but not explicitly restricted	Yes
Real estate	Not expected	Not expected	N/A

The climate-related attributes of private-markets portfolios are generally more challenging to measure than for public-markets portfolios, given we rely on our managers – rather than broader data sources – to collect data from underlying investee companies, managers and assets. We have observed progress in the amalgamation and reporting of climate data from our managers, but this is an area in which we hope to improve.

We outline each of our private-markets programmes below, focusing particularly on the climate-related attributes of each.

Action area:

The nascent nature of our investment programme means that reporting, particularly on climate issues, is continuing to evolve. Over 2026, we will continue working with our managers to finalise an appropriate climate reporting framework, ensuring that we obtain decision-useful information.

Infrastructure

At the Pool level, WPP has provided the ability to invest in both open-ended and closed-ended infrastructure vehicles. This creates a broad platform for Fund investment that incorporates assets focused on supporting the energy transition and assets located in Wales. We outline the components of our infrastructure programme below.

Manager	Overview
GCM	Our closed-ended infrastructure programme is managed by GCM Grosvenor. Within the target strategy, there is a bias towards renewables and energy transition assets, while looking to exclude assets related to shale oil, tar sands and thermal coal.
Octopus	The Octopus strategy invests in renewable-energy infrastructure. The strategy is aligned to a 1.5/2°C scenario, aiming for 100% of revenues to be generated from sustainable sources. The sleeve already invests in a number of opportunities in Wales that support the energy transition, including electric-vehicle (EV) charging, ground-source heat pumps, onshore wind, floating wind, solar, and grid connectivity. There are also planned projects to develop heat recycling and green hydrogen sites.
IFM	The IFM strategy has a number of fossil-fuel-related exposures, including in liquefied natural gas and oil & gas pipeline infrastructure. However, the portfolio also invests in assets that look to contribute to the net-zero transition, including supporting portfolio companies on: sustainable aviation fuel, biomethane, wind and solar, waste-to-energy technologies and skills conversion (in transitioning workforces away from the fossil-fuel sector). As would be expected from a global infrastructure fund, most of the portfolio is concentrated in assets in the US and Europe, with no investments currently in Wales.
CBRE	The CBRE-managed portfolio invests in several assets that are supportive of the transition, including renewable generation, electricity distribution, EV charging and digital infrastructure. The manager is now using Climate X to flag potential exposure to physical climate risk within their real estate assets, looking at such data points as: coastal flooding, surface flooding, wildfires, tropical cyclones and droughts. The portfolio is concentrated in assets in the US and Europe.

Across our infrastructure investments are various local climate-related investments, particularly within the renewable-energy sector, as illustrated in the case studies below.

CASE STUDY:

Local investment in climate solutions

We expect our local and impact allocations to continue to grow – as a key priority not only for the Pool but also given the government's 'Fit for the Future' expectations. We encourage investment in Wales, while also supporting the transition to a lower-carbon economy, continuing to back projects such as:

1. **Within the GCM portfolio, Quinbrook** have exposure to renewable-energy infrastructure in Wales. The Uskmouth project in Newport is on the site of two decommissioned coal-fired power stations, which will be turned into a sustainable energy park, with batteries to store excess power for delivery into the grid during peak demand. The second project, located in Rassau, supports grid stability under National Grid's Stability Pathfinder scheme, through synchronous condensers, which stabilise and regulate the power produced by renewables.
2. **Capital Dynamics renewable energy portfolio.** WPP has also invested in a portfolio of onshore wind projects in Wales. The investment will support enhancements to existing grid infrastructure within Wales and is expected to generate enough electricity to offset more than 2.6m tonnes of CO_2 emissions per year.

Our managers continue to evolve their reporting on climate-related metrics, allowing us to better understand the actions taken. Given consistent data is not yet available across all strategies, we have chosen not to report this information in this report but will continue to work with our managers to resolve these inconsistencies.

Private equity

Our private equity programme was launched in 2024 and there are currently two vintages, both managed by Schroders. We have not agreed specific climate criteria to be applied to the programme, which is focused on investment in technology, business services, healthcare and consumer companies. Limited exposure is expected in industrial companies. Some of the underlying assets are supportive of decarbonisation themes, including investment in a photovoltaic service provider.

