



2026 Responsible Investment Update

Responsible Investment Survey 2025: What happens next?

We were so pleased to have received such a positive response to our Responsible Investment (RI) survey with returns from 6,149 Scheme Members. The survey results showed that action to **tackle climate change** remains the RI issue that is of the most concern to pension fund members, closely followed by **preventing slavery and child labour**.

The Pension Fund will continue to focus on reducing the carbon footprint of the Fund's investments, including **working towards disinvesting from fossil fuels**. Climate risk has been identified as our highest priority, not least

because it could materially impact on long-term investment performance.

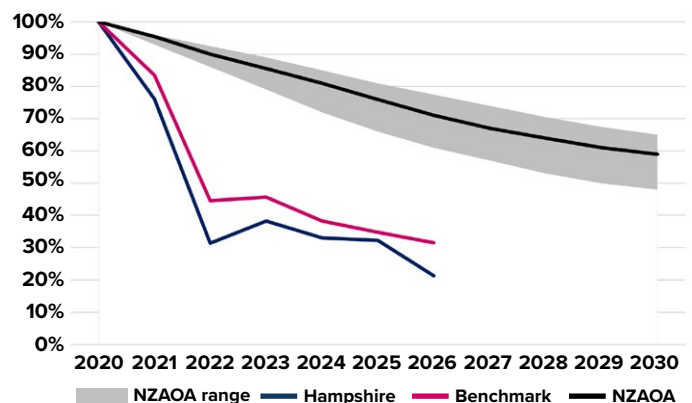
We support the objectives of the **Paris Agreement** and believe in the need to keep a global temperature rise this century to well below 2°C. The Pension Fund has committed to the aim for its investments to have **net-zero greenhouse gas emissions by 2050 at the latest**.

The Pension Fund will also pursue the issue of slavery and child labour as a key engagement priority going forward, working with our new pooling partner, LGPS Central on this key issue.

Progress towards Net Zero Carbon Emissions

The Fund tracks its progress towards net-zero emissions, and measures it against the Net-Zero Asset Owner Alliance (NZAOA) trajectory. The latest figures for 2025 show that the Pension Fund's emissions are well below its benchmark and the NZAOA trajectory, having achieved a 79% reduction since 2020.

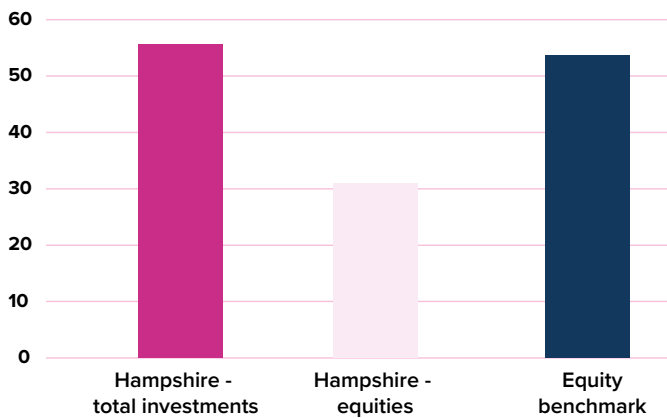
Decarbonisation – Hampshire equities (Scope 1&2) NZAOA decarbonisation guidelines (indicative) (% reduction vs. Baseline)



Carbon footprint

The Pension Fund monitors and reports on its carbon emissions, as recommended by the Taskforce for Climate Related Financial Disclosures (TCFD). The graph below shows that Hampshire's carbon footprint is significantly lower than the benchmark for equities.

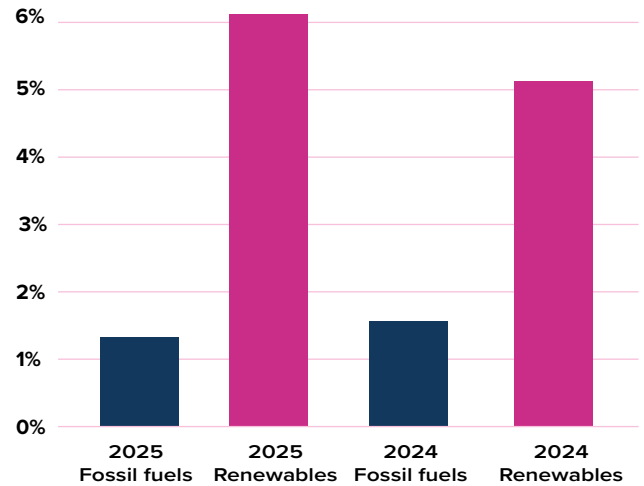
2025 Carbon footprint (Scope 1&2) tCO²/£m invested



Fossil fuel divestment

During 2024, the Pension Fund agreed to work towards divesting from fossil fuels. The impact of this decision to date can be seen in the following graph which demonstrates that fossil fuel investments have reduced over 2025, whilst investments in renewables have increased.

Holdings in fossil fuels and renewable investment



How the Pension Fund is making a difference

The Pension Fund has continued to improve its approach to responsible investment. In addition to undertaking the survey during 2025, we also:

- confirmed that all of our investment managers are **excluding controversial weapons** that have been subject to widespread bans or restrictions by international agreements. This includes cluster munitions, anti-personnel mines, biological and chemical weapons, as well as nuclear weapons which are produced for countries that have not signed the Treaty on Non-Proliferation of Nuclear Weapons;
- started working with investment managers to verify the processes they have in place to identify and **minimise the risk of slavery and child labour** in the supply chains of companies in whom we are invested;
- asked questions about **investments in companies that may be linked to the conflict in Gaza**, to verify the level of due diligence that is being undertaken on our behalf. Pension Fund officers have continued to reiterate to the investment managers the importance of RI considerations including the aim for companies to acknowledge the need to protect human rights and commit to improving their human rights policies, practices and disclosures;
- enhanced our commitment to positive impact investment by making several **investments that support a lower carbon economy**. This included investing towards our **timberland** target that was set in 2024;
- agreed a £75m allocation to **social and affordable housing in the Hampshire and South-East England area**.

The following are examples of positive investments that the Fund's investment managers have already made:

Infrastructure: Zenobe

- Zenobe is a UK-based company providing electrification infrastructure for bus fleets and battery storage solutions for grid applications. The company operates e-buses, electric vehicle (EV) charging infrastructure, and large-scale grid-connected batteries.
- Each e-bus is estimated to save ~770 tonnes of CO₂ over 15 years.

Private Equity: Vespa Fund: Fibrofind

- FibroFind is a pioneering life sciences business specialising in advanced human tissue models for pre-clinical drug development.
- Their solutions enhance the predictive accuracy of pre-clinical drug testing across a range of organs. They also provide an attractive alternative to animal testing models, offering scalable and ethically sourced human tissue platforms with better outcomes for patients.

Private Debt: LCM Solo

- The fund provides financing to build and lease crew transfer vessels (CTVs), which transport personnel to offshore windfarms to support the generation of renewable energy
- In 2025, the fund provided financing for six CTVs, with four of the vessels being designed by leading marine architects based in Hampshire and built in a shipyard on the Isle of Wight. While the build of one of the CTVs is ongoing, the remaining three vessels are now on long-term contracts servicing windfarms off the UK coastline.

Find out more

More details about the Pension Fund's Responsible Investment approach (together with its stewardship and TCFD reports) are available at [Responsible investments | Business and economy | Hampshire County Council](#)

Your feedback is invaluable in helping the Pension Fund Panel and Board in its decision making, to ensure that your views can be taken into account. If you have anything you'd like to share with the Pension Fund, please email responsible.investment@hants.gov.uk