Shropshire Council
Legal and Democratic Services
Guildhall
Frankwell Quay
Shrewsbury
SY3 8HQ

Date: Thursday, 11th September 2025

Committee:

Pensions Committee

Date: Friday, 19 September 2025

Time: 10.00 am

Venue: The Council Chamber, The Guildhall, Frankwell Quay, Shrewsbury, SY3 8HQ

You are requested to attend the above meeting.

The Agenda is attached.

There will be some access to the meeting room for members of the press and public, but this will be limited. If you wish to attend the meeting, please email democracy@shropshire.gov.uk to check that a seat will be available for you.

Please click <u>here</u> to view the livestream of the meeting on the date and time stated above.

The recording of the event will also be made available shortly after the meeting on the Shropshire Council YouTube Channel: **Here**

Tim Collard Service Director, Legal and Governance

Members of the Committee:

Gary Groves (Chairman)
Alan Holford
Malcolm Myles-Hook
Charles Shackerley-Bennett

Co-opted Members (Voting):

Paul Davis Zona Hannington (Vice-Chairman)

Co-opted Members (Non-Voting):

Paul Griffiths (Employee Representative Shropshire Council) Byron Cooke (Employee Representative Telford & Wrekin Council) Vacancy (Pensioner Representative)



Substitute Members of the Committee:

Greg Ebbs (SC)
Carl Rowley (SC)
Beverley Waite (SC)
Fiona Doran (T&W)
Stephen Reynolds (T&W)
Vacancy (Pensioner Rep)
Vacancy (SC Employee Rep)
Vacancy (T&W Employee Rep)

Your Committee Officer is:

Sarah Townsend Committee Officer

Tel: 01743 257721

Email: sarah.townsend@shropshire.gov.uk

AGENDA

1 Apologies and Substitutions

To receive apologies for absence and notification of any substitutions.

2 Disclosable Interests

Members are reminded that they must declare their disclosable pecuniary interests and other registrable or non-registrable interests in any matter being considered at the meeting as set out in Appendix B of the Members' Code of Conduct and consider if they should leave the room prior to the item being considered. Further advice can be sought from the Monitoring Officer in advance of the meeting.

3 Minutes of the Previous Meeting (Pages 1 - 6)

The minutes of the meeting held on 20th June 2025 are attached for confirmation, marked 3.

Contact: Sarah Townsend (01743 257721)

4 Public Questions

To receive any questions or petitions from members of the public, notice of which has been given in accordance with Procedure Rule 14. The deadline for this meeting is 12 noon on Monday, 15th September 2025.

5 Third Line of Assurance - Internal Audit Outturn Report for Shropshire County Pension Fund 2024/25 (Pages 7 - 20)

The report of the Head of Policy and Governance is attached, marked 5.

Contact: Barry Hanson (07990 086409)

External Audit - The Audit Findings for Shropshire County Pension Fund 2024/25 (Pages 21 - 70)

The report of Grant Thornton is attached, marked 6.

Contact: Grant Patterson (0121 232 5296)

7 Pension Fund Annual Accounts 2024/25 (Pages 71 - 176)

The report of the Executive Director of Resources (Section 151 Officer) is

attached, marked 7.

Contact: James Walton (01743 258915)

8 Corporate Governance Monitoring (Pages 177 - 244)

The report of the Pensions Investment and Responsible Investment Manager is attached, marked 8.

Contact: Peter Chadderton (07990 086399)

9 Pensions Administration Monitoring (Pages 245 - 266)

The report of the Pensions Administration Manger is attached, marked 9.

Contact: Vicky Jenks (01743 252192)

10 Exclusion of Press and Public

To consider a resolution under paragraph 10.2 of the Council's Access to Information Procedure Rules that the proceedings of the Committee in relation to Agenda Items 11 to 18 shall not be conducted in public on the grounds that they involve the likely disclosure of exempt information as defined by the categories specified against them.

11 Exempt Minutes of the Previous Meeting (Exempted by Category 3) (Pages 267 - 272)

The exempt minutes of the meeting held on 20th June 2025 are attached for confirmation, marked 11.

Contact: Sarah Townsend (01743 257721)

Governance (Exempted by Category 3) (Pages 273 - 326)

The exempt report of the Pensions Administration Manager is attached, marked 12.

Contact: Vicky Jenks (01743 252192)

13 New Employers (Exempted by Category 3) (Pages 327 - 330)

The exempt report of the Pensions Administration Manager is attached, marked 13.

Contact: Vicky Jenks (01743 252192)

Aon Market Update (Exempted by Category 3) (Pages 331 - 350)

The exempt presentation of Mr Colin Cartwright, Aon, is attached, marked 14.

15 Investment Strategy Implementation Update (Exempted by Category 3) (Pages 351 - 370)

The exempt report of the Pensions Investment and Responsible Investment Manager is attached, marked 15.

Contact: Peter Chadderton (07990 086399)

16 Investment Monitoring - Quarter to 30 June 2025 (Exempted by Category 3) (Pages 371 - 410)

The exempt report of the Pensions Investment and Responsible Investment Manager is attached, marked 16.

Contact: Peter Chadderton (07990 086399)

17 Fit for the Future Update (Exempted by Category 3) (Pages 411 - 418)

The exempt report of the Pensions Investment and Responsible Investment Manager is attached, marked 17.

Contact: Peter Chadderton (07990 086399)

Stewardship Code (Exempted by Category 3) (Pages 419 - 532)

The exempt report of the Pensions Investment and Responsible Investment Manager is attached, marked 18.

Contact: Peter Chadderton (07990 086399)





Pensions Committee

19 September 2025

10.00 a.m.

MINUTES OF THE PENSIONS COMMITTEE MEETING HELD ON 20 JUNE 2025 10.00 A.M. - 1.30 P.M.

Responsible Officer: Sarah Townsend

Email: sarah.townsend@shropshire.gov.uk Tel: 01743 257721

Present:

Members of the Committee:

Councillors Gary Groves, Malcolm Myles-Hook, Charles Shackerley-Bennett and Benedict Jephcott (Substitute) (substitute for Alan Holford)

Co-Opted Members (Voting):

Councillors Zona Hannington and Fiona Doran (Substitute) (substitute for Paul Davis)

Co-Opted Members (Non-Voting):

Byron Cooke

Others Present:

Shropshire Council Officers:

Peter Chadderton (Pensions Investment and Responsible Investment Manager), Vicky Jenks (Pensions Administration Manager) and James Walton (Executive Director of Resources (Section 151 Officer))

Aon:

Colin Cartwright and Luke Hammond

Independent Advisor to the Committee:

Philip Hebson

Grant Thornton:

Grant Patterson

LGPS Central:

Jayne Atkinson, Trevor Castledine, Cara Forrest, Richard Law-Deeks and Patrick O'Hara

Pensions Board Members (remotely via MS Teams):

John Hall, Rebecca Summerlin and David Wright

1 Election of Chairman

RESOLVED:

That Councillor Gary Groves be elected as Chairman of the Pensions Committee for the forthcoming municipal year.

2 Apologies and Substitutions

Apologies for absence were received from Councillor Alan Holford, Councillor Paul Davis and Paul Griffiths. Councillor Ben Jephcott was in attendance as Councillor Alan Holford's substitute and Councillor Fiona Doran was in attendance as Councillor Paul Davis' substitute.

3 Appointment of Vice-Chairman

RESOLVED:

That Councillor Zona Hannington be appointed as Vice-Chairman of the Pensions Committee for the forthcoming municipal year.

4 Disclosable Interests

None were declared.

5 Minutes of the Previous Meeting

RESOLVED:

That the minutes of the meeting held on 21st March 2025 be approved and signed by the Chairman as a correct record.

6 Public Questions

Two questions had been received from members of the public and the second public questioner was in attendance to ask his question in person. The other public questioner was not in attendance and their question was therefore read out on their behalf by the Executive Director of Resources (Section 151 Officer). The responses to each question were read out by the Pensions Investment and Responsible Investment Manager. A full copy of the questions and responses provided are attached to the web page for the meeting.

7 Introductory Overview by Grant Thornton

Mr Grant Patterson was in attendance from Grant Thornton and explained that he was the external audit lead for the Shropshire County Pension Fund and that it was his audit team that provided an audit opinion on both the pension fund financial statements within the Council's accounts and the financial statements that would be included within the pension fund annual report.

Mr Patterson provided the Committee with an introductory overview presentation on the work of auditors and where it fits into the local government pension scheme. The presentation covered the following areas:

- Introduction Local government structures in England; LGPS governance structure; Delegation structures.
- The role and powers of external auditors Current external audit framework;
 Grant Thornton's presence in the LGPS pensions sector; Local audit reform;
 Page 2

Scope of external audit work; Key external audit outputs; Additional auditor powers.

- Financial reporting framework Summary of LGPS Statutory Reporting Framework; Accounting Framework; The annual report; Forms of opinion – auditor's report and the consistency report.
- Delivering the audit Building blocks of the audit; Planning a pension scheme audit – Those Charged with Governance (TCWG); Who do we communicate with; Practical implications for the Pensions Committee.
- Questions and Discussion

Questions were asked regarding whether there was even any conflict encountered between the auditing of the main council finances and the auditing of the pension fund accounts and to what extent best practice and views from other pension organisations and other councils could be considered by Shropshire County Pension Fund.

8 Pensions Administration Monitoring

The Committee received the report of the Pensions Administration Manager which provided them with monitoring information on the performance of and issues affecting the Pensions Administration Team.

In responding to a question on the delay in the McCloud remedy by a year, the Pensions Administration Manager explained that the McCloud remedy had increased workload significantly across a vast group of people but there was very little impact with only a small number of people (approximately seventy pensioner members who would see an increase in benefits) impacted on retrospective changes. Whilst work had started on this, it was not looking likely that this would be completed by 31st August 2025. Going forward, anybody that is affected would get the additional payment straight away as they take benefits.

RESOLVED:

- 1. That the progress and completion of key activities from the business plan 2024-25 (Appendix B) be noted.
- 2. That the progress of the Pension Dashboard implementation which is provided in the update report (Appendix C) be noted.
- 3. That the Committee determine that the implementation date for the McCloud Remedy can be delayed to 31 August 2026 for members where a rectification calculation needs to be undertaken. (Item 10.5 of the report).
- 4. That the Committee delegate to fund officers the authority to respond to the LGPS 'Access and fairness' consultation. (Item 11.3 of the report).

9 Corporate Governance Monitoring

The Committee received the report of the Pensions Investment and Responsible Investment Manager which informed them of corporate governance changes including the government's "LGPS - Fit for the Future" consultation response, since

the last committee and socially responsible investment issues arising in the quarter period 1st January 2025 to 31st March 2025.

In terms of voting, the Pensions Investment and Responsible Investment Manager explained that voting was carried out by LGPS Central through EOS @ Federated Hermes (EOS) on all equity portfolios since 1st January 2025 which ensured a consistency of approach.

Questions were asked regarding the governance structure of LGPS Central and the Pensions Investment and Responsible Investment Manager explained that LGPS Central was made up of eight local government pensions schemes on a one member one vote basis and that any new admissions would require the agreement of the eight partner funds. For Shropshire Council as Administering Authority for Shropshire County Pension Scheme, the voting role is undertaken by the Shareholder Representative i.e. the Chairman of the Pensions Committee. Whilst this position was able to be delegated to either the Section 151 Officer or the LGPS Senior Officer, this was currently not an option due to the way in which the Constitution was currently set up. However, going forward, this could be looked into.

RESOLVED:

- 1. That the position as set out in the report of the Pensions Investment and Responsible Investment Manager in respect of voting and engagement activity be noted and accepted:
 - LGPS Central at Appendix A;
 - Columbia Threadneedle Investments Responsible Engagement Overlay Activity Report at Appendix B; and
 - LAPFF Engagement Report at Appendix C.
- 2. That the government's Local Government Pension Scheme (England and Wales): Fit for the future consultation response be noted and accepted.

Prior to closing the public session of the meeting, the Pensions Investment and Responsible Investment Manager explained that Mrs Jean Smith (Pensioner Representative) had resigned last week as a Committee Member after 17 years. On behalf of both Officers and the Committee, he thanked her for all her help and support over the years and for her calm, steady influence. Going forward, applications would be sought for a new Pensioner Representative to sit on the Committee and the Committee would be provided with an update on the outcome of this in due course.

10 Exclusion of Press and Public

RESOLVED:

That under paragraph 10.2 of the Council's Access to Information Procedure Rules, the proceedings of the Committee in relation to Agenda Items 11 to 17, be not conducted in public on the grounds that they might involve the likely disclosure of exempt information as defined by the categories specified against them.

11 Exempt Minutes of the Previous Meeting (Exempted by Category 3)

RESOLVED:

That the exempt minutes of the meeting held on 21st March 2025 be approved and signed by the Chairman as a correct record.

12 Introductory Overview by LGPS Central (Exempted by Category 3)

Ms Jayne Atkinson, Mr Trevor Castledine, Ms Cara Forrest, Mr Richard Law-Deeks and Mr Patrick O'Hara, LGPS Central, were in attendance and provided the Committee with an introductory overview presentation of LGPS Central.

13 Investment Strategy Implementation Update (Exempted by Category 3)

The Committee received the exempt report of the Pensions Investment and Responsible Investment Manager which provided them with an Investment Strategy Implementation update.

RESOLVED:

That the recommendations as set out in the exempt report of the Pensions Investment and Responsible Investment Manager be approved.

14 Equity Protection Update (Exempted by Category 3)

The Committee received a presentation from Mr Colin Cartwright, Aon, which provided them with an equity protection update.

15 Investment Monitoring - Quarter to 31 March 2025 (Exempted by Category 3)

The Committee received the exempt report of the Pensions Investment and Responsible Investment Manager which provided them with monitoring information on investment performance and managers for the quarter period to 31 March 2025 and reported on the technical meetings held with managers since the quarter end.

RESOLVED:

That the recommendations as set out in the exempt report of the Pensions Investment and Responsible Investment Manager be approved.

16 Governance (Exempted by Category 3)

The Committee received the exempt report of the Pensions Administration Manager which provided them with information regarding regulatory breaches arising from 1st April 2024 to 31st March 2025 and any stage one or stage two appeals that had been received under the internal dispute resolution procedure (IDRP). Fund policies that had been reviewed in the last quarter and required approval by the committee were also included within the report.

RESOLVED:

That with the amendment to recommendation 3.4 of the report as reported by the Pensions Administration Manager at the meeting, the recommendations as set out in the exempt report of the Pensions Administration Manager be approved.

17 New Employers (Exempted by Category 3)

The Committee received the exempt report of the Pensions Administration Manager which provided them with full details regarding schools converting to Academy status admissions to the Fund under Schedule 2, Part 1 (20.) Scheme Employers of the LGPS regulations 2013.

The report also provided the Committee with full details regarding new employer admissions to the Fund under Schedule 2 Part 3 Regulation 1(d) (i) of the Local Government Pension Scheme Regulations 2013 as well as a Parish Council that had made a resolution to join the Fund under Schedule 2 Part 2 Scheme Employers (designated bodies).

RESOLVED:

That the recommendations as set out in the exempt report of the Pensions Administration Manager be accepted.

Signed	(Chairman)
Date:	

Agenda Item 5



Committee and Date

Pension Committee

19th September 2025

Item

Public

THIRD LINE OF ASSURANCE: INTERNAL AUDIT OUTTURN REPORT FOR SHROPSHIRE COUNTY PENSION FUND 2024/25

Responsible Barry Hanson

Officer

e-mail: <u>Barry.hanson@shropshire.gov.uk</u> Telephone: 07990086409

1.Synopsis

This report provides the Committee with a summary of the work undertaken by Internal Audit for the year ended 31st March 2025 and provides the Chief Audit Executive's year end opinion on the Fund's internal control environment.

2.Executive Summary

This annual report provides members with details of the work undertaken by Internal Audit for the year ended 31 March 2025. It reports on progress against the annual audit plan agreed with the Head of Pensions. It also provides the Chief Audit Executive's opinion on the overall adequacy and effectiveness of the organisation's governance, risk management, and control processes when considering the Public Sector Internal Audit Standards or Guidance, as required by the Accounts and Audit Regulations 2015. (Note, from 1 April 2025, the Public Sector Internal Audit Standards will be replaced with the Global Internal Audit Standards (GIAS) in the UK Public Sector, this will therefore be the last audit opinion reported under the Public Sector Internal Audit Standards).

Final performance has been good with 100% of the plan being delivered.

Six good assurances were made in 2024/25. A total of eight recommendations have been made in the five audit reports related to the year for Shropshire County Pension Fund. No significant or fundamental recommendations have been raised in 2024/25.

In addition to the six internal audit reports issued to Shropshire County Pension Fund, we have also provided advice on the Engage

project, reviewing project information and actions undertaken as well as reviewing the risks that were identified within the project.

Based on the work undertaken and Pension Fund management responses received; the Pension Fund's governance, risk management and internal control processes are sound and working effectively and the Chief Audit Executive can deliver a substantial year end opinion on the Fund's internal control environment for 2024/25.

3. Decisions

The Committee are asked to consider and endorse, with appropriate comment;

- a) Performance against the Audit Plan for the year ended 31 March 2025.
- b) The Chief Audit Executive's substantial year end opinion on the Fund's internal control environment for 2024/25 is based on the work undertaken, and Pension Fund management responses received.

REPORT

4. Risk Assessment and Opportunities Appraisal

- 4.1 The delivery of a risk based Internal Audit Plan is an essential part of ensuring probity and soundness of the Pension Fund's financial, governance and risk management systems and procedures and is closely aligned to the risk register. The Plan is delivered in an effective manner; where Internal Audit independently and objectively examines, evaluates and reports on the adequacy of the control environments as a contribution to the proper economic, efficient and effective use of resources. It provides assurances on the governance, risk management and internal control systems, by identifying areas for improvement or potential weaknesses and engaging with management to address these in respect of current systems and during system design. Failure to maintain robust internal controls create an environment where poor performance, fraud, irregularity and inefficiency can go undetected leading to financial loss and reputational damage.
- 4.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998 and the Accounts and Audit Regulations 2015.

- 4.3 There are no direct environmental, equalities or climate change consequences of this proposal.
- 4.4 Internal Audit customers are consulted on the service that they receive, feedback from which is included in this report and continues to be positive.

5. Financial Implications

5.1 The Internal Audit plan is delivered within approved budgets; the work of Internal Audit contributes to improving the efficiency, effectiveness and economic management of the Pension Fund.

6. Climate Change Appraisal

6.1 This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting or mitigation; or on climate change adaption. However, the work of the Committee will look at these aspects relevant to the governance, risk management and control environment.

7. Background

- 7.1 This report is the culmination of the work of the Internal Audit team during 2024/25 and seeks to:
 - Provide an opinion on the adequacy of the risk management, control and governance arrangements;
 - ➤ Inform the review of an effective Internal Audit by providing performance data against the plan.
 - Confirm to the Pension Committee that the Audit service has been delivered free from interference throughout the year.
- 7.2 The requirement for Internal Audit derives from local government legislation, including section 151 of the Local Government Act 1972 which requires the Pension Fund to plan for the proper administration of its financial affairs. Proper administration includes Internal Audit. More specific requirements are detailed in the Accounts and Audit Regulations 2015, in that "A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance".

- 7.3 The Public Sector Internal Audit Standards (PSIAS) define the scope of the annual report on internal audit activity. The annual report must incorporate an annual internal audit opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This annual report provides information to support that assessment and that an effective Internal Audit is established at Shropshire County Pension Fund, in accordance with the requirements of the 2015 Accounts and Audit Regulations. The Internal Audit Service is provided by Shropshire Council. In February 2022, a report to Shropshire Council Audit Committee confirmed that following an external review by Chartered Institute of Public Finance Accountants (CIPFA), it was concluded that Shropshire Council Internal Audit Services fully conforms to the requirements of the PSIAS. In addition to the external review, an annual paper is presented in July each year to Shropshire Council's Audit Committee which provides assurance on the effectiveness of the Internal Audit service, against the PSIAS. Shropshire County Pension Fund can take assurance from both reports.
- 7.4 Internal Audit operates a strategic risk based plan. The plan is reviewed each year with management to ensure that suitable audit time and resources are devoted to reviewing the more significant areas of risk, this results in a comprehensive range of audits undertaken in the year, to support the overall opinion on the control environment.

Annual Internal Audit Opinion from Internal Audit Work undertaken during 2024/25

- 7.5 It is the responsibility of Shropshire County Pension Fund to develop and maintain the internal control framework. In undertaking its work, Internal Audit has a responsibility under the Public Sector Internal Audit Standards to deliver an annual internal audit opinion and report. The annual internal audit opinion will conclude on the overall adequacy and effectiveness of the Pension Fund's framework of governance, risk management and internal control. This opinion plays a key part in enabling the Pension Committee to deliver their annual assurance statement to stakeholders.
- 7.6 The results of individual audits, when combined, form the basis for the overall opinion on the adequacy of the Pension Fund's internal control systems. No system of internal control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that absolute assurance. The work of Internal Audit is intended only to provide reasonable assurance on governance, risk

management and controls based on the work undertaken. In assessing the level of assurance to be given, I have considered:

- ➤ The work undertaken on the fundamental systems. Whilst identifying eight areas where minor improvement can be made, identified no significant material weaknesses that the Service has control over that could result in a material misstatement in the Pension Fund's accounts and reliance can be placed upon the systems.
- 7.7 These assurances are provided on the basis that management carry out the actions they have agreed in respect of the recommendations made to address any weakness identified and improvements suggested.
- 7.8 Based on the work undertaken and Pension Fund management responses received; the Pension Fund's governance, risk management and internal control processes are sound and working effectively and the Chief Audit Executive can deliver a substantial year end opinion on the Fund's internal control environment for 2024/25.

Key Assurances provided during 2024/25

7.9 Audit assurance opinions are awarded on completion of audit reviews reflecting the efficiency and effectiveness of the controls in place, opinions are graded as follows:

Good	Evaluation and testing of the controls that are in place confirmed that, in the areas examined, there is a sound system of control in place which is designed to address relevant risks, with controls being consistently applied.
Reasonable	Evaluation and testing of the controls that are in place confirmed that, in the areas examined, there is generally a sound system of control but there is evidence of non-compliance with some of the controls.
Limited	Evaluation and testing of the controls that are in place performed in the areas examined identified that, whilst there is basically a sound system of control, there are weaknesses in the system that leaves some risks not addressed and there is evidence of non-compliance with some key control.
Unsatisfactory	Evaluation and testing of the controls that are in place identified that the system of control is weak and there is evidence of non-compliance with the controls that do exist. This exposes the Council to high risks that should have been managed.

Audit assurance opinions delivered in 2024/25

Audit	Opinion	Direction of Travel
Corporate Governance	Good	No Change
Risk Management	Good	No Change
Pension Fund Monitoring	Good	No Change
Investment Managers Internal Control Reports	Good	No Change
Pensions Administration	Good	No Change
Altair Application Follow Up	Good	No Change

- 7.10 A summary of the six final audit reports issued in 2024/25 are listed at **Appendix A**.
- 7.11 Audit recommendations are also an indicator of the effectiveness of the Pension Fund's internal control environment and are rated according to their priority:

Best Practice (BP)	Proposed improvement, rather than addressing a risk.
Requires Attention (RA)	Addressing a minor control weakness or housekeeping issue.
Significant (S)	Addressing a significant control weakness where the system may be working but errors may go undetected.
Fundamental (F)	Immediate action required to address major control weakness that, if not addressed, could lead to material loss.

- 7.12 A summary of the level of assurance for each fundamental review area together with the number of recommendations made is shown in the table below.
- 7.13 A total of eight recommendations have been made in the six audit reports issued in the year; these are broken down by audit area in the table below.

Audit opinion and recommendations made on 2024/25 audits

System	Level of Recommendations Assurance made		ns			
	Given	BP	RA	S	F	Total
Corporate Governance	Good	0	0	0	0	0

System	Level of Assurance	Number of Recommendations made				
	Given	BP	RA	S	F	Total
Risk Management	Good	0	0	0	0	0
Pension Fund Monitoring	Good	0	1	0	0	1
Investment Managers	Good	0	0	0	0	0
Internal Control Reports						
*Pensions Administration	Good	0	6	0	0	6
Altair Application Follow	Good	0	1	0	0	1
Up	dood)		U	0	1
Totals		0	8	0	0	10
Percentage		0%	100%	0%	0%	

^{*} Note that the Pensions Administration and the Pensions Administration Transfers in and out audits were presented as one amalgamated report.

- 7.14 Six good assurances were issued during the financial year. Where required, positive responses have been received by management and will be followed up next year to determine whether satisfactory action has been taken.
- 7.15 The Internal Audit team has achieved 100% of the plan which is in line with its target.
- 7.16 It is management's responsibility to ensure accepted audit recommendations are implemented within an agreed timescale. No recommendations have been rejected in the year by management.
- 7.17 All ten of the recommendations made were rated as 'requires attention' designed to add value to the high level of controls in place and reflecting a low level of risk. This reflects the experience and diligence of the staff in the team, with no significant or fundamental recommendations resulting from the audits performed.

Audit Performance

7.18 Audit Performance is demonstrated by measuring achievement against the plan, ensuring compliance against the Public Sector Internal Audit Standards (PSIAS), and evaluating improvements made over the last twelve months. A public report of effectiveness against the PSIAS is made annually to the Shropshire Council. Shropshire Council Audit Service are also externally reviewed every five years for compliance with the PSIAS and passed the review undertaken by CIPFA in December 2021. The effectiveness of Internal Audit is further reviewed directly by customers as they provided responses to surveys sent out after each audit.

Reporting

- 7.19 All Internal Audit work is reviewed by a principal auditor to ensure it complies with Internal Audit's standards and that the recommendations made are supported by the work undertaken before any audit reports are issued. This is a fundamental part of ensuring audit quality and that clients receive reports which are both informative, useful and add value to their work processes and procedures.
- 7.20 All audit assignments are subject to formal feedback to management. Draft reports are issued to the managers responsible for the area under review for agreement to the factual accuracy of findings and recommendations. After agreement, a formal implementation plan containing management's agreed actions and comments is issued to relevant officers. Follow up reviews capture evidence of implementation of recommendations.

Quality Assurance/Customer Feedback Survey

- 7.21 A customer feedback survey form is sent out with all audits completed. These provide feedback on the quality of audit service in relation to several areas, which are shown in the table below.
- 7.22 The surveys are part of ensuring the work meets our client expectations and that the quality of audit work is maintained. Five survey forms were returned; the results are identified in the table below.

<u>Customer Feedback Survey Forms - percentage of excellent and good responses</u>

Item Being Scored	2024/25
Pre-audit arrangements	100%
Post-audit briefing	100%
Audit coverage/scope of the audit	100%
Timeliness of production of report	100%
Accuracy and clarity of report	100%
Practicality of recommendations	100%
Professionalism of approach, competence	100%
Communication skills, pleasant manner	100%
Timeliness of audit to your business process	100%

Number of forms returned	3
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- 7.23 The results are pleasing and used to inform the training and development of auditors in their role.
- 7.24 In addition to surveys, regular meetings are held with the Head of Pensions and the Scheme Administrator which allow any performance issues to be reviewed at that time. Internal Audit have continued to introduce new Auditors to the Pension Fund to ensure that Auditors can be rotated in line with the Public Sector Internal Audit Standards (PSIAS) and that Internal Audit are able to continue to offer a professional high-quality service going forward. The information received from surveys is used both to improve techniques overall within the team and at annual performance appraisals to identify future development focus relating to individual skills or competences.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Pension Fund Internal Audit Plan Public Sector Internal Audit Standards Accounts and Audit Regulations 2015

Cabinet Member (Portfolio Holder) N/A

Local Member - N/A

Appendices

Appendix A - Summary of Findings from Pension Fund Audit Reports 2024/25

APPENDIX A

Summary of Findings from Pension Fund Audit Reports 2024/25

 Pension Fund Investment Managers Monitoring - This area is reviewed on an annual basis reviewing Pension Fund Investments using established documentation and testing.

The audit concentrated on key controls in the following areas:

- Previous audit recommendations have been implemented.
- Investment of the fund complies with statute, regulations and any restrictions specified.
- Appropriate control is exercised over fund managers.
- Transactions undertaken by Fund Managers are independently recorded and verified.
- Appropriate accounting entries are made and fund balances are reflected in the accounting system.
- Relevant management information is provided to strategic management.
- Information is secure and satisfactorily controlled.
- Information Governance and cyber risks are managed in accordance with current best practice and an agreed policy.

Evaluation and testing of the controls that are in place confirmed that there is a sound system of control in the areas examined.

One recommendation was followed up as part of the audit and was found to be implemented. One further recommendation was raised as part of the audit and management have provided positive responses to all recommendations.

One Requires Attention recommendation was raised in relation to a delay in completing reconciliations to the ERP system due to a discrepancy regarding how one transaction had been handled. This issue was known to the team prior to the audit taking place and was being investigated.

Assurance Level: Good

- 2. Pensions Administration (Including Transfers in and out) This area is reviewed on an annual basis. The audit concentrated on the following objectives:
 - The recommendations made in the previous audit have been implemented.
 - The Officers responsible for administering the fund have sufficient resources, skills and access to policies and procedures to process transactions and manage the fund.

- In accordance with regulations, if a new employee is required to join the scheme they are identified promptly and recorded accurately as members.
- The contributions received to the fund including, those from employees and employers are recorded accurately and promptly.
- The benefits which are paid are calculated correctly and paid to eligible persons. Any changes to payments are appropriately authorised and processed correctly.
- Pension payments made through the payroll are processed accurately, in a timely manner and are authorised appropriately.
- Fund members leaving the scheme have their deferred pension recorded accurately and any payments made from the scheme to leavers, other than normal pensions, are accurate and appropriately authorised.
- The transfers in and out of the scheme are calculated correctly, actioned promptly and authorised appropriately.
- The administrative costs associated with the scheme are in accordance with the budget and any costs due to the fund are recovered accurately and promptly.
- The ledger control accounts associated with the scheme are reconciled accurately and on a regular and timely basis.
- There is an appropriate process in place to ensure all complaints are actioned in accordance with the Internal Dispute Resolutions Policy.
- The management and performance information is accurate, timely and relevant.
- The personal data held is processed in a secure and controlled manner in line with internal policy and legislation.

Evaluation and testing of the controls that are in place confirmed that there is a sound system of control in the areas examined.

Six previous recommendations were followed up as part of the audit. Good progress has been made with all recommendations assessed as implemented. Management have provided positive responses to all recommendations.

Assurance Level: Good

3. Investment Fund Managers Internal Control Reports - This annual review provides assurance on the security and management of the Pension Funds' investments, based upon the information provided in AAF 01/06, SOC1 and SSAE16 reports, which are subject to External Audit review. In addition, there are some fund managers who are not required to produce these reports and tailored self-assessment questionnaires are sent to them for completion. The review is performed after the financial year end, when the most up to date reports are available. Reports are reviewed in the first instance by Treasury staff, who seek explanations of any areas where there appear to be weaknesses or concerns in the reports. Following the receipt of these responses, the reports are subject to a

second, independent, review by Internal Audit. Audit work concentrated on the following objectives.

- The most recent internal control reports have been received for all fund managers who are required to produce SOC1, SSAE16 or AAF01/06 reports.
- Internal Control Questionnaires have been completed by the Fund Managers who are not required to produce control reports.

Evaluation and testing of the controls that are in place confirmed that there is a sound system of control in the areas examined.

There were no recommendations.

Assurance Level: Good

- **4. Risk Management** The audit looks to ensure there are appropriate risk management processes in place in respect of the Pension Fund. It concentrated on the following objectives:
 - Risks arising from business strategies and activities are identified and prioritised and management and the Pensions Committee have determined the level of risk acceptable to the organisation.
 - Risk mitigation activities are designed to reduce, or otherwise manage, risk at levels that were determined to be acceptable to management and the Pensions Committee.
 - Ongoing monitoring activities are conducted to periodically reassess risk and the effectiveness of controls to manage risk.
 - The Pensions Committee and management receive periodic reports of the results of the risk management process.

Evaluation and testing of the controls that are in place confirmed that there is a sound system of control in the areas examined.

There were no recommendations.

Assurance Level: Good

- **5. Corporate Governance** The audit looks to ensure there are appropriate governance processes in place in respect of the Pension Fund. It concentrated on the following objectives:
 - The Pensions Committee has met the roles and responsibilities as defined in CIPFA best practice guidelines (Oct 2013).
 - The Governance of the Pension Fund is in line with the Pension Regulators Code of Practice issued in April 2015.

 The Pensions Committee and Board receive updates on relevant upcoming changes to legislation.

Evaluation and testing of the controls that are in place confirmed that there is a sound system of control in the areas examined.

No recommendations were raised in this review.

Assurance Level: Good

- **6. Altair Application Audit** As part of the approved internal audit plan for 2024/25 Audit Services have undertaken a review of the Altair application. Audit work focussed on ensuring recommendations identified under the following controls had been implemented from the previous audit undertaken:
 - To ensure that the application authentication and authorisation mechanisms are secure.
 - To ensure that output is secure, accurate and reaches the intended recipient in a timely manner.
 - To ensure that cloud (Software as a Service) contract performance and security management arrangements are in place.

In addition, due to the implementation of the Engage platform during the course of the year, the following controls were also reviewed:

- To ensure that the Engage system only allows access to authorised users.
- To ensure that the system performs to defined expectations and is reliable. *
- To ensure that the Engage system meets the needs of customers.
- To ensure that there is adequate guidance available to customers on how to access and use the engage system
- To ensure that any issues identified during implementation have been resolved.

All three recommendations from the previous audit have been implemented. Evaluation and testing of the controls that are in place confirmed that there is a sound system of control in the areas examined.

There was one recommendation made in the audit. Management have provided positive responses to all recommendations.

Assurance Level: Good

7. Summary of non-assurance work

Engage Project

At the request of the service, we provided advice on the arrangements for undertaking the Engage project. This involved a review of the project plans, risk registers and project management approach.



Interim Audit Findings (ISA 260) Report for Shropshire County Pension Fund

Year ended 31 March 2025

8 September 2025



Shropshire County Pension Fund c/o Guildhall Frankwell Quay Shrewsbury SY3 8HQ

8 September 2025

Pear Members of the Audit Committee and Pensions Committee

Audit Findings for Shropshire County Pension Fund for the 31 March 2025

Grant Thornton UK LLP

103 Colmore Row Birmingham B3 3AG

www.grantthornton.co.uk

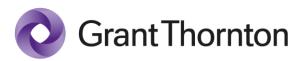
His Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management and are being presented to the Audit Committee and he Pensions Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at transparency-report-2024-.pdf. PSAA also publish quarterly quality monitoring reports — PSAA.

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Grant Patterson

Prant Patterson
Firector
For Grant Thornton UK LLP

Chartered Accountants

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Headlines and status of the audit

Headlines

Financial statements

Introduction

These are the key findings and other matters arising from the statutory audit of Shropshire County Pension Fund (the 'Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2025 for the attention of the Audit Committee as those charged with governance and the Pensions Committee who have oversight of the operation of the Pension Fund and preparation of the Annual Report.

A Requirements

Ander the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to report whether, in our opinion:

- the Pension Fund's financial statements give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2025 and of the amount and disposition at that date of the fund's assets and liabilities, other than liabilities to pay promised retirement benefits after the end of the fund year; and,
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

Audit Work

Our audit work was completed during June-August. Our findings are summarised on pages 11 to 28. We will be presenting this Audit Findings Report (AFR) to the Pensions Committee on 19 September 2025 and the Audit Committee on 26 September 2025.

We have not identified any adjustments to the financial statements that impact upon the Pension Fund's reported financial position.

We have identified £4.5m of unadjusted differences in the valuation of the Fund's investments disclosed in the financial statements at 31 March 2025 and the valuation statements received from the third-party investment managers. We recognise this is primarily driven by timing differences on closing down the financial statements and receipt of these valuation statements. Management are proposing not to amend the financial statements on the basis that the differences are not material both quantitively and qualitatively. The Audit Committee and Pension Committee will be asked to confirm their agreement to this through the Letter of Representation.

We have identified a small number of classification and disclosure changes. The disclosure amendments have no impact on the value of assets available to the Fund. These and the unadjusted differences are detailed on pages 35 to 37.

We have not raised any recommendations for management as a result of our audit work this year. Our follow up of recommendations from the prior year's audit are detailed on page 38.

Continued overleaf

Headlines

Financial statements

Audit Work - continued

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters:

- senior engagement team review;
- · receipt of management representation letter; and

review of the final set of financial statements.

Ye have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation and the mancial statements we have audited.

Our anticipated opinion on the financial statements will be unmodified.

For Shropshire County Pension Fund, the Audit Committee is formerly those charged with governance. However, in practice the Pension Committee fulfils the role of those charged with governance i.e. it considers the draft financial statements within the Pension Fund Annual Report and is part of the overall member oversight process and recommends adoption of the financial statements to the Audit Committee. We have therefore determined the Pensions Committee as the body we would communicate with and copy our reports to the Audit Committee.

Drafts of our anticipated opinion and the management representation letter are separate items on the Agenda for consideration by the Audit Committee and Pensions Committee.

Whilst our work on the Pension Fund financial statements is complete, we will be unable to issue our final audit opinion on the Pension Fund financial statements until the audit of the Administering Authority is complete.

We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements.

We propose to issue our 'consistency' opinion on the Pension Fund's Annual Report at the same time as we issue our final audit opinion on the Pension Fund financial statement as noted above. The statutory deadline for the Pension Fund Annual Report to be published is 1 December 2025. We anticipate issuing our opinions before this date but if we are unable to do so the Fund will need to publish its Annual Report without our consistency report but with an explanation for the delay on its website.

We do note that whilst an opinion on the administering authority's financial statements can be issued by their auditor the formal certificate confirming completion of the audit of the administering authority cannot be given until their work on Whole of Government Accounts, any objections and our work on the Annual Report has been completed.

Headlines

Local & National Context - Administration and Governance

The total membership of the Shropshire County Pension Fund (the 'Fund') was c. 49,800 people as at the end of March 2025. Of this number around one third are active employees who still contribute to the scheme. In total, there were 166 active employers covered by the Fund at the end of March 2025.

The Fund has continued to work through the processes for connecting to the Pensions Dashboard ecosystem and is on track to connect to the Pensions Dashboard by the public sector staging date of 31 October 2025. The service itself will not be released to the general Public until a later date. Schemes will be given at least months notice before the public go-live date.

The Fund has continued to implement the McCloud remedy. The implementation period was due to end on 31 August 2025 but the Fund has taken the discretionary option to extend this to 31 August 2026 for members where a rectification calculation needs to be undertaken.

We have received requests from employer body auditors to undertake work on the accuracy and completeness of the information provided to the actuary as part of the 2024/25 IAS 19 valuation process. This work has been completed and appropriate assurances are in the process of being provided.

Local & National Context - Investments and Funding

The net assets of the Shropshire County Pension Fund as at the end of March 2025 amounted to £2,626.4m (31 March 2024: £2,503.2m).

The 2022 triennial valuation was undertaken by Mercer, and showed that the Fund had assets sufficient to cover 99% of the accrued liabilities as at 31 March 2022. The 2025 triennial valuation is now well progressed with cleansed information being provided to the actuary in August. Preliminary results are expected in the autumn and the anticipation is that funding levels across the sector will improve.

At the end of May 2025 the Government published its response to the 'Fit for the Future' consultation. Its key proposals include:

- reforming asset pooling transferring all assets to the management of the pool alongside taking
 principal investment advice from the pool and delegating implementation of the investment strategy
 to the pool,
- boosting investment in local areas and regions setting out the approach to local investment in the Investment Strategy Statement and working with relevant Strategic Authorities to identify suitable local investment opportunities, and
- strengthening the governance of LGPS Administering Authorities and LGPS pools undertaking an independent governance review once in every three-year period, have an independent advisor without voting rights, rather than an independent member of a committee and prepare strategies on governance, knowledge and training and administration.

The minimum standards for pooling and the independent governance review will be introduced in the Pension Schemes Bill which has just entered the Committee stage in Parliament. Subsequent regulations and statutory guidance will provide further detail on implementation of all the new requirements.

The Fund is in the LGPS Central pool and is advancing with pooling. At 31 March 2024 41% of assets were pooled or under pool management. With LGIM assets coming under pooled management from 1 January 2025, when the voting rights were transferred to LGPS Central, this has increased to 74% as at 31 March 2025 with a plan for LGPS Central to take the remaining assets under management from 1 April 2026. This aligns with the government's ambitions and we will track progress against this and the other proposals once regulations and guidance are finalised.

Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Page

29

L3 investments – we have undertaken audit procedures on four investment assets held by LGPS Central. The latest audited financial statements for these investments are as at 31/3/2024. It is possible that audited financial statements as at 31/3/25 will be received before we issue our opinion. If this occurs will we need to consider if the new information impacts upon our current conclusions.

- Completion of procedures regarding subsequent events
- Completion of our work regarding IAS 19 responses
- Completion of our work regarding litigation and claims
- · Receipt of management representation letter
- Review of the final set of financial statements
- Senior engagement team review

Status:

- Significant elements outstanding high risk of material adjustment or significant change to disclosures within the financial statements
- Some elements outstanding moderate risk of material adjustment or significant change to disclosures within the financial statements
- Not considered likely to lead to material adjustment or significant change to disclosures within the financial statements

Subject to satisfactory completion of the points opposite, we anticipate issuing an unqualified audit opinion.

Financial statements

Financial statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance and the Pensions Committee to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the NAO Code of Audit Practice (the 'Code'). Its contents have been discussed with management and will be presented to the Audit Committee and the Pensions Committee.

As auditor we are responsible for performing the audit, in accordance with

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

For Shropshire County Pension Fund, the Audit Committee is formally those charged with governance. However, in practice the Pension Committee fulfils the role of those charged with governance i.e. it considers the draft financial statements within the Pension Fund Annual Report and is part of the overall member oversight process and recommends adoption of the financial statements to the Audit Committee. We have therefore determined the Pensions Committee are an appropriate sub-group to communicate with under ISA (UK) 260) and copy our reports to the Audit Committee.

Audit approach

Our audit approach was based on a thorough understanding of the Pension Fund's business and is risk based, and in particular included:

- an evaluation of the Pension Fund's internal controls environment, including its IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks.

We have not altered our audit plan, as communicated to the Pensions Committee on 21 March 2025 and Audit Committee on 16 July 2025.

Financial statements (continued)

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit Committee meeting on 26 September 2025 and the completion of the administering authority's audit.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

Materiality

Our approach to materiality

As communicated in our Audit Plan dated March 2025, we determined headline materiality at the planning stage as £28.1m based on 1.13% of Gross Investment Assets as at 31 March 2024. At year-end, we have reconsidered planning materiality based on the 2024/25 figures in the draft financial statements. Due to significant increases in the value of the Fund's and assets and an increase in fund account expenditure we have updated our materiality. Through our review of the financial statements we were satisfied that there were no unusual or one-off items and that the increases were related to normal economic activity and did not indicate increased risks. We have therefore increased headline materiality to £38.75m (1.48% of Gross Investment Assets as at 31 March 2025).

A recap of our approach to determining materiality is set out below.

Basis for our determination of materiality

- We have determined materiality at £38.75m

 Description based on professional judgement in the context of our knowledge of the Fund, including

 consideration of factors such as stakeholder

 expectations, industry developments, financial stability and reporting requirements for the financial statements.
- We have used 1.48% of gross investment assets as at 31 March 2025 as the benchmark for our materiality.
- The benchmark percentage applied has increased from 1.25% in the prior period audit, to 1.48%, based on the fallowing factors:
 - The Fund's portfolio being primarily Level 1 and Level 2 assets, for which market data is available for audit purposes.
 - Prior period experience noted limited findings with no adjusted or unadjusted misstatements raised in relation to the net assets statement.
 - It is still below our maximum benchmark of 2%.

Performance materiality

• We have determined performance materiality at £29m, this is based on 75% of headline materiality. We have not had to revise performance materiality from the planned level.

Specific materiality for the Fund Account

- We have determined a lower separate materiality for the fund account at £14.25m, this is based on 10% of gross expenditure (in the fund account) as at March 2025. The lower specific materiality for the fund account will be applied to the audit of all fund account transactions, except for investment transactions, for which headline materiality will be applied.
- Similarly to our headline materiality we have reconsidered this based upon the draft financial statements. Expenditure has increased and our view is that this is linked to expected economic activity such as pension increases and not one-off events. We have therefore increased materiality from the £12.6m reported at the planning stage.

Reporting threshold

• We will report to you all misstatements identified in excess of £1.9m, in addition to any matters considered to be qualitatively material.

Our approach to materiality (continued)

A summary of our approach to determining materiality is set out below.

Description	Amount (£)	Qualitative factors considered
Materiality for the financial statements	38,750,000	The Fund's portfolio is primarily Level 1 and Level 2 assets, for which market data is available for audit purposes. Prior period experience noted limited findings with no significant adjusted or unadjusted misstatements raised in relation to the net assets statement.
Page		Headline Materiality for planning equates to 1.48% of your gross investment assets as at 31 March 2024 which is below our 2% maximum.
erformance materiality	29,063,000	Performance Materiality is based on a percentage (75%) of the overall materiality.
Specific materiality for the fund account	14,250,000	The contribution and benefit structures of the Fund are laid out within statute and through the actuary's triennial valuation report. Information is available and the overall audit approach required is not complex.
		Materiality for the Fund Account for planning equates to 10% of gross expenditure (in the fund account) as at 31 March 2025.
Trivial matters - reporting threshold	1,937,000	Trivial threshold is based on a percentage (5%) of the overall materiality. No issues noted in prior year and no significant change in business processes or control environment.

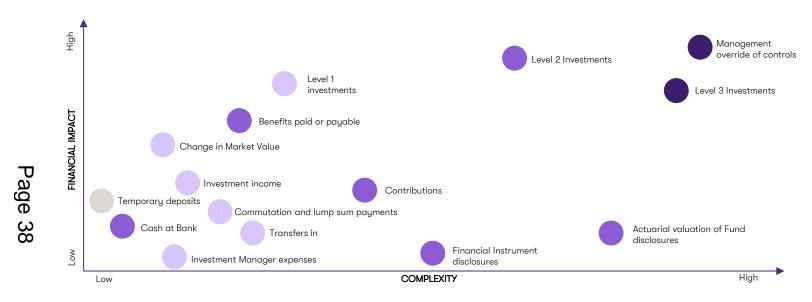
Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

- Significant classes of transactions, account balances, and disclosures, are associated with risks of material misstatement but are not always significant risks (SCOT+).
- Material only are material financial statement line items not associated with risks of material misstatement.
- Other audit risks are accounts that are not associated with any SCOT + or with a material only financial statement line item or disclosure. In the graph overleaf, we have presented the, significant risks, SCOT+, and material only and other risks relevant to the audit.



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There have been no changes to the audit risk assessment communicated in our audit plan.



Glossary

Significant risk

SCOT+

Material only

Other audit risks

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Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	\longleftrightarrow	\checkmark	Low	
Valuation of Level 3 Investments	Significant	\longleftrightarrow	×	High	
Valuation of Level 2 Investments	SCOT+	\longleftrightarrow	×	Low	
Actuarial Present Value of Promised Retirement Benefits disclosure – IAS 26	SCOT+	\leftrightarrow	×	Medium	
ash and cash equivalents	SCOT+	\longleftrightarrow	×	Low	
Benefits payable	SCOT+	\longleftrightarrow	×	Low	
Contributions receivable	SCOT+	\leftrightarrow	×	Low	
Financial instrument disclosures	SCOT+	\leftrightarrow	×	Low	

Glossary

Assessed risk increased since audit plan

Not likely to result in material adjustment or change to disclosures within the financial statements

← Assessed risk consistent with audit plan

Potential to result in material adjustment or significant change to disclosures within the financial statements

Assessed risk decrease since audit plan

Likely to result in material adjustment or significant changes to disclosures within the financial statements

Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risk identified

Management override of controls

accordance with ISA (UK) 240, we have dentified a risk of fraud in respect of Phanagement override of controls.

The Fund faces external scrutiny of its spending and stewardship of assets, and this could potentially place management under undue pressure in terms of how they report performance.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.

Significant

Audit procedures performed

As part of our audit procedures, we have:

- 1. Evaluated the design and implementation of relevant controls around the financial reporting process.
- 2. Challenged management's key accounting estimates, judgements and decisions; considering whether these judgements and estimates are individually or cumulatively indicative of management bias.
- 3. Made inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity.
- 4. Used our data analytic software ('Inflo') to interrogate journal entries, with particular focus on those journal entries that made material post year end adjustments or exhibited unusual characteristics such as journals with unusual posting combinations, journals that appeared to be 'instructed', were back-posted or journals that were posted by unusual or unexpected users. Journal entries identified as high risk were then tested to supporting documentation.
- Gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness.

Key observations

We have noted no material adjustments or findings in relation to management override of controls.

We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.

Having assessed management judgements and estimates individually and in aggregate we are satisfied that there is no material misstatement arising from management bias across the financial statements.

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Significant risks (continued)

Risk identified

Valuation of level 3 investments

The valuations of level 3 investments are based on unobservable inputs and hence there is a risk of material misstatement due to error and/or fraud.

Significant

Relevant assertion(s)

Waluation, Existence

pplicable assertion(s)

Rights & Obligations, Presentation

Planned level of control reliance

None

Audit procedures performed

As part of our audit procedures, we have:

- 1. Evaluated the design and implementation of relevant controls of management's process for valuing Level 3 investments and performed a walkthrough to confirm that controls are implemented as designed.
- 2. Challenged management's valuation (for a sample where applicable) of the investments through:
 - a) Comparing the valuation to purchase and sale transactions of the investment near the reporting date where appropriate.
 - b) Reviewing the audited financial statements of the investment accounts. Where there were different reporting dates, we carried out 'look back tests' to gain assurance on the valuation methods of the investment manager, comparing audit accounts to capital statements and then considering cashflows to year end (and indices where appropriate).
 - c) Reviewing the corresponding independently sourced capital statement at 31 March 2025.
- 3. Reviewed the guidelines under which the investment has been valued at the date of the investment accounts and the Fund accounts.
- 4. Reviewed and challenged, where necessary, management's classification of the assets.
- 5. Obtained and reviewed investment manager service auditor reports on design and operating effectiveness of internal controls where appropriate.
- 6. Completed sample testing of purchases and sales to prime documentation across the period to support out reconciliation of the opening and closing balances.

Key observations

Our audit work identified that the actual value of investments as at 31 March 2025 is £4.5m greater than the estimate made (£4.1m in respect of Level 3 Investment) when preparing the accounts. This is largely attributed to timing differences as a result of final capital statements not being available when the Pension Fund's draft accounts were being compiled. Timing differences such as this are not unusual within Pension Funds. The difference is 0.17% of total investment assets and less than 15% of our performance materiality. Further information can be found on pages 24 and 25.

Management has determined not to amend the Pension Fund's Statement of Accounts on the basis that the difference is not materially quantitatively or qualitatively to readers of the accounts. The Pensions Committee and Audit Committee will be asked to confirm their agreement through the reporting of this AFR and the Letter of Representation.

Our work is substantially complete; outstanding procedures are detailed on page 9.

We are satisfied that judgements made by management are appropriate and the valuations have been determined using consistent methodology.

Rebuttal of presumed risks

Risk	Risk relates to	Audit team's assessment	Final audit procedures	
The revenue Under ISA (UK) 240 there is a rebuttable presumed risk that revenue fraudulent may be misstated due to the improper transactions recognition of revenue		We have identified and completed a risk assessment of all revenue streams for the Fund. We have rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams, because:	At planning we did not consider this to be a significant risk for the Fund and that standard	
Page 42		 there is little incentive to manipulate revenue recognition; opportunities to manipulate revenue recognition are very limited; and the culture and ethical frameworks of public sector bodies, including the administration authority, Shropshire Council, and the Fund, mean that all forms of fraud are seen as unacceptable. Therefore, we do not consider this to be a significant risk for the Pension Fund. 	audit procedures would be carried out. We have continued to review this rebuttal throughout the audit to ensure this judgement remains appropriate and are satisfied that it does.	
The expenditure cycle includes fraudulent transactions	Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.	We have identified and completed a risk assessment of all expenditure streams for the Fund. We have considered the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk, because: • there is little incentive to manipulate expenditure recognition; • opportunities to manipulate expenditure recognition are very limited; and • the culture and ethical frameworks of public sector bodies, including the Fund, mean that all forms of fraud are seen as unacceptable. Therefore, we do not consider this to be a significant risk for the Pension Fund.	At planning we did not consider this to be a significant risk for the Fund and that standard audit procedures would be carried out. We have continued to review this rebuttal throughout the audit to ensure this judgement remains appropriate and are satisfied that it does.	

Other findings

Other findings – key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Summary of management's approach

Level 3 investments - £606.6m

The Pension Fund has investments in unquoted equity and pooled investment vehicles that in total are valued on the net assets statement as at 31 March 2025 at £606.6million.

Management receive quarterly performance reports which are reviewed and subsequently presented to the Pensions Committee, providing scrutiny of estimates. Investment managers will periodically provide update reports for committee meetings – providing an opportunity for officers and members to challenge unusual movements or assumptions.