Private credit

No explicit climate objective stated is applied across the programme, although there is an implicit expectation that portfolio construction should reflect sustainability and climate issues. Some of the underlying funds have specific sustainability characteristics; for example, one of the funds is an Article 9 fund that invests in climate-solution providers, with a commitment to supporting the just transition. The fund seeks to contribute to the 'CLIC' – circular, lean, inclusive and clean – economy and targets themes including renewables, energy transition, storage and microgrids, resource efficiency, digitalisation and waste to value.

Real estate

We expect this programme to launch over 2025/26, so we anticipate more updates in our next reporting cycle. Investments will be through three broad buckets: global (managed by CBRE), UK and local/impact (the former two managed by Schroders). While there is no overarching climate objective applied to the programme as a whole, 'UK Decarbonisation' is one of three themes specifically targeted within the local/impact sleeve.

STEWARDSHIP

Stewardship reflects the process by which asset owners exercise the rights and responsibilities of ownership to manage risk and maintain or enhance value. Across the Welsh Funds, the exercise of stewardship is typically delegated to third parties; however, both the Funds and the WPP frame the policies and expectations of those undertaking stewardship on their behalf. We annually report on stewardship activity as it relates to climate within our annual stewardship code report but have highlighted some of our activity below.

We've expanded the coverage of our voting policy

One of the key recommendations of the 2023 report was to consider how we frame our approach to stewardship, particularly regarding our passive equity exposures. The introduction of our new passive fund has allowed us to extend our voting policy over an additional £4bn of equity assets. This means that over 85% of equity assets (half of all Welsh LGPS Pension Fund assets) are now voted under a single policy, allowing us to deliver an increasingly consistent voice.

Action area:

WPP will seek to increase the proportion of equity assets that fall directly under the WPP's voting policy to 100%.

Our climate focus list

One of the recommendations of the 2023 report was the goal of creating specific points of focus for our stewardship efforts. We have progressed this through the creation of our climate focus list comprising a range of companies that can be more readily scrutinised from a climate perspective. We currently have 44 companies within our focus list, representing over £1bn of assets, and we are continuing to refine our ongoing scrutiny process.

CASE STUDY:

Escalation with BP

BP is one of the companies on our climate focus list and a company where we have been more actively involved in stewardship activity.

WPP supported an investor letter to BP's chair, which outlined concerns about the company's climate commitments (including the weakening of hydrocarbon-reduction targets) and asked for greater transparency around BP's transition planning – such as how emissions budgets are considered in the development of new projects (including in fossil fuels).

We were disappointed in BP's response to this, with the company failing both to address concerns around a lack of 'Say on Climate' and to offer anything new on capital expenditure (capex) and transition resilience. Concerns continue to grow around the rolling back of climate commitments (including interim targets for an orderly transition).

Escalating these concerns, Robeco voted, on our behalf, against the chairman and the chair of the safety and sustainability committee. The AGM marked the first time in 10 years that such a large number of shareholders (nearly a quarter, including WPP) had opposed the reappointment of the chair (Helge Lunde).

Engagement

WPP benefits from multiple service providers when it comes to climate and nature engagement, including: Robeco (our V&E provider); Russell and our underlying investment managers; and LAPFF. Over the last three years, Robeco has engaged companies across a number of climate-related themes, as set out below.

Figure 6: Climate engagements over recent years

Success level

Closed successfully | Closed non-effective | Positive progress (ongoing) | Flat progress (ongoing) | Negative progress (ongoing)

Theme	Engagement period	Number of WPP companies engaged
Biodiversity	Since Q2 20	12
Climate & nature transition of financial institutions	Since Q1 21	10
Natural resource management	Since Q2 22	9
Nature action	Since Q1 23	8
Net-zero carbon emissions	Since Q3 20	48
Ocean health	Since Q2 24	6
Sound environmental management	Since Q1 20	7
Just transition in Emerging Markets	Since Q4 23	6
Acceleration to Paris	Since Q4 21	23
Palm oil	Since Q1 20	7

Robeco continues to actively support WPP's goals through its engagement across a range of climate and nature-related engagement themes, which continue to expand. While most engagements are ongoing, progress continues to be broadly positive, and we are supportive of the holistic approach that Robeco takes to engagement. Over the next year, we welcome the expansion of Robeco's climate-policy engagements, an enhanced engagement theme targeting companies significantly exposed to deforestation risks and engagements around physical climate risk.