These investments are not traded on an open exchange/market and the valuation of the investment is highly subjective due to a lack of observable inputs. To eletermine the value, management rely on the valuations provided by the investment managers.

Northern Trust is the pension fund's custodian; their role is the safeguard and keep asset records. The valuation of the funds is provided by the investment managers. Service auditor reports for investment managers and custodians were obtained and considered by management at the pension fund.

The value of the investment has increased by £10.3m in 2024/25, this is largely due to sales, transfers, purchases, and change in the market value for these funds.

Audit comments

In response to management's approach, we have:

- 1. Reviewed the audited financial statements of the investment accounts. Where there were different reporting dates, cashflows have been considered in the comparison.
- 2. Ensured consistency of the investment management report with the financial statements.
- 3. Compared the valuation to purchase and sale transactions of the investment near the reporting date (where appropriate).

continued overleaf

Other findings – key judgements and estimates (continued)

- 3. Reviewed the guidelines under which the investment has been valued at the date of the investment accounts and fund accounts.
- 4. Considered the completeness and accuracy of the underlying information used to determine the estimate.
- 5. Obtained and reviewed investment manager service auditor reports on design and operating effectiveness of internal controls where appropriate.

In undertaking this approach, we have also considered the completeness and accuracy of the underlying information used to determine the estimate, in addition to the impact of any changes to valuation method from the prior period (if applicable).

We have also confirmed that the sensitivities disclosed in the notes to the accounts are reasonable and in line with the CIPFA Code, and the estimate is adequately disclosed in the financial statements.

Please see our findings on pages 6 and 21 where we have identified potential differences in investment values from those estimated by management of £4.5m between the final value of the private equity and infrastructure portfolio reported by investment managers from the estimated value in the accounts. £4.1m of this s in respect of Level 3 Investment. This is 0.7% of the balance. We recognise this is primarily driven by timing differences on closing down the financial statements Land receipt of these valuation statements. We are therefore satisfied that management's estimation approach is reasonable.

Assessment

• [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Assessment Key

- [Red]
- [Amber]
- [Greu]
- Green]
- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Other findings – key judgements and estimates (continued)

Summary of management's approach

Level 2 investments - £1,053.13m

The Pension Fund have investments in pooled investments that in total are valued on the net assets statement as at 31 March 2025 at £1,053.013 million.

Management receive quarterly performance reports which are reviewed and subsequently presented to the Pension Committee, providing scrutiny of estimates. Investment managers will periodically provide update reports for committee meetings – providing an opportunity for officers and members to challenge unusual movements or assumptions.

Hese investments involve inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly. The provestments are not actively traded on an open exchange/market and the valuation of the investment is subjective. In order to determine the value, investment managers make use of evaluated price feeds.

the value of the investment has increased by £78.268m in 2024/25, this is largely due to sales, transfers, purchases and change in the market value for these funds.

Audit comments

In response to management's approach, we have:

- 1. Ensured consistency of the investment management report with the financial statements.
- 2. Agreed the valuation back to quoted and/or publicly published prices at year-end where available.
- 3. Compared the valuation to purchase and sale transactions of the investment near the reporting date (where appropriate).
- 4. Reviewed the guidelines under which the investment has been valued at the date of the investment accounts and fund accounts.

continued overleaf

Other findings – key judgements and estimates (continued)

- 5. Obtained and reviewed investment manager service auditor reports on design and operating effectiveness of internal controls where appropriate
- 6. Evaluated management's classification within the fair value hierarchy

In undertaking this approach, we have also considered the completeness and accuracy of the underlying information used to determine the estimate, in addition to the impact of any changes to valuation method from the prior period (if applicable).

We have also confirmed that the sensitivities disclosed in the notes to the accounts are reasonable and in line with the CIPFA Code, and the estimate is adequately disclosed in the financial statements.

Hease see our findings on page 6 where we have identified potential differences in investment values from those estimated by management of £4.5m between the inal value of the private equity and infrastructure portfolio reported by investment managers from the estimated value in the accounts. £0.4m of this is in respect f Level 2 Investment. This is 0.04% of the balance. We recognise this is primarily driven by timing differences on closing down the financial statements and receipt In these valuation statements. We are therefore satisfied that management's estimation approach is reasonable.

Assessment

• [Green] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Assessment Key

- [Red]
- [Amber]
- [Greu]
- Green]
- We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- We consider management's process is appropriate and key assumptions are neither optimistic or cautious

Other findings – Information Technology

This section provides an overview of results from our assessment of the Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit. This table below includes an overall IT General Control (ITGC) rating per IT application and details of the ratings assigned to individual control areas. The full IT report will be reported to the Council's Audit Committee. Our summary assessment is detailed below:

		_	I	TGC control area rating		_
P ay GI application	Level of assessment performed	Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure	Related significant risks/other risks
A ltair	ITGC assessment (design and implementation effectiveness only)	• [Green]	● [Green]	● [Green]	● [Green]	N/A
Unit 4	ITGC assessment (design and implementation effectiveness only)	• [Green]	• [Green]	• [Green]	● [Green]	N/A
Active Directory	ITGC assessment (design and implementation effectiveness only)	● [Green]	● [Green]	● [Black]	● [Black]	N/A

Assessment:

• [Red] Significant deficiencies identified in IT controls relevant to the audit of financial statements

[Amber]
 Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
 [Green]
 IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope

• [Black] Not in scope for assessment

Communication requirements and other responsibilities

Other communication requirements

	Issue	Commentary
1	Matters in relation to fraud	• We have previously discussed the risk of fraud with the Pensions Committee and been made aware of one isolated, and trivial, incident where a family failed to inform the Fund of the death of a member and continued to retain their pension. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
2	Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
3 P ₂	Matters in relation to laws and regulations	 You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Page 50	Written representations	• A letter of representation has been requested from the Pension Fund. This was shared with management and the draft will be included in the Agendas for the meetings of the Pensions Committee and the Audit Committee. There are no specific representations requested beyond those normally sought (such as confirmation not to adjust the financial statements).
		• This will be signed alongside the final draft of the financial statements in advance of the conclusion of the audit.
5	Confirmation requests from third parties	 We requested from management permission to send confirmation requests to their custodian and investment managers. This permission was granted and the requests were sent. All requests were returned with positive confirmation and no alternative procedures were required.
6	Disclosures	Our review found no material omissions in the financial statements.
		 Significant disclosures in the 2024/25 statutory financial statements include the Fair Value Hierarchy, Actuarial Present Value of Promised Retirement Benefits (but recognising the Fund applies 'Option C' by including the actuary's report), Uncertainty and risk disclosures.
		 We have noted that non-financial instruments have been included within the Financial instrument note (Note 15a). Management's view is that enables a reader to better reconcile the figures to the total value of assets disclosed elsewhere within the financial statements. Whilst this is a departure from the CIPFA Code we are satisfied that it is clearly presented and that readers will not be misled and have therefore not requested that management adjust the financial statements.

Other communication requirements (continued)

Going Concern

Our responsibility

As auditors, we are required to "obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern" (ISA (UK) 570).

Commentary

In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of wublic sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.

Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:

- the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities
- for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting.

Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10.

continued overleaf

Other communication requirements (continued)

Going Concern

Commentary (continued)

The financial reporting framework adopted by the Pension Fund meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:

- the nature of the Pension Fund and the environment in which it operates
- the Pension Fund's financial reporting framework
- the Pension Fund's system of internal control for identifying events or conditions relevant to going concern
- management's going concern assessment.

On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:

- o material uncertainty related to going concern has not been identified
- management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities

Issue	Commentary			
Other information	The Pension Fund is administered by Shropshire Council (the 'Council'), and the Pension Fund's accounts form part of the Council's financial statements. We are required to read any other information published alongside the Council's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority. No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – refer to the appropriate item on the Committee agenda for our draft audit opinion.			
Tatters on which we report by exception o	We are required to give a separate consistency opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. We propose to issue our 'consistency' opinion on the Pension Fund's Annual Report at the same time as we issue our final audit opinion on the Pension Fund financial statement as noted above. The statutory deadline for the Pension Fund Annual Report to be published is 1 December 2025. We anticipate issuing our opinions before this date but if we are unable to do so the Fund will need to publish its Annual Report without our consistency report but with an explanation for the delay on its website.			
	We are required to report if we have applied any of our statutory powers or duties as outlined in the Code. We have nothing to report on these matters.			
	The Engagement Lead for Shropshire Council has received a possible objection that is similar to the previous year in respect of climate change and the pension fund's role in selecting investments. This is currently being assessed for eligibility.			

Audit adjustments

Adjusted misstatements

Impact of adjusted misstatements

• There are no adjusted misstatements to the primary financial statements to report.

Misclassification and disclosure changes

• The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure misstatement	Auditor recommendations	Management response
A number of typographical and presentation errors have been identified throughout the financial statements.	Amend as required.	Amended
Page 4 of Annual Report - Introduction paragraph of the financial statement discloses fund increase value of 5.7% instead of the actual increase value of 4.9% therefore amendment is required	Amend as required.	Amended
Page 35 of Annual Report - Key performance indicators - Table A - Previous column has been obtained from 2022-23 annual report instead of the 2023-24 therefore amendments required.	Amend as required.	Amended
Gage 36 of Annual Report – Staffing - Scheme member in 2023-24 disclosed as 52,146, it needs to be changed to \$23,146, as per Prior Year Financial Statements therefore amendments required.		
Wote 1 Annual Report and SoA - Description of Fund - Employer numbers of previous year shows as 146 instead of 150 which is as per Prior Year Financial Statements therefore amendments required.	Amend as required.	Amended
Note 1 Annual Report and SoA - Replace wording from "Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme" to "In accordance with the Government's Automatic Enrolment Legislation, eligible employees are automatically enrolled into LGPS from their first day of employment. However, membership of the LGPS is voluntary and after auto enrolment employees are able to choose whether to remain in the scheme, opt out of the scheme, re-join at a later date or to make their own personal arrangements outside of the scheme."	Amend as required.	Amended
Note 2 Annual Report and SoA - state no accounting standards have been issued but not yet adopted. CIPFA Bulletin 19 identifies IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) and Insurance Contracts (IFRS 17).	Amend as required.	Amended
Note 2 Annual report and SoA - actuarial statement. To help make it clearer for our opinion, Note 2 should be made clearer that the actuarial statement is 'appended' in the final sentence and is not considered a note to the accounts.	Amend as required.	Amended
Note 23 Annual Report and SoA: Contingent assets – Number of admitted bodies should be amended to 15 from 23.	Amend as required.	Amended
Page 143 of SoA - Financial Assets Note - The date of the year-end from the prior year has not been updated. This needs to be amended to 31/03/2025	Amend as required.	Amended

Unadjusted misstatements

This is a summary of unadjusted misstatements identified during the audit. We are required to report all non-trivial misstatements to those charged with governance.

	_	Pension Fund Account Net As		Asset Statement £'000			
Adjustment ref.	Detail	Debit £'000	Credit £'000	Debit £'000	Credit £°000	Impact on total net assets £'000	Reason for not adjusting
	Total net assets per final accounts					2,626,399	
Page 56	Differences identified between the value of investments disclosed in the financial statements that are based on estimated value at 31st March 2025, compared to the Actual investment valuation statement received following accounts preparation. The draft financial statement investment balance is £4.489m lower based on the estimated value compared to if actual investment value		4,489	4,489		4,489	Not material qualitatively or quantitively
2	In the financial statement, audit fees should be gross statutory fees and Redmond reduction should not be disclosed as part of audit fees and reclassify it to other cost. Also, IAS 19 fees of £1.1k is not included in the accounts. Journal should be – Other Cost Dr. 10.946	10.946	9.846		1.1	(1.1)	Not material qualitatively or quantitively
	External Audit Fee Cr. 9,846 Creditors Cr. 1,100						
	Total net assets – recalculated to include unadjusted misstatements					2,630,887	

Impact of unadjusted misstatements in the prior year

The only unadjusted differences in 2023/24 related to differences of £12.7m identified between the value of investments disclosed in the financial statements that were based on estimated values at 31st March 2024 compared to the actual investment valuation statement received following accounts preparation. These were not adjusted in 2023/24 on the basis that they were not material qualitatively or quantitively in 2023/24. As all assets are revalued at 31 March 2025 there is no impact upon the 2024/25 financial statements.

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²age 57

Follow up of prior year recommendations

We have not identified any recommendations for the Pension Fund as a result of issues identified during the course of this year's audit.

This is a summary of where we identified recommendations for the Pension Fund because of issues identified during the prior year audit, and an update on actions taken by management as a result.

	Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
1	✓	IT recommendation – Lack of Change Management Controls for Batch Scheduling in Altair The IT audit uncovered a deficiency in change management controls related to batch scheduling configurations. Specifically, there is a lack of formalized procedures for documenting, reviewing and approving changes made to batch scheduling parameters and job schedules.	In September 2024, management confirmed that the only batch jobs managed by pension fund are the scheduled monthly reports. A process will be implemented to manage any change to these. It will involve the change and sign off by Senior Systems officer. <u>Update as of Feb 2025:</u> Management have confirmed that the above responses have
Page		Risk Without adequate change management controls, unauthorized or undocumented changes to batch scheduling configuration can lead to disruptions in critical business processes, data loss, and security vulnerabilities.	been implemented. Management confirmed that any change to the monthly reporting is now signed off by Gareth or Neil. However, the way that the Council do this has changed as reporting is now from Insights which is a new reporting feature and creates Dashboard information rather than monthly reports.
58		Furthermore, the absence of a structured change management process increase the likelihood of configuration errors and inconsistencies.	Our 2025 IT work has been completed and confirmed that the issue has been addressed and the finding has been remediated.
2	✓	IT recommendation – Lack of UAT testing completed for Altair changes – We noted that for sample change obtained, testing was not conducted before promoting the change into the live environment. Additionally, no approval was given prior to implementation. However, we noted that post implementation approvals were given to confirm the change	In September 2024, management mentioned that when a system release is being deployed by Heywood's there will be Systems Team Leader sign off on the test plan following the testing undertaken in the TEST environment to the release being deployed into the LIVE environment. Please note that dates to the TEST and LIVE environment are agreed before testing is undertaken.
		Risk Failure to adequately perform change management testing prior to releasing the change into the production environment could lead to a loss of data integrity, processing integrity and/or system down-time	<u>Update as of Feb 2025</u> : Management commented that the Council have had several new releases since the audit and the test plans are now checked and signed off by Cheryl before the Live system is updated. Our 2025 IT work has been completed and confirmed that the issue has been addressed and the finding has been remediated.

Assessment:

- ✓ Action completed
- → Work in progress / Partially addressed
- * Not uet addressed

Independence considerations

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers [and network firms]). In this context, we disclose the following to you:

Matter Conclusion

-Aur firm provides services to LGPS Central in respect of providing an independent opinion We have concluded that these services would not have an impact n their AAF 01/20 report.

on our independence, on the basis that these entities are legally and operationally independent from this pension scheme. In addition, these services are being provided by a team which is separate and independent from our audit team. The result of their work would not have any impact in the financial statements that are subject to our audit. We have considered that an objective reasonable and informed third party would concur with this conclusion.

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. In this context, we confirm that there are no such matters.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

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Independence considerations (continued)

As part of our assessment of our independence we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Fund that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Fund or investments in the Fund held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Fund as a director or in a senior management role covering financial, accounting or control related areas.
Gusiness relationships	We have not identified any business relationships between Grant Thornton and the Fund.
ontingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Fund's committees, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Following this consideration, we can confirm that we are independent and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

Fees and non-audit services

The following tables overleaf set out the total fees for non-audit services that we have been engaged to provide or charged from the beginning of the financial year to date, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The non-audit services are consistent with the Fund's policy on the allotment of non-audit work to your auditor.

None of the services were provided on a contingent fee basis.

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing survices to Shropshire County Council Pension Fund. The table overleaf summarises all non-audit services which were identified. We have adequate safeguards in lace to mitigate the perceived self-interest threat from these fee.

Gur firm also provides audit and non-audit services to Shropshire Council. The fees in relation to these services and the related ethical considerations are reported in Audit Findings Report issued to Those Charged With Governance (TCWG) for that entity. Consequently, such fees are disclosed in the Council's financial statements rather than the Pension Fund's.

Fees and non-audit services

Audit fees			£
Audit of Pension Fund			86,240
Total			86,240
Audit related non-audit services	£	Threats identified	Safeguards applied
IAS19 Assurance letters for Admitted Bodies outside of the NAO Code of Audit Practice		Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the total fee for this work is £1,100 in comparison to the total proposed fee for the audit of £86,240 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
d Gotal	1,100		
Potal audit and non-audit	fee		(Non-qudit fee) = f1.100
(Audit fee) = £86,240	166		(Non-audit fee) = £1,100

The above fees are exclusive of VAT.

The fees reconcile to the financial statements as follows:

• Fees per financial statements Note 8 £102,000

• Reversal of prior year accrual (£1,910)

• 2022/23 Agreed Fees Variation (£25,112)

• Redmond review credit £10,946 (In the financial statement, only statutory fees should be included; therefore, this reduction should not be

included in audit fees in accounts)

• IAS19 letter not recorded £1,100 (StarH)

Total fees per above (rounded) £87,340 (rounded)

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Appendices

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK P and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
ignificant matters in relation to going concern	•	•
wiews about the qualitative aspects of the Fund's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
ldentification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•



This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings Report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

B. Internal controls

We confirm that we have not identified a deficiency or a significant deficiency in our evaluation of relevant controls for 2024/25.

Relevant controls are those that auditors believe may prevent, detect or correct a material misstatement.



"The purpose of an audit is for the auditor to express an opinion on the financial statements. Our audit included consideration of internal control relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters being reported are limited to those deficiencies that the auditor has identified during the audit and that the auditor has concluded are of sufficient importance to merit being reported to those charged with governance." (ISA (UK) 265)

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C. Our team and communications

Grant Thornton core team

Grant Patterson

Key Audit Partner

- Key contact for senior management and Audit Committee
- Overall quality assurance



Siobhan Barnard

Senior Audit Manage

- Audit planning
- · Resource management
- Performance management reporting

Sonu Jain

n-charge

- Audit team management
- Day-to-day point of contact
- Audit fieldwork]

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	Client Surveys	 The Audit Plan Audit Progress and Sector Update Reports The Audit Findings Report 	Audit planning meetingsAudit clearance meetingsCommunication of issues log	Technical updates
Informal communications	Open channel for discussion		Communication of audit issues as they arise	Notification of up-coming issues

As part of our overall service delivery we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior (In-charge) and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

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D. Logistics

Pensions Committee: Pensions Committee: 21 March 2025 19 September 2025 The audit timeline Year end: Sign off: Key Audit Committee: 31 03 2025 Dates 31 12 2025 26 September 2025 Audit Committee: 26 June 2025 Audit phases: Planning – 2 week Interim – 1 week Final – 4 weeks Feb 2025 March 2025 July - August 2025

Key elements

- Planning meeting with management to set audit scope
- Planning requirements checklist to management
- Agree timetable and deliverables with management and Audit Committee

Key elements

- Document design effectiveness of systems and processes
- Any planned interim testing
- Issue the Audit Plan to management and Pensions Committee
- Present Audit Plan to Pensions
 Committee and provide opportunity
 for discussion and comment

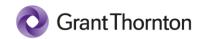
Key elements

- Audit teams onsite to complete fieldwork and detailed testing
- Weekly update meetings with management
- Take Audit Plan to Audit Committee

Key elements

- Draft Audit Findings issued to management
- Audit Findings meeting with management
- Draft Audit Findings issued to Pensions and Audit Committees
- Audit Findings presentation to Pensions and Audit Committee

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Pensions Committee Date 19 September 2025 Item

Public

Pension Fund Annual Accounts 2024/25

Responsible Officer:		James Walton	
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Cabinet Member (Portfolio Holder):			

1. Synopsis

1.1 The report provides Members with the Shropshire County Pension Fund Annual Report 2024/25 and an update on the annual audit. Grant Thornton has substantially completed its annual audit and it is expected an unqualified opinion will be given.

2. Executive Summary

- 2.1. In the year to the end of March 2025 the Fund increased in value by £123 million to £2.626 billion.
- 2.2. Draft accounts were produced before the end of May to fit in with the Council's closedown timetable.
- 2.3. Grant Thornton have substantially completed the audit and have provided a draft unqualified opinion that will be added to the accounts once confirmed.

3. Recommendations

- 3.1 The Committee are asked to approve the Pension Fund Annual Report 2024/25 and delegate authority to officers to make any minor changes required.
- 3.2. The Committee is asked to approve that the Chair and Executive Director sign the letter of representation (Appendix C) for Grant Thornton once the audit has been finalised.

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4. Risk Assessment and Opportunities Appraisal

4.1. Risk Management

Risk Management is part of the Pension Fund's structured decision-making process by ensuring that investment decisions are taken by those best qualified to take them.

4.2. Human Rights Act Appraisal

The recommendations contained in this report are compatible with the Human Rights Act 1998.

- 4.3. There are no direct Equalities or Community consequences.
- 4.4. Environmental Appraisal

The Fund's Corporate Governance Policy enables it to influence the environmental policies of the companies in which it invests.

4.5 The annual report 2024/25 will be published on the Fund's website.

5. Financial Implications

5.1. There are no direct financial implications arising from this report.

6. Climate Change Appraisal

- 6.1 The Fund takes responsible investment very seriously and has a Climate Change Strategy (updated in September 2024) in place committing to net zero by 2050 in line with the Paris accord on climate change adopted in 2015 and setting out interim targets to that goal.
- 6.2 Responsible investment is a key process the investment managers go through before investing and something the fund considers as part of investment opportunities. Thorough due diligence is undertaken considering all risks including climate change. The investment managers vote where applicable on the Fund's behalf, Columbia Threadneedle Investments engage with companies on the Fund's behalf and the Fund is a member of the Local Authority Pension Fund Forum (LAPFF) which undertakes engagements on behalf of all LGPS members.
- 6.3 Shropshire County Pension Fund is a signatory to the UK stewardship code.
- 6.4 Shropshire County Pension Fund has also received and published Climate Risk Reports and TCFD reports since December 2020. The latest report from December 2024 is publicly available on our website.

7. Background

- 7.1 Following the end of the financial year officers compiled the Pension Fund accounts for 2024/25. The annual report has been produced which outlines the accounts and details the activities of the Fund during the last year (**Appendix A**).
- 7.2 Grant Thornton have substantially completed the audit of the accounts for the Shropshire County Pension Fund and a draft unqualified opinion and consistency statement have been issued (**Appendix B1 & B2**). The final opinions will be included within the annual report when finalised.

8. Annual Accounts

- 8.1. In the year to the end of March 2025 the Fund increased in value by £123 million to £2.626 billion.
- 8.2. Due to the tight deadlines involved in producing the draft accounts before the end of May in line with the Council's closedown timetable, the property debt & private debt portfolio valuations (managed by DRC & LGPS Central respectively), private equity portfolio valuations (managed by HarbourVest & LGPS Central) & infrastructure portfolio valuations (managed by Global Infrastructure Partners & LGPS Central) used in the final accounts are based on either September or December quarterly capital statements, adjusted for cashflows to 31st March 25. as these are the latest statements available at that time. During the audit, all of the 31st March 2025 capital statements became available (in late July/early August). and it was noted that the combined value of the private equity, infrastructure, property debt & private debt funds had increased slightly compared to the value stated in the draft accounts sent to Grant Thornton. The overall change was within Grant Thornton's materiality limit and the Pension Fund accounts have not been amended for these valuation increases as it amounts to less than 0.2% of the total fund value at approximately £4.5 million. This is consistent with previous years when the amount is below materiality.
- 8.3 During the year the Fund received £21.5 million in contributions from employees and £73.0 million in contributions from scheme employers. Contributions from scheme employers are £10 million higher than in 2023/24 as this year's figures are based on the full revised employer contribution rates following the 2022 actuarial valuation which had been smoothed in 2023/24 to gradually phase in the increases. In addition to rate changes the Fund also received an additional £6 million in pension strain payments compared to 2023/24.
- 8.4 The last financial year continued to see an increase in the total number of scheme members. Total scheme membership increased by 2.2% to 54,330 during the year.
- 8.5 Local Government employees who leave employment have the option to transfer out their accumulated pension benefits. During the last financial year, the Fund paid out £5.6 million in transfer payments for staff leaving employment. This figure is £1.3 million lower than in 2023/24. New employees can request a transfer in of accumulated benefits from previous employment. The Fund received £11.1 million in transfer payments from new employees during the financial year.

- In 2024/25 the Fund paid pensions totalling £88.1 million, an increase of £8.5 million on the previous year. This increase was mainly due to the Pensions increase award of 6.7% effective from April 2024.
- 8.7 Management expenses in 2024/25 totalled £23.9 million, an increase of £2.8 million from the previous year. This is mainly due to the significant increase in the Fund value during the year as investment management fees are based on assets under management.
- 8.8 A full analytical review of the Pension Fund Accounts was carried out by officers and passed to Grant Thornton in advance of their audit. The audit was substantially completed in early September 2025.
- 8.9 The Annual Report will be available to all scheme employers, investment managers, advisors and scheme members as it will be published on the pension fund website.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

N/A

Local Member: N/A

Appendices [Please list the titles of Appendices]

Appendix A – Shropshire County Pension Fund Annual Report 2024/25.

Appendix B 1 – Grant Thornton Draft Opinion 2024/25

Appendix B 2 - Grant Thornton Draft Consistency Opinion 2024/25

Appendix C – Letter of representation





Annual report 2024/25



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Introduction

Welcome to the 2024/25 annual report and accounts of the Shropshire County Pension Fund

This year's fund information

£123

£2.626

billion

4.9%

0.14%

million





Fund value increase

Total fund value

Fund value increase

Below benchmark

The Shropshire fund increased in value by £123 million in 2024/25, a percentage increase of 4.9%, to be valued at £2.626 billion at the end of the year. However, it slightly underperformed against its benchmark by 0.14%. The majority of asset classes performed positively, with double digit returns from hedge funds, insurance-linked securities and the LGPS Central Ltd Infrastructure Fund. Negative performance was seen on the property debt portfolio, reflecting the difficulties in exiting the final few loans remaining as part of the planned maturity of this investment and on global sustainable equity, after a difficult final quarter. Overall, the portfolio performed as expected, given the difficult trading conditions seen in the final quarter of 2024/25.

The strongest absolute returns were generated in insurance-linked securities, managed by Securis, which created excellent returns of 11.4%, despite the impact of the US wildfires on performance in the final quarter. Infrastructure, managed by LGPS Central Ltd, generated returns of 11.3%, Hedge Funds managed by BlackRock generated returns of 10.5% and the LGPS Central Ltd Private Debt Fund returned 9.45%.

Equities had a more difficult year compared to 2023/24, with passive equity managed by Legal and General, showing the best performance with a return of 7.54%. LGPS Central Ltd Global Equity return was just below 4%, whilst LGPS Central Ltd Sustainable Equity returned a negative 1.27% for the year. The LGPS Central Ltd equity products were hit hard by the volatile market conditions in the final quarter of 2024/25, from having shown double digit performance for the previous nine months.

The Pensions Committee determine the strategic asset allocation for the fund. This outlines the proportion of assets that the fund invests in equities, bonds, and, alternative assets such as property and infrastructure. This is the most crucial decision that the committee makes because it has the biggest impact on the long-term returns of the fund.

The committee agreed to a revised strategic asset allocation in June 2023. There were no revisions to the investment strategy in 2024/25. Additional commitments were completed in respect of private debt managed by LGPS Central Ltd for £90m. This fund is still in the early capital raising stages and

will take a few years for capital to be fully deployed, as is the case with all private market investments. Additional commitments will also be required to private equity and infrastructure both managed by LGPS Central Ltd in 2025/26, to reflect the return of capital from legacy investments with HarbourVest and GIP Infrastructure. These new or additional allocations will be funded by a reduction to targeted return strategies and a reduction of the overweight equity position.

The fund undergoes an independent actuarial valuation every three years. The last actuarial valuation took place at the end of March 2022 and identified that the fund had a funding level (the relationship between estimated future pension payments and the funds held to pay for these pensions) of 100%, using the fund's standard assumptions, which was an increase from 94% at the previous valuation in March 2019. This was the first time in over 23 years that the funding level had been 100% at the valuation date, which represents a positive development. Due to some of the individual employer decisions made as part of this consultation process, the official funding level signed off by the actuary as at 31 March 2022 was 99%. The next valuation is being undertaken as at 31 March 2025 and work on this is already underway with results expected by the end of 2025.

The fund continues to make good progress addressing responsible investment issues, including climate change, and achieving its net zero target by 2050 or before.

The fund became a signatory to the revised Stewardship Code in August 2023, and a renewal submission was presented to the Financial Reporting Council (FRC) for the 15 months from 1 January 2023 to 31 March 2024. The FRC confirmed the application was successful in October 2024, which is a great achievement and positive news. This confirms the fund's continued commitment to responsible investment and environmental, social and governance issues.

Since 2020, the fund has commissioned its pooling company, LGPS Central Ltd, to undertake an in-depth review of the fund's exposure to financially material climate-related risks and opportunities on an annual basis. The fund also published its fifth Task Force on Climate-related Financial Disclosures (TCFD) aligned

report in December 2024, showing a 63% reduction in the carbon footprint of the equity portfolio compared to 31 March 2020, based on normalized financed emissions.

Further details relating to this and the considerable progress which has been made during the year with regards climate risk monitoring, setting a net zero target, responsible investment, climate risk training and the fund's carbon footprint, are included within the corporate governance section of the annual report.

The Shropshire fund continued to work with eight other funds in the Midlands region during the year. LGPS Central Ltd has been established to manage investment assets on behalf of its eight Local Government Pension Scheme (LGPS) funds across the Midlands region. It is a multi-asset manager, investing up to potentially £63 billion of assets (£44.9 billion invested or under LGPS Central Ltd stewardship as at March 2025) on behalf of 900,000 LGPS members and 2,500 employers.

LGPS Central Ltd is jointly owned on an equal share basis by eight pension funds and is a Collective Portfolio Management Investment Firm (CPMI) regulated by the Financial Conduct Authority (FCA). The participating pension funds are Cheshire, Derbyshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, West Midlands and Worcestershire. West Midlands Integrated Transport Authority (ITA) pension fund will also be an investor, but not a shareholder, with its shareholder rights represented by West Midlands Pension Fund.

The key objectives of LGPS Central Ltd will be to deliver cost savings and improve risk adjusted investment returns after cost, enable access to a wider range of asset classes for the participating pension funds and to ensure good governance. LGPS Central Ltd manage a wide range of asset classes, employing a mix of internal and external investment management. The majority of assets under management are structured in an Authorised Contractual Scheme (ACS), itself regulated by the FCA, in addition to other pooled investments held in alternative structures. The company has been formed to act as an Alternative Investment Fund Manager (AIFM) to allow the participating LGPS administering authorities to pool their respective investments. On 14 November 2024, the Chancellor set out her

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Mansion House speech which included the proposed consultation on LGPS "Fit for the Future". The consultation was published the following day.

The consultation covered three key areas: LGPS pooling, local investment and governance of funds and pools. Partner funds in LGPS Central Ltd reviewed the information contained in the consultation and submitted individual responses to the consultation. Delegated authority for the fund's response was approved at the Pensions Committee in December 2024. The government response to the consultation is still awaited, but some of the key points to note are:

LGPS Pooling - This included a requirement for all legacy assets to be under pool control by 31 March 2026. As at 31 March 2025, the fund had a number of legacy portfolios outside the pool's control. These fall roughly into two types; private market assets, which will gradually mature and be reinvested in pooled products, such as private equity with HarbourVest, infrastructure with GIP or property debt with DRC; or investments that do not have a pooled product equivalent. These include property and targeted return strategies like T Rowe Price -Dynamic Bond Fund, BlackRock - Hedge Fund and insurance-linked securities. The consultation also proposed that the pooling companies should provide all investment advice to the funds and that funds should delegate implementation decisions to the pooling company.

In addition to the impacts on the funds, the consultation also advised that all pooling companies should be FCA regulated companies. In the case of LGPS Central Ltd, this criterion was already met, as that is how the company was established.

- Local Investment The Chancellor set out growth as her number one mission and is looking for the LGPS, through their pooling companies, to build networks and increase long-term investment in local communities.
- Governance This brought forward many of the recommendations from the Scheme Advisory Board's Good Governance Review and set up the framework of independent governance reviews.

The Government's response to the consultation was expected in the summer of 2025 and, in the interim, regular investment pooling meetings continued to be held with representatives from each of the eight LGPS funds forming LGPS Central Ltd, on both governance and transition issues.

During 2024/25 we have made an additional £90m allocation to private debt to maintain our 7.5% target allocation to this asset class and further allocations will be considered in 2025/26 after reviewing the 2025 valuation results. The fund has also completed an oversight agreement with LGPS Central Ltd in respect of its passive equity mandate with Legal and General. Given the nature of this asset, it is not cost effective to fully transition to a pooled product at this time, but the agreement allows LGPS Central Ltd, through EOS at Federated Hermes, to undertake voting on all the fund's equity portfolios, which allows consolidation of reporting and increased consistency. This continues to show the fund's commitment to pooling assets and looking for appropriate costeffective solutions for legacy assets.

The Pensions Administration Team have continued to ensure, over the past 12 months, that the service they deliver is efficient and effective for all stakeholders and that all benefits are paid accurately, on time and in line with scheme regulations.

The monthly data provided by employers is essential to effectively administer the Local Government Pension Scheme for members. Fund officers continue to monitor the timeliness and accuracy of submission of this data and reinforce its importance in regular updates to employers.

Training days for all team members are held twice a year, where the team can work in groups to look at how we deliver our service and provide feedback on changes to processes. Information sessions are also held on current issues affecting the LGPS.

All regulatory deadlines were met by the fund in 2024/25, including issuing annual benefit statements, P60 documents, pensions savings statements and publishing the annual report.

During the year, the team continued to work on implementing the McCloud ruling and ensuring the underpin is applied to protected members.



Work has also started on the implementation of Pensions Dashboards, so that we are able to connect by the October 2025 deadline.

As part of the fund's ongoing programme, several policies were reviewed and updated in line with statutory guidance and changes to the team's working practices.

The new Pension Regulator's General Code came into effect on 28 March 2024, and an action plan was created to identify any areas of work that would need to be completed to achieve compliance with this. Certain aspects of the Scheme Advisory Board's Good Governance recommendations have been taken forward as part of the Governments response to the "Fit for the Future" consultation. Fund Officers will now look at work required to implement these.

The fund's Business Plan for 2024-26 can be found on the website and progress against this is reported to and regularly reviewed by both board and committee members.

The annual meeting for scheme employers is run as a virtual event and the Pensions Committee and Pension Board meetings continue to be live streamed. Committee meetings must be held in person, however, board members can choose to

attend virtually. This has proved particularly useful when holding training sessions for members of both board and committee.

We hope you find the report interesting and informative. As always, we welcome your feedback on the report and on any aspect of the scheme's activities. If you wish to make a comment or if you have any questions, our contact details are given on the back page of the report.



Justin Bridges

Head of Pensions LGPS Senior Officer Shropshire Council



Thomas Biggins

Chair of Pensions Committee Shropshire Council

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Introduction

Scheme management and advisors

Administering authority

Shropshire Council

Guildhall Frankwell Quay SHREWSBURY SY3 8HQ

Scheme administrator

Justin Bridges

LGPS Senior Officer

Shropshire Council officers

Peter Chadderton

Pensions Investment and
Responsible Investment Manager

James Walton

Executive Director of Resources (Section 151 Officer)

Justin Bridges

Head of Pensions - LGPS Senior Officer

Vicky Jenks

Pensions Administration Manager **Ed Roberts**

Fund Accountant

Investment managers

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1 George Street EDINBURGH EH2 2LL

BlackRock

12 Throgmorton Avenue LONDON EC2N 2DL

DRC Capital

6 Duke Street St. James's LONDON SWIY 6BN

Global Infrastructure Partners

The Peak
5 Wilton Road
LONDON SWIV IAN

HarbourVest Partners (U.K.)

Limited

2nd Floor 20 Air Street LONDON W1B 5AN

Legal & General

One Coleman Street LONDON EC2R 5AA

LGPS Central Ltd

First Floor i9 Wolverhampton Interchange

WOLVERHAMPTON WV1 1LD

Securis Investment Partners

12th Floor 110 Bishopsgate LONDON EC2N 4AY

T.Rowe Price

60 Queen Victoria Street LONDON EC4N 4TZ

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Actuary

Mercer

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AVC providers

Prudential Assurance Company

LANCING BN15 8GB

Utmost Life and Pensions

40 Walton Street AYLESBURY HP21 7QW

Responsible engagement advisors

Columbia Threadneedle

Investments Canon Place

78 Canon Street LONDON EC4N 6AG

Local Authority Pension Fund Forum

c/o PIRC Ltd 8th Floor Exchange Tower 2 Harbour Exchange Square LONDON E14 9GE

LGPS Central Ltd

First Floor i9 Wolverhampton Interchange WOLVERHAMPTON WV1 1LD

Performance measurement

Northern Trust

50 Bank Street Canary Wharf LONDON E14 5NT

Risk management

Risk management is the process of identifying risks, evaluating their likelihood and potential impact and determining the most effective methods of controlling or responding to them. Shropshire Council has a formal risk management strategy and risk registers for Pension Fund Investment, Investment Pooling and Pension Administration are included within this overall Strategy. Please see below a summary of the Pension Fund's key risks which were identified for 2024/25.

Risks	Controls in place
Climate Change & Responsible Investment - Funds facing increasing pressure on divestment and to take action to	Climate Risk assessments carried out. Robust RI policies, engagement and collaboration. Published TCFD Report, Climate Risk Reports. Fund became a signatory to the 2020 Stewardship Code, Net Zero
address climate risks in the portfolio. Regulatory Risk - Climate & Responsible Investment.	target set. Development of products that meet partner fund requirements. RI integrated into the investment process. Monitoring of developments, responding to consultations when issued. Appointment of new Pension Investment & Responsible Investment manager post.
Cyber or IT attack resulting in significant outage due to insufficient resilience/BCP arrangements being in place.	Robust IT arrangements in place, which are regularly tested. Fund Cyber Security Policy created. Business Impact Analysis and Service Recovery Plan (BIA-SRP) arrangements up to date and appropriately tested. Resilience plans in place and approved. Similar arrangements at third party suppliers are reviewed and tested.
Loss or inappropriate disclosure of personal data leading to fines and reputational loss.	ICT security used such as data encryption, secure email and document management software with strict security profiles. Secure working environments. Information protection L1 training undertaken by all staff annually and Level 2 by 2 members of staff. Secure working environment in place. Memorandum of understanding now in place with employers. Consent for members now on website. Privacy notices added to all relevant correspondence. Fund now has its own Cyber Security Policy and training has been provided to Officers, Committee and Board members
The insolvency of an employer places additional liabilities on the Fund and ultimately the remaining employers.	Admission agreements in place at time of transfer of service (no delay). Assessment for the requirement of a bond completed at date of entry and subsequent valuations. Shorter deficit recovery periods. Funding Strategy Statement, assessed and updated as part of each valuation Annual Employer covenant check for high risk employers. Employer events policy in place which provided information on process for changes to employer rates, employers exiting the Fund.
Failure of Pension Fund investment managers to meet expected returns resulting in increased costs to the Council and other employers.	Rigorous selection processes established. Rigorous and continual Investment manager monitoring arrangements. Diversification of managers and asset classes. External expert advice. Trained and experienced staff. Reporting and monitoring arrangements. Investment Strategy Statement and Funding Strategy Statement published. Compliance with LGPS regulations. Clear and relevant investment mandates. Audit of investment managers. Aon/Officers reviewed the structure of the Pension Fund to improve efficiency and investment returns in April 2023. Investment Strategy Review following the results of the Actuarial Valuation in Nov 2022 to be presented to Committee in June 2023. Equity protection strategy remains in place for approx. 30% of Equity portfolio following investment strategy remains.
Liquidity risk in government bond markets due to higher interest rates and tighter monetary policy. Potential for Quantitative Tightening by Bank of England to further reduce liquidity from Bond markets.	Investment strategy review. Monitoring of investment performance relative to the estimated growth in liabilities on an annual basis. Bond investments restructured as part of June 2023 Strategic Asset Allocation.
Vulnerable to loss of or over-reliance of key staff due to long term sickness or staff turnover resulting in reduction of service to scheme employers.	Procedures notes provided and reviewed annually. Team structure review completed, and new staff have been recruited to assist with areas of work that are high volume. Training Policy updated and training log capturing training requirements is being maintained. 1;1 and Appraisals capture training requirements. Team members are being trained to support the helpdesk for periods of unexpected absence and when bulk communications are sent out to members, which can generate an increase in queries received.
Failure to deliver cost savings originally estimated within the cost savings model.	Work undertaken with 3rd party to create meaningful analysis. Continued focus on value for money in making spending decisions. Ongoing monitoring of actual and forecasted cost savings. Collaborative and partnership working on delivery of investment strategy to reduce investment expenses.
Investments in LGPS Central not delivering the required investment return which could result in the need for increased employer contributions.	Investment performance regularly reported and monitored by the Pension Committee and action taken to report any concerns via the Joint Committee and Shareholders Forum.

Risks	Controls in place
Insufficient range of asset classes or investment styles	Investment performance will be regularly reported and monitored by the Pension Committee and
being available through the investment pool.	action taken to report concerns via the Joint Committee and Shareholders Forum. Greater expertise
	will exist within LGPS Central to manage and monitor underperforming managers and take action
	more frequently than existing governance structure allows at SCPF.
Inappropriate Investment Strategy	Funding Strategy Statement published following consultation with scheme employers outlining how
	the Fund plans to meet its liabilities. External expert advice. Trained and experienced staff. Three
	yearly Actuarial Valuation which took place in 2025 and Investment Strategy Statement will be
Economic recession impacting on investment returns.	reviewed and updated accordingly. Regular review of investment strategy with Aon. Diversified Investment strategy to spread risk across a number of different markets through the
Economic recession impacting on investment retorns.	asset allocation. Regular reviews of Investment Strategy with Independent Advisors. Full Investment
	Strategy review undertaken in June 2023, with full transition plan in place.
Pay and price inflation significantly higher than	Actuarial valuation process focuses on real returns on assets, net of pay and price increases.
anticipated and pensioners in receipt of pensions for	Monitoring of investment performance relative to the estimated growth in liabilities. Some investment
longer resulting in an increase in the Fund's liabilities,	in index-linked bonds (and other inflation linked investments) helps mitigate this risk. Triennial
deterioration in funding position and increase in employer	strategic asset allocation review considers the appropriateness of assets. Mortality assumptions
contribution rates.	are set with some allowance for future increases in life expectancy as part of the valuation process.
	Fund Actuary monitors. Inflation rates continually monitored due to cost-of-living crisis and War in
	Ukraine. Inflation expected to stay higher for longer which will impact on future investment returns.
Incorrect information/benefits provided to members of the	Benefit calculations are checked. All supporting calculations are provided to the member. Team
scheme.	training. Employer training. Review of letters/statements. Identify employer training required following
	receipt of year end returns. Employers providing data on a monthly basis. Mortality screening and
	address checking introduced.
Late payment of contributions by Fund Employers leading	Payments are recorded and reconciled monthly. Late receipt of I-Connect return or payment is
to the Pension Fund having to report to the Pension	recorded on Breaches Log and reported to both Pension Committee and Board.
Regulator and possibly be fined.	Employer training Administration Stratogy Statement Team training Internal controls including
Failure of Employers to provide accurate data leading to incorrect benefit statement/payments or Fund valuations.	Employer training. Administration Strategy Statement. Team training. Internal controls including contribution collection audits and positive action by Pension team. i-Connect implemented for all
incorrect benefit statement/payments of Fond valoutions.	employer's data collected monthly. Employers trained on TPR Code. Employer training to cover errors
	picked up on yearend returns. Breaches recording, monitoring and reporting to Committee and Board.
Policies or strategies of the Administering Authority	Segregation of duties, delegated decision making to Pensions Committee and Head of Pensions.
adversely impacting on the work of the Pension Team for	Quarterly report to Pensions Committee and Pension Board for Breaches recorded. Escalation
the Shropshire County Pension Fund.	Process for amber and red breaches Pensions Regulator Code. Scheme Advisory Board.
Failure to identify and report breaches of law, in	Breaches Policy in place together with log which is reported to Committee, Board and Fund
accordance with the requirements of the Pensions	Administrator. Training undertaken by key staff.
Regulator leading to reputational damage & potential	
fines.	
Non-compliance with the Law around LGPS Benefit	The use of a good LGPS administration software solution together with a record of staff training
Administration leading to fines by the Pensions Regulator.	mitigates the risks to the fund. The fund is part of a consortium for the current system CLASS which
	keeps the cost of development down by funding coming from a pooled resource. Also, full use was
	made of TPRs and LGAs educational resources. Access to training for staff and Board and committee
Failure of support systems: Business World, CIVICA	members to ensure continued professional development. Key systems are reviewed, support provided by Council ICT and systems teams.
Pay360 which will result in incorrect data collection,	rwy systems are reviewed, support provided by obtinion and systems teams.
payment of benefits and incorrect accounting.	
Regulatory change occurs which impacts either	Regulatory intelligence & working collaboratively with Partner Funds & Pool project.
LGPS Central or Partner Funds. Government changing	Lobbying through Government working groups. Responding to consultations on legislative change.
stance on pooling such that the model no longer meets	Collaborating with partner pools to share best practice.
requirements.	
Key persons for either LGPS Central or Partner	Succession planning taking place with LGPSC and with PFs. Exit/handover plans. Different notice
Funds either choose to leave or unable to fulfil their	periods for key roles. Use of temporary resources. Governance structures - collective decision-
I and the second	making process.

Financial performance

The following tables show the forecasts for the fund account and the net assets statement for the next three years to 31 March 2028. It also shows the 2024/25 actuals against the 2024/25 budget.

Forecast v. actual report on fund cash flows

Pension fund account	2024-25 budget £m	2024-25 actual £m	2025-26 budget £m	2026-27 budget £m	2027-28 budget £m
Contributions (employees and employers)	87.600	94.518	95.900	98.800	101.700
Transfers in	8.000	11.061	8.500	8.600	8.700
Pensions paid	(88.100)	(88.105)	(94.000)	(101.500)	(109.600)
Lump sums paid	(16.500)	(22.014)	(22.000)	(21.000)	(20.000)
Lump sum death benefits	(2.200)	(2.591)	(2.600)	(2.800)	(3.000)
Refund of contributions	(0.300)	(0.243)	(0.300)	(0.350)	(0.400)
Transfers to other funds	(8.000)	(5.634)	(8.500)	(8.600)	(8.700)
Net additions/(withdrawals) from dealings with scheme members	(19.500)	(13.008)	(23.000)	(26.850)	(31.300)
Management expenses	(20.821)	(23.944)	(25.076)	(25.756)	(26.812)
Investment income	11.000	14.005	14.000	14.500	15.000
Gain/(loss) on cash and currency hedging	12.000	(0.329)	0.000	0.000	0.000
Taxes on income	(0.150)	(0.112)	(0.150)	(0.160)	(0.170)
Change in market value	173.795	146.611	202.127	217.266	233.382
Net increase/(decrease) in net assets during the year	156.324	123.223	167.901	179.000	190.100
Opening net assets of the scheme	2,503.176	2,503.176	2,626.399	2,794.300	2,973.300
Closing net assets of the scheme	2,659.500	2,626.399	2,794.300	2,973.300	3,163.400

Contributions and payments are based on current expectations, the management expenses are based on current budgets, and the net investment income and change in market value are based on the long-term forecast returns for each asset class.

Forecast v. actual report on fund asset values

Net assets statement	2024-25 budget £m	2024-25 actual £m	2025-26 budget £m	2026-27 budget £m	2027-28 budget £m
Global equities - unconstrained	707.400	669.516	725.800	786.800	852.900
Global equities - passive	844.300	838.683	898.200	962.000	1030.300
Unconstrained bonds	106.600	96.944	103.200	109.900	117.000
Investment grade bonds	266.000	266.557	281.500	297.300	313.900
Hedge funds	107.100	114.088	118.800	123.700	128.800
Private equity	219.100	199.616	220.400	243.300	268.600
Infrastructure	173.600	157.915	172.400	188.300	205.600
Property	90.100	117.386	124.900	132.900	141.400
Property debt	24.000	10.417	11.200	12.100	13.000
Private debt	72.400	78.984	84.800	91.100	97.800
Insurance-linked securities	42.800	44.303	47.500	51.000	54.700
Other (including cash and net current assets)	6.100	31.990	5.600	(25.100)	(60.600)
Total investment assets	2,659.500	2,626.399	2,794.300	2,973.300	3,163.400

Figures noted in the 'other' category above include the effect of forecast net withdrawals from dealing with scheme members etc. In practice, the 'other' balances (mainly cash held) would not be negative, as any cash requirement would be funded by a partial redemption of one of the other asset classes.

Forecast for total investment assets



The long-term forecasts are as follows:

The forecast for total investment assets is based on actual allocations as at 31 March 2025 multiplied by the forecast long-term returns for each asset class as provided by the fund's advisors.

These forecasts will need to be adjusted for any future investment decisions formally approved by the Pensions Committee.

Asset class	Return
Global equities - unconstrained	8.40%
Global equities - passive	7.10%
Unconstrained bonds	6.50%
Investment grade bonds	5.60%
Hedge funds	4.10%
Private equity	10.40%
Infrastructure	9.20%
Property	6.40%
Property debt	7.70%
Private debt	7.40%
Insurance-linked securities	7.30%
Cash	2.20%

Management expenses forecast



Below is a more detailed analysis of the management expenses budget forecast, which is split into three categories: investment management expenses, administration expenses and oversight and governance.

The budget forecasts for 2025/26 to 2027/28 have been revised and are based on the 2024/25 actual costs which are analysed to agree with the CIPFA guidance on management costs. (see note 8)

Operational expenses	2024-25 budget £m	2024-25 actual £m	2025-26 budget £m	2026-27 budget £m	2027-28 budget £m
Administrative costs					
Employee costs	1.140	1.241	1.450	1.500	1.550
IT costs	0.450	0.408	0.420	0.430	0.445
Office accommodation	0.030	0.037	0.040	0.040	0.040
Consultants	0.060	0.081	0.085	0.090	0.090
Printing, postage and design	0.050	0.061	0.062	0.064	0.066
Subscriptions	0.018	0.007	0.020	0.022	0.022
Other costs	0.030	0.111	0.035	0.035	0.035
TOTAL	1.778	1.946	2.112	2.181	2.248
Investment management expenses	·				
Management fees	9.100	11.968	12.400	12.900	13.500
Performance fees	0.350	0.649	0.670	0.700	0.730
Other fees	4.000	4.358	4.500	4.600	4.800
Transaction costs	3.800	3.266	3.400	3.500	3.600
Custody fees	0.030	0.019	0.020	0.022	0.022
TOTAL	17.280	20.260	20.990	21.722	22.652
Oversight and governance costs					
Investment advice	0.350	0.271	0.280	0.290	0.300
Employee costs (pensions investment)	0.375	0.395	0.410	0.420	0.430
Actuarial advice	0.110	0.093	0.270	0.100	0.110
Responsible engagement overlay	0.054	0.051	0.053	0.054	0.056
LGPS Central Ltd pooling costs	0.680	0.704	0.730	0.750	0.770
External audit	0.072	0.102	0.105	0.108	0.111
Performance analysis	0.034	0.027	0.028	0.029	0.030
Internal audit	0.020	0.025	0.026	0.027	0.028
Legal and committee	0.023	0.023	0.024	0.025	0.026
Other costs	0.045	0.047	0.048	0.050	0.051
TOTAL	1.763	1.738	1.974	1.853	1.912
Total management expenses	20.821	23.944	25.076	25.756	26.812

Interest charged on overdue contributions

The fund monitors the timeliness of contribution receipts from all employers and will consider charging interest if the fund experiences a series of consistently late payments from any individual employer, or a late payment that is of a significant size as to be a material risk to the fund. Material breaches will also be reported to The Pensions Regulator.

The fund classes contributions as being received on time where it is received no later than the 19th day of the month, following the month it was deducted. The percentage of contributions received on time for 2024/25 was 98%, the same as last year.

The total amount of interest charged to employers was £758.15. This mainly related to one employer who had not deducted correct contributions for some members historically. There were 23 instances of late payment, but interest was not charged due to the amounts being insignificant.

Pension overpayments

Pensions overpayments of £66,177.24 were made during 2024/25, of which £37,764.32 was recovered and £5,684.72 written off. In addition, invoices raised to recover overpayments that have not yet been paid totalled £22,728.20. The amount of pension overpayment includes £21,942.43 relating to nine cases picked up because of the participation in the National Fraud Initiative exercise.

A list of contributing employers and the amount of contributions received during the year (split by employers and employees)

Employer name	Employees contributions £	Employers contributions £
Scheme employer		
Alveley Primary School	7,952.36	37,535.74
Apley Wood Primary School	27,494.35	93,814.42
Aqueduct Primary School	17,409.75	51,337.60
Barrow 1618 Free School	8,490.39	29,131.16
Beckbury C.E Primary School & Nursery	737.32	2,335.80
Belvidere School	42,521.20	226,527.23
Bicton C.E Primary School & Nursery	1,864.11	6,530.47
Bishops Castle Primary School	11,037.68	51,948.62
Bitterley C.E Primary School	10,012.95	51,956.15
Bomere Heath C.E Primary School	1,520.37	5,881.98
Burford Primary School	13,980.90	59,170.86
Castlefields Primary School	15,924.84	86,448.33
Cheswardine Primary School & Nursery	6,700.44	23,269.71
Christ Church C.E Primary School	2,864.92	7,759.37
Church Stretton School	24,731.29	133,382.50
Clee Hill Community Academy	11,249.64	51,887.58
Cleobury Mortimer Primary School	27,596.10	112,195.36
Communities Academies Trust	166,321.86	679,144.95
Condover CE Primary School	9,119.80	55,562.73
Corbet School (Academy)	65,247.60	261,635.74
Dawley C.E Primary Academy	15,048.07	75,903.79
Diocese of Hereford Multi-Academy Trust	43,929.75	86,415.27
Ellesmere Primary School	33,217.40	163,209.57
Empower Trust	243,322.51	1,086,741.07
Fields Multi-Academy Trust	46,582.87	221,064.25
Haberdashers Abraham Darby Academy	86,298.22	195,882.59
Haberdashers Adams School	84,835.88	340,945.05
Hinstock Primary School	12,389.74	41,448.92
Holy Trinity Academy	51,144.71	157,350.51
Holy Trinity Primary Academy	19,953.33	106,386.16
Keystone Academy	35,253.50	97,557.28
Lacon Childe School	60,047.54	234,516.05
Lakelands Academy	58,091.99	195,385.00

Employer name	Employees contributions £	Employers contributions £
Lawley Village Academy	20,836.93	62,055.65
Learning Community Trust	819,598.19	3,043,749.84
Ludlow CE School	36,666.29	204,664.77
Ludlow Primary School	31,892.88	179,900.39
Lydbury North Primary School	5,114.14	15,742.69
Madeley Academy Trust	77,167.82	226,919.27
Marches Academy Trust	443,930.09	1,751,817.31
Mary Webb School and Science College	35,587.96	165,220.70
Meole Brace C.E Primary School & Nursery	8,792.70	27,395.99
Meole Brace School	79,915.21	399,673.25
Mereside CE Primary School	28,810.61	109,297.61
Mighty Oaks Academy Trust	38,203.72	121,222.33
Moorfield Primary School	22,977.76	72,526.07
Morville C.E Primary School	3,744.30	15,450.42
Newport Girls High School Academy Trust	36,499.39	134,004.20
Oldbury Wells School	55,706.97	234,568.91
Onny C.E Primary School	8,731.98	26,481.41
Redhill Primary School	31,381.09	140,505.49
Severn Bridges MAT	168,453.65	681,601.02
Shrewsbury Cathedral Catholic Primary School	14,716.61	44,843.87
Shrewsbury Colleges Group	455,561.90	1,664,324.61
Shropshire & Wrekin Fire Authority	234,944.29	617,420.76
Shropshire Council	7,706,868.07	20,892,661.37
SS Peter & Paul Catholic Primary School	4,356.88	17,710.18
St Edward's C.E. School	4,115.67	22,395.93
St George's CE Primary School, Clun	7,909.14	43,638.42
St John the Baptist C.E Primary School & Nursery	905.95	4,918.72
St Leonards C.E School	19,001.18	102,593.29
St Luke's Catholic Primary School	5,882.78	20,253.21
St Mary's Bluecoat C.E Primary School	1,625.71	8,690.72
St Patrick's Primary School	19,368.91	64,955.13
St Peters Bratton C.E Primary School	26,684.94	107,966.94
Stokesay Primary School	12,675.72	52,147.70
Stottesdon C.E Primary School	11,536.15	44,574.49
Telford & Wrekin Council	6,196,062.68	18,042,908.47
Telford College	377,056.80	1,099,479.74
Telford Park School	46,354.24	200,847.65
West Mercia Energy	56,204.04	0.00
Whitchurch Infant and Nursery School	23,549.43	130,587.17
Whitchurch Junior School	20,123.91	106,908.41

Employer name	Employees contributions £	Employers contributions £
Woodside Primary School	51,621.24	222,771.87
Woore Primary School & Nursery	1,883.29	6,269.61
Worfield Endowed C.E Primary School	1,395.78	4,438.76
3-18 Education Trust	394,741.00	1,520,113.15
Admission Bodies		
Accuro Facilities Management (Idsall School)	2,024.45	6,505.55
Age UK Shropshire, Telford & Wrekin	3,749.46	0.00
Aramark - Idsall School	841.00	3,639.26
Aspens Services Ltd*	0.00	-2,900.00
Aspens Services Ltd (Corbet School)	2,016.55	7,604.42
Aspens Services Ltd (St Martins)	1,191.53	3,841.78
Association of Local Councils	4,798.60	22,051.45
Balfour Beatty	4,330.21	12,753.68
Bethphage - Assisted Living	1,155.28	6,114.10
Bethphage - Ellesmere Day Service and Library	5,309.08	16,242.51
Bethphage - Oak Farm and Innage Grange Day	4,299.31	13,445.39
Care Quality Commission*	402.22	31,909.33
Caterlink (Learning Community Trust)	2,145.42	12,995.12
Caterlink (TrustEd CSAT Alliance)	17,098.68	67,970.88
Churchill Contract Services (St Bart's MAT)	1,442.09	5,243.87
Cleantec (3-18 Education Trust)	11,726.30	47,342.52
Cleantec (Marches MAT)	10,455.24	46,002.91
Compass (Hadley Learning Community)	2,848.19	14,300.73
Compass (St Bart's MAT)*	631.21	-24,703.09
Compass - Cleaning (St Bart's MAT)*	1,066.46	-1,999.73
Connexus Housing One Ltd*	0.00	-1,212,200.00
Connexus Housing Three Ltd*	0.00	56,900.00
Coverage Care Crowmoor House	8,523.01	0.00
Coverage Care Ltd	989.02	0.00
Edwards & Ward Ltd	16.28	73.43
Fidelis	762.74	2,717.02
Halo Leisure Services Ltd	5,464.99	2,903.31
Harper Adams University	468,785.91	1,290,169.00
Housing Plus	102,796.94	369,072.57
IDVerde Ltd	15,306.27	16,965.68
IDVerde (Shropshire Council)	23,029.48	95,730.32
Innovate Service Ltd (Bridgnorth Endowed School)	2,496.13	8,642.00
Ironbridge Gorge Museum Trust*	0.00	-671,300.00
Kier Highways Ltd	32,799.11	33,871.66
Miquill (Holy Trinity School)	1,986.51	7,413.14

Employer name	Employees contributions	Employers contributions £
Miquill (St Bart's MAT)	1,677.34	6,137.99
NIC Services (TrustEd CSAT Alliance)	4,482.31	17,834.06
OCS Food Co Ltd (Coleham School)	1,224.69	5,544.48
OCS Food Co Ltd (Empower Trust)	1,506.05	5,640.79
OCS Food Co Ltd (Woodside Primary School)	1,086.12	4,680.26
OCS Food Co Ltd (3-18 Education Trust)	4,829.37	16,683.63
Perthyn	2,005.44	0.00
Prime Facilities (Brown Clee School)	299.90	1,694.73
Prime Facilities (CAT)	2,553.16	9,665.58
Prime Facilities (Mighty Oaks)	737.77	2,871.25
Prime Facilities (St Mary's)	678.68	3,345.12
Sanctuary Group	9,861.51	18,807.33
Severn Gorge Countryside Trust	10,068.91	22,906.23
Shropshire County Leisure Trust	27,750.34	46,859.58
South Shropshire Leisure Ltd	13,161.93	11,042.08
Strettons Mayfair Trust	1,141.24	3,568.98
Taylor Shaw (Marches MAT)	47,216.30	177,647.05
The Forward Trust	2,982.52	7,062.52
Veolia Environmental Services (UK) Plc	63,434.63	0.00
Veolia TWC	14,394.70	44,024.10
We Are With You (Addaction)	6,341.83	2,792.85
Wrekin Housing Trust	798,560.48	2,444,435.43
WSP UK Ltd	7,009.77	6,093.34
Designated Bodies		
Albrighton Parish Council	5,807.58	16,707.37
Bayston Hill Parish Council	5,338.17	23,348.41
Bishops Castle Town Council	2,506.43	11,764.70
Bridgnorth Town Council	25,400.05	85,473.40
Broseley Town Council	4,573.63	0.00
Church Stretton Town Council	11,391.33	54,248.79
Cressage, Harley and Sheinton Parish Council*	0.00	2,202.00
Dawley Hamlets Parish Council	1,168.28	4,753.70
Ditton Priors Parish Council	508.70	2,472.84
Donnington and Muxton Parish Council	7,167.95	25,840.77
Ellesmere Town Council	7,002.21	27,416.74
Ford Parish Council	686.93	2,148.19
Great Dawley Parish Council	16,517.24	36,839.86
Great Hanwood Parish Council	937.01	2,893.85
Great Ness and Little Ness Parish Council	1,080.98	3,156.49
Hadley & Leegomery Parish Council	8,485.38	29,013.66
Hollinswood & Randlay Parish Council	8,507.86	28,174.46

Employer name	Employees contributions £	Employers contributions £
Ketley Parish Council	7,006.39	19,244.44
Lilleshall Parish Council	1,055.27	2,210.54
Little Wenlock Parish Council	508.74	2,469.95
Ludlow Town Council	27,941.96	100,968.28
Madeley Town Council	13,753.66	49,410.11
Market Drayton Town Council	9,075.21	30,303.91
Much Wenlock Town Council	4,513.43	22,512.31
Newport Town Council	13,963.55	38,256.34
Oakengates Town Council	15,155.33	54,246.37
Oswestry Town Council	46,121.47	144,973.14
Pontesbury Parish Council	5,763.83	21,790.04
Rodington Parish Council	568.10	1,109.25
Shifnal Town Council	10,169.37	30,987.14
Shrewsbury Town Council	118,644.65	337,893.25
Shropshire Towns & Rural Housing	403,253.10	1,103,829.87
St Georges and Priorslee Parish Council	3,042.84	14,225.19
The Gorge Parish Council*	0.00	-3,200.00
Wellington Town Council	11,672.76	46,854.78
Wem Town Council	6,533.03	19,469.43
Whitchurch Town Council	15,698.91	41,338.24
Worfield & Rudge Parish Council	547.07	1,094.14
Wrockwardine Parish Council	1,531.80	6,158.42
Wrockwardine Wood & Trench Parish Council	1,516.73	4,909.21
	21,500,660.96	63,282,645.07

 $[\]ensuremath{^{*}}$ Employer contributions figure includes termination deficit income/ termination surplus payment

Investment of funds

The fund pursues a policy of managing risk by diversifying both investments and investment managers. Assets are held by the fund to achieve returns consistent with the cost of future pension liabilities as assessed by the actuary. Actuarial valuations are undertaken every three years with the last one held in March 2022, the results of which were communicated to employers in November 2022 and new contribution rates were set for the next three financial years commencing 1 April 2023. The March 2025 valuation is in progress and results will be communicated in late 2025 to employers, with contribution rates changing from 1 April 2026.

The fund's strategic asset allocation for 2024/25

7.5%

of fund



Targeted return funds

10%

of fund



Corporate bonds

55%

of fund



Global equities

7.5%

ot tun



Illiquid credit

5%

Indirect UK property

7.5%

Private equity

7.5%

of fund



Infrastructure

Asset	% of fund
Targeted return funds (e.g. absolute return bonds, hedge funds and Insurance-linked securities)	7.5%
Investment grade corporate bonds	10%
Global equities	55%
Illiquid credit (e.g. private debt and property debt)	7.5%
Indirect UK property	5%
Private equity	7.5%
Infrastructure	7.5%



In June 2023, the Pensions Committee agreed on a revised strategic asset allocation outlined above, following the completion of a number of investment strategy workshops held in conjunction with Aon, Mercer, LGPS Central Ltd and the fund's independent advisor. This strategic allocation has remained constant throughout 2024/25 with quarterly reviews by the committee as the fund increase private market commitments to reach the intended allocations across illiquid credit, private equity and infrastructure. These private market allocations take time to reflect in investment balances because of the time lag between commitment and investment, which can often span several years, especially in infrastructure where assets may be being built from scratch over a number of years. Whilst the fund waits for commitments to be drawn, these allocations will remain underweight to the agreed strategic asset allocation. To offset these underweight positions, the fund will hold overweight positions in targeted return funds and equity, which will reduce back towards target allocations agreed in the strategic asset allocation, as capital calls are received in respect of the outstanding commitments.

The committee can call investment managers in to review performance and current issues and during 2024/25 the committee received presentations from the following four managers.

- T. Rowe Price in respect of the dynamic Global Bond Fund that forms part of the targeted return allocation.
- Aberdeen in respect of the indirect UK property investments.
- HarbourVest in respect of private equity investments.
- Global Infrastructure Partners (GIP) on infrastructure investments.

Further training sessions on climate-related issues were held during the year with presentations received by LGPS Central Ltd on various topics which were split into the following areas:

- The 2024 Climate Risk Reports/carbon footprint analysis (new features and what they mean).
- Taskforce for the Climate related Financial Disclosures (TCFD) Report.
- Climate Stewardship Plan.
- Stewardship Code.
- Net Zero the practicalities and implications for local government pension schemes.
- Review of carbon metrics that are being used to assess progress.

The Pensions Committee reviewed the fund's Climate Change Strategy in September 2024 and agreed an updated version which maintains the fund's commitment to achieving net zero emissions by 2050, in line with the Paris accord on climate. In addition, the new strategy also sets out interim targets to monitor progress and timescales for the inclusion of private market investments in the fund's analysis.

The fund's equity portfolios are split roughly two thirds in low carbon and sustainable investment products, through both Legal and General and LGPS Central Ltd, with the final third in standard global equity investments through LGPS Central Ltd. The fund's equity investments are managed on a passive basis by Legal and General and an active basis by LGPS Central Ltd.

The global equity allocation, managed passively by Legal & General, is 100% hedged back to Sterling. This is designed to eliminate some of the risks in holding an increased proportion of overseas investments. An equity protection strategy is also implemented as part of this portfolio.

Further commitments were made during the year to LGPS Central Ltd, in respect of illiquid credit, with a £90 million commitment to the 2024 investment sleeve. There have been no capital drawdowns under this new commitment to date, as the product is still in the deployment phase.

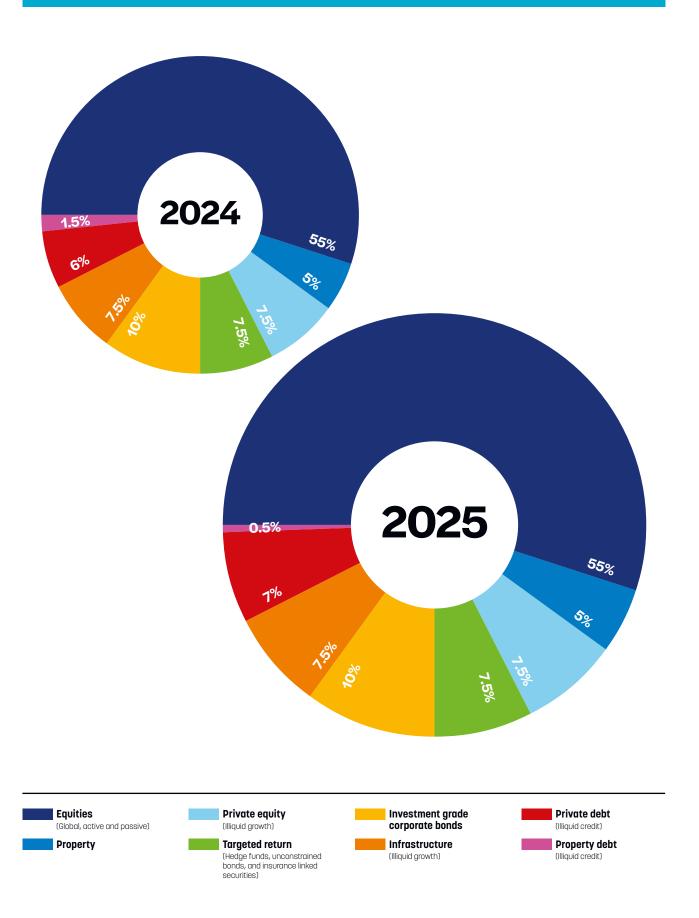
The fund continues to work closely with LGPS Central Ltd on plans to transfer further assets to the pool control and whilst the fund still awaits the response to the Government's consultation LGPS "Fit for the Future", we are aware of the potential timescale of 31 March 2026 for LGPS Central Ltd to have oversight of all assets. The fund will continue to monitor legacy positions with HarbourVest, in respect of private equity and GIP in respect of infrastructure, making further commitments to the LGPS Central Ltd products to match expected maturities from these managers.

The fund continued to work with eight other funds in the Midlands during the year. LGPS Central Ltd is jointly owned on an equal share basis by eight pension funds and is a Collective Portfolio Management Investment Firm (CPMI) regulated by the Financial Conduct Authority (FCA). The majority

of assets under management will be structured in an Authorised Contractual Scheme (ACS), itself regulated by the FCA, in addition to other pooled investments held in alternative structures. LGPS Central Ltd is a multi-asset manager, investing approximately £45 billion of assets on behalf of its member funds as of 31 March 2025. The aims of LGPS Central Ltd are to deliver cost savings, to build on the existing investment expertise of its member funds through increased scale, resilience, and sharing of knowledge. The company use a blend of internal and external investment management, with the key objective to improve risk adjusted investment returns after cost.

LGPS Central Ltd is responsible for some advisory and discretionary mandates on behalf of its partner funds. Together, these new funds and mandates see LGPS Central Ltd currently being responsible for £44.9 billion of assets (71.3% of total assets). Working with our partners to develop and review our current investment strategy in the light of the 2025 valuation results will be a major strategic focus for the fund over the next year.

Strategic asset allocation at the start and end of the year



Spread of assets between fund managers as at 31 March 2025

The following table shows the managers responsible for individual portfolios and the value of the funds they manage:

	fund as at ch 2024	Fund manager		Portfolios held	Share of t 31 Marc	und as at h 2025
£m	%				£m	%
		Investments managed by LGPS Central Ltd				
445.072	17.78		Global equition	Global equities	462.844	17.62
209.315	8.36			Global sustainable equities	206.654	7.87
67.330	2.69		Private debt Private equity LGPS Central Ltd Infrastructure	Private debt	78.984	3.01
4.744	0.19	No.		Private equity	13.542	0.52
49.506	1.98	LGPS Central Limited		Infrastructure	66.105	2.52
254.025	10.15			Investment grade corporate bonds	266.557	10.15
1.315	0.05		UK equities (unquoted) Loan	UK equities (unquoted)	1.315	0.05
0.685	0.03			Loan	0.685	0.03
1,031.992	41.23					41.76
		Investments managed outside LGPS Central Ltd				
789.842	31.55	Legal & General	Legal & General	Global equities (passive)	838.683	31.93
103.226	4.12	BlackRock.	Blackrock	Hedge fund	114.088	4.34
84.545	3.38	aberdeen Investments	Aberdeen Property Investors	Property unit trusts	117.386	4.47
195.758	7.82	HarbourVest	HarbourVest Partners Ltd	Private equity	186.074	7.08
112.450	4.49	GLOBAL INFRASTRUCTURE PARTNERS	Global Infrastructure Partners	Infrastructure	91.810	3.50
22.222	0.89	DRC Savils investment management	DRC Capital	Property debt	10.417	0.40
39.770	1.59	TWELVE SECURIS	Securis Investment Partners	Insurance-linked securities	44.303	1.69
100.358	4.01	T.RowePrice®	T.Rowe Price	Global dynamic bonds	96.944	3.69
0.016	0.00		Other	Other	0.018	0.00
1,448.187	57.85			1,499.723	57.10	
2,480.179	99.08	Total assets held by fund managers		2,596.409	98.86	
22.997	0.92	Cash deposits and other balances		29.990	1.14	
2,503.176	100.00	Total fund			2,626.399	100.00

Major shareholdings as at 31 March 2025

UK equities		Sector	Value £m	% of fund
◆ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★	HSBC	Financials	9.809	0.373
NatWest Group	NatWest Group	Financials	8.669	0.330
LLOYDS BANK	Lloyds	Financials	6.445	0.245
AstraZeneca 🕏	Astrazeneca	Health care	6.151	0.234
€ RELX	Reix	Analytics	5.803	0.221
Unilever	Unilever	Consumer staples	4.658	0.177
₩BARCLAYS	Barclays	Financials	4.103	0.156
DIAGEO	Diageo	Consumer staples	3.981	0.152
SEVERN TRENT	Severn Trent	Utilities	3.511	0.134
COMPASS	Compass Group	Foodservice	3.323	0.127
Overseas equities		Country	Value £m	% of fund
Microsoft	Microsoft Corp	United States	59.216	2.255
Ć	Apple Inc	United States	58.867	2.241
NVIDIA.	Nvidia Corp	United States	47.986	1.827
Alphabet	Alphabet	United States	34.007	1.295
amazon	Amazon	United States	29.596	1.127
∞ Meta	Meta Platforms	United States	24.778	0.943
Lilly	Eli Lilly & Co	United States	20.404	0.777
VISA	VISA	United States	17.093	0.651
JPMorganChase	JP Morgan Chase	United States	14.564	0.555
TESLA	Tesla	United States	14.057	0.535
Total fund value			2,626.399	

Investment performance

£123

11.4%

11.3% 10.5%

million

return

return

return

Fund value increase

Insurance-linked securities

LGPS Central Ltd infrastructure

Hedge funds

During the year, the Shropshire fund increased in value by £123 million to be valued at £2.626 billion at the end of the year. The fund's investments increased in value by 5.65% over the year but slightly underperformed its benchmark by 0.14%. Global equity markets struggled towards the end of the financial year with concerns over the impacts of US tariffs on global trade and continued geopolitical uncertainty impacting performance in the final quarter.

The fund invests in a range of asset classes to diversify risk and provide more stable returns. The fund had positive investment returns in most asset classes during the year, despite the year end volatility. The strongest absolute returns were generated in Insurance-linked securities managed by Securis Investment Partners where the fund's investments increased in value by 11.4%, despite allowances for the US wildfires in early 2025. Strong absolute returns of 11.3% were also generated in infrastructure by LGPS Central Ltd and in our hedge fund investments, managed by BlackRock, which rose by 10.5%. Private debt increased by 9.5%, Global Infrastructure Partners by 7.2%, T. Rowe Price by 7.0%, investment grade corporate bonds by 4.9% and property by 4.9%. Private equity produced an overall positive return of 3.3%, but there were big differences between LGPS Central Ltd at 7.9% and HarbourVest at 2.9%. A major reason for this is the impact of exchange rates on performance, especially the weakening of the US dollar, since HarbourVest investments is mainly denominated in US dollars. Exchange rates in respect of US dollars will impact a number of the private market valuations but, the

largest exposures are with GIP and HarbourVest, which are both nearly fully denominated in US dollars. The main impacts on performance and the benchmark were seen in active equities managed by LGPS Central Ltd, which struggled in the final quarter because of high exposure to US markets. Global active equity produced a positive return of 4.0%, but this was 1.5% below its benchmark and the global sustainable equities investments fell by 1.3% over the year and were 6.7% below benchmark. This reflects the volatility in the market, especially in US markets, which make up over 60% of the global products. Both products were amongst the strongest performers in the previous 2023/24 financial year. The other negative performer was property debt, administered by DRC, which showed a negative return of 4.1%. This is a very small portfolio that is reaching expiry, and the performance relates to issues over the forced sale of one property.

Due to the strong funding level of the scheme and to protect the fund from unexpected falls in global equity markets, as occurred during the global pandemic and in 2022, an equity protection strategy continued to be in place during the year. As equity markets rose, which meant strong positive absolute returns of 7.5% were generated by the Legal & General passive portfolio, these were below the benchmark by 8.2% because of the equity protection in place. This also contributed to the slight negative performance compared to the benchmark over the year. The equity protection strategy is subject to quarterly reviews by the Pensions Committee, officers and advisors.

Graph 01: Whole fund performance

Graph 01 shows the total fund investment returns compared with the benchmark. The stock markets that make up the benchmark showed positive returns in 2024/25 of 5.79%. The fund's investments increased in value by 5.65% over the year, slightly underperforming its benchmark by 0.14%. Overall, the fund has increased in value by an average of 4.62% per annum over the last three years, which is above the benchmark by 0.66%, 8.1% per annum over the last five years, which is 1.6% above the benchmark and by 6.3% per annum over the last ten years which is above the benchmark by 0.6%, which is also positive as it confirms long-term performance is delivering as expected.

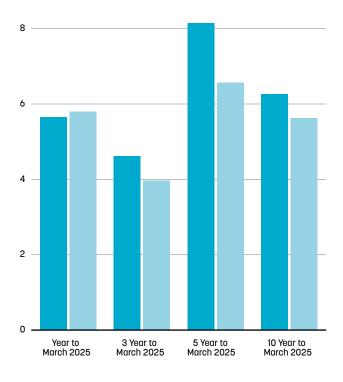
Performance data used in this report is provided by Northern Trust, who supply independent confirmation of the investment performance of individual managers on the fund's behalf.

Graph 02: Individual fund manager performance

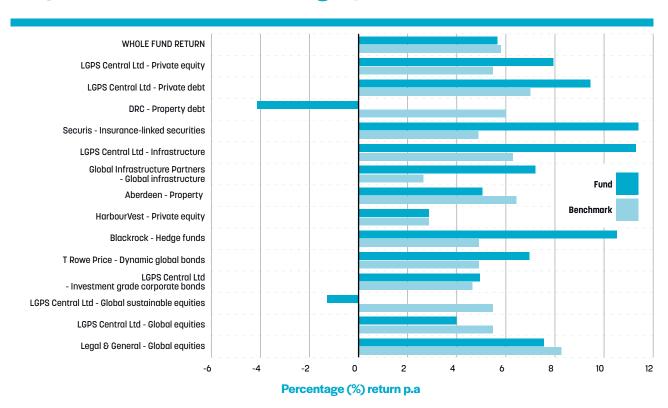
Individual portfolio managers are given performance benchmarks related to the indices of the assets in which they invest, or, an absolute return benchmark, where this is more appropriate. Manager performance compared to their benchmark for the year is shown in Graph 02.

Graph 01: Whole fund performance





Graph 02: Individual fund manager performance



Corporate governance and socially responsible engagement

The Shropshire County Pension Fund (the fund) does not restrict its investment managers in the companies in which they can invest. To do so would be contrary to the overriding financial responsibility of the Pensions Committee. The Pensions Committee believe it is more effective to influence company behaviour from the inside as a shareholder.



Pensions Committee meetings with LGPS Central Ltd

Climate risk reporting

In 2024 the fund received its fifth commissioned Climate Risk Report from its pooling company, LGPS Central Ltd. The Climate Risk Report describes the way in which climate-related risks are currently managed by the fund. The report was presented to the Pensions Committee in December 2024, with all recommendations in the report receiving approval by the committee. In the interests of being transparent with the fund's beneficiaries and broader stakeholder base, the fund published its fifth Task Force on Climate-related Financial Disclosures (TCFD) aligned report in December 2024.

Climate strategy

The fund produced its updated Climate Change Strategy in September 2024, which built on the original version developed in 2021, by reflecting the increased data now available to the fund and setting interim targets for monitoring on its journey to be net zero by 2050. The aim of such a strategy is to detail the fund's governance, beliefs, objectives, strategic actions and targets in relation to climaterelated risks. The fund's revised climate strategy was approved by the Pensions Committee in September 2024, reaffirming its commitment to net zero by 2050 in line with the Paris Treaty on climate change. The fund continues to work with LGPS Central Ltd to further develop the strategy and data collection around the fund's private market assets, to ensure the report continues to show the most comprehensive

overview of the fund available and to ensure it reflects the dynamic characteristics of climate change. The climate stewardship plan was updated at the March 2025 Pensions Committee to reflect the recommendations in the December 2024 Climate Risk Report.

Whilst the Pensions Committee has an overriding duty to consider its financial responsibilities above any other considerations, it remains committed to corporate governance and responsible investment issues. Through actively voting at shareholder meetings and sustained shareholder engagement, it is felt the fund is best able to influence company behaviour.

Governance

The Pensions Committee ('the committee') is responsible for preparing the Investment Strategy Statement (ISS) and the Climate Change Strategy. The committee meet four times a year, with quarterly engagement reports included as a standing item on the committee's agenda. Both the committee and the Pension Board have received regular training on responsible investment topics.

The Head of Pensions and the Pensions Investment and Responsible Investment Manager, in conjunction with the fund's investment advisors, have primary day-to-day responsibility for the way in which climate-related investment risks are currently managed and provide updates to committee. As detailed in the climate strategy, the fund leverages partnerships and initiatives – including the Institutional Investors Group on Climate Change (IIGCC) – to identify and manage climate risk. As a primarily externally managed fund, the implementation of much of the management of climate-related risk is delegated onwards to portfolio managers. External portfolio managers are monitored on a regular basis by officers and the committee.

Strategy

The fund considers climate-related risks and opportunities over the short, medium and long term. Examples of short and medium-term risks include policy tightening and technological change, while long-term risks include sea level rise and resource scarcity. The fund has split these risks into two specific categories.

 Physical risks are the risks associated with the physical impacts of climate change on companies' operations. It is expected that these

- will manifest more strongly over the medium to long term.
- Transition risks are those associated with the transition towards a low-carbon economy.

The fund undertakes climate scenario modelling as part of the tri-annual valuation process, to allow for scientific developments. The last climate scenario analysis was undertaken in 2022, and the fund is liaising with its actuary over the climate scenario modelling to be included in the 2025 valuation. The 2022 analysis covered all asset classes across three climate scenarios: rapid (1.5°C), orderly (1.6°C) and failed (4.3°C). The results of the climate scenario analysis indicated that over the shorter time frame transition risk tends to dominate, while over longer time frames physical risk is expected to be the key driver of climate impacts. The report reached four key conclusions.

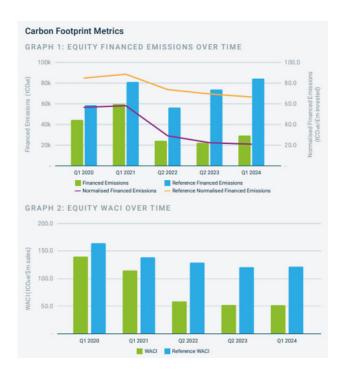
- **1.** A successful transition is imperative.
- Sustainable allocations protect against transition risk; growth assets are highly vulnerable to physical risk.
- **3.** Sector and regional exposures should be monitored to understand impact on return levels.
- **4.** Be aware of future pricing shocks and the impact upon the portfolio.

Risk management

The fund seeks to identify and assess climate-related risks at the total fund level and at the individual asset level. Engagement activity is conducted with investee companies through selected stewardship partners including LGPS Central Ltd, EOS at Federated Hermes, Columbia Threadneedle Investments (CTI) and Local Authority Pension Fund Forum (LAPFF). Based on its Climate Risk Report, the fund has developed a climate stewardship plan which, alongside the widescale engagement activity undertaken by our stewardship partners, includes targeted engagement at investee companies of particular significance to the fund's portfolio. The March 2025 climate stewardship plan includes nine companies across six sectors: energy, industrials, materials, utilities, mining and technology. Mining returned in the March 2025 climate stewardship plan due to concerns over coal production pathways and emissions targets and the importance of capitalisation plans in this sector with a number of critical materials required for the energy transition.

Metrics and targets

The fund's carbon risk metrics cover its listed equities portfolios, which represent 55% of the fund's strategic asset allocation. The scope of the analysis comprises the total equities portfolios as at 28 March 2024 and covers all four of the fund's equity strategies and approximately £1.4 billion of the fund's assets at that date. The carbon footprints are provided below.



Between 31 March 2020 and 28 March 2024, the carbon footprint of the total equities' portfolio, measured by financed emissions, has reduced by 34% and the normalised financial emissions, which account for changes in net asset value (NAV), have fallen by 63.1% over the same period. The fund also measures weighted average carbon intensity, which provides a measure of the portfolio's exposure to carbon intensive companies. This figure has reduced by 62.9% over the period. These reductions were driven initially by shifts from the LGIM World Developed Equity Index to the LGIM Solactive Fund and the transition of the fund's UK equity portfolio to LGPS Central Ltd Global Sustainable Equity Funds. As a result of market movements and investments, the fund's equity value increased significantly between March 2020 and March 2024 and the normalised financial emissions figure provides the direction of travel accounting for fluctuations in NAV. There have been no changes in the allocation of the fund's equity portfolios during the financial year, but the figures do include the increased investments in the LGPS

Central Ltd Global Sustainable Equity Fund, which occurred between October 2023 and January 2024, which were not reflected in the previous year's report.

Climate risk training

Throughout the year, the Pensions Committee and officers have received training from LGPS Central Ltd on climate change and investment stewardship and responsible engagement presented by Columbia Threadneedle Investments.

During the year, the Pensions Committee and officers also responded to various public questions and freedom of information requests on fossil fuel divestment and climate change.

During 2024/25 the fund has received 29 freedom of information requests, all of which have been answered in line with legal timescales.

Shareholder voting

Shropshire County Pension Fund has, through external managers, been actively voting at the annual general meetings and extraordinary general meetings of the companies in which it invests for more than 20 years. The individual fund managers vote on the fund's behalf on all equity portfolios. For 2025, voting will be undertaken by LGPS Central Ltd via EOS at Federated Hermes for all equities, ensuring a consistent approach to voting.

The fund believes that good governance is an important element in reducing the risk of corporate failures in the future. It also believes that over the long term, commitment to corporate best practice will enhance investment returns. As shareholders, we have a fiduciary interest and a responsibility in ensuring the highest standards of governance and accountability within the companies in which we invest.

Through ISS (Institutional Shareholder Services) and EOS at Federated Hermes, the fund has adopted a corporate governance policy based on codes of best practice and governance. Wherever practicable, votes are cast in accordance with industry best practice as set out in the UK Corporate Governance Code.

During the last year, the fund's voting activity has continued to focus on encouraging the boards of listed companies to be transparent and accountable, maintain effective systems of internal control, adopt fair remuneration structures and alignment with climate risk related disclosure and practices.

UK stewardship code

Shropshire County Pension Fund recognises its role as one of promoting best practice in stewardship, which is consistent with seeking long-term, sustainable investment returns.

In 2023, the fund became a full signatory to the Financial Reporting Council's (FRC) revised 2020 stewardship code. In 2024 the fund successfully retained signatory status at renewal. Status must be renewed on an annual basis and involves the fund demonstrating and evidencing compliance with the twelve principles for asset owners set out in the code. The code sets high expectations of how investors, and those that support them, invest and manage money. The fund is pleased to have continued to receive this recognition and will continue to promote stewardship and good governance. The fund also ensures its equity managers are signatories of the UK Stewardship Code and signatories to the Principles for Responsible Investment.

Socially responsible engagement

Shropshire County Pension Fund is addressing its social responsibility through a strategy of responsible engagement with companies. As a shareholder, the fund is a part owner in a large number of companies and by entering dialogue with these companies, it is felt that there is potential to achieve change from the inside.

Given that the fund does not have the resources to regularly