Climate advocacy

WPP's ability to advocate directly for policy change is more limited given available resource, but we are prepared to support motions and calls to government. We supported the 2024 Global Investor Statement to Governments on the Climate Crisis; we felt this would assist the development of a stable policy environment that encourages investment focused on ensuring a rapid but orderly transition to a low-carbon economy. This includes the need to view climate and nature together, the nuance necessary in addressing sectoral differences, and the differences between developed versus emerging and developing economies.

We also support Robeco's broader ecosystem approach to climate and nature stewardship, which involves multiple stakeholders including workers, communities, academics and policymakers. This has seen Robeco engage with the governments of Brazil and Indonesia on deforestation and biodiversity loss, linking this to commitments under the Paris Agreement.

GLOSSARY

Carbon-dioxide equivalent (CO_2e): a metric used to show the impact of various greenhouse gases in a standardised way, by presenting emissions in terms of the aggregate amount of CO_2 that would create the same level of global warming.

Carbon intensity: a measure of how many grams of carbon dioxide are released to produce a kilowatt hour of electricity per unit of activity, like generating a product.

Climate solutions: assets, products, or services which directly or indirectly contribute to the mitigation of climate change. Examples include but are not limited to renewable energy; sustainable materials; resource management; pollution prevention; forestry; agriculture; clean technology; mitigation technologies.

Decarbonisation: the reduction of emissions of CO_2 or other greenhouse gases from a product, organisation, or country with the overarching aim to eliminate them (as far as possible). In practice, this means shifting from using fossil fuels to alternative low-carbon energy sources, as well as reducing the emissions produced more widely across the value chain (as well as just energy usage).

Greenhouse gas (GHG) emissions: harmful gases emitted, particularly because of human activities, which exacerbate the effects of climate change. For example, burning fossil fuels (coal, oil and natural gas) releases carbon dioxide (CO_2).

Net-zero ambition: the goal of limiting global warming to well below 2°C, as agreed upon by world leaders in the Paris Agreement.

Paris Agreement: an international treaty on climate change agreed by 175 countries in Paris in 2015. It came into force in November 2016. Its key aim is to limit global temperature increase to 2 degrees above industrial levels by the end of this century, and ideally keep temperature rises below 1.5 degrees.

Science Based Targets initiative (SBTi): a partnership run by the Carbon Disclosure Project (CDP), the UN Global Compact, the World Resources Institute and the Worldwide Fund for Nature. The initiative helps companies set emissions reduction targets backed by climate science.

Scopes 1, 2 and 3 emissions: GHG emissions are categorised into three 'scopes', which allow companies to accurately measure their emissions, both in their own operations and in their wider supply chains.

Stranded assets: assets that have become less valuable in the transition to a low-carbon economy. Coal mines, for example, are likely to become less valuable as society becomes less reliant on burning fossil fuels.

Ties to fossil fuels: a measure of a portfolio's exposure to companies with an industry tie to fossil fuels (thermal coal, oil & gas); in particular reserve ownership, related revenues and power generation.

Transition alignment: a measure of how aligned a portfolio (or company) is with the transition to a low-carbon economy. The SBTi allows companies to measure how well aligned their business models are with reducing emissions in line with the goals set out under the Paris Agreement, including sector-specific guidance.

Taskforce on Climate-related Financial Disclosures (TCFD): a framework detailing procedures to improve transparency around managing and reporting on climate-related risks and opportunities.

Weighted-average carbon intensity (WACI): an emissions-intensity metric that shows a portfolio's exposure to carbon-intensive companies, typically expressed in tons of CO_2e/1USDm revenue.

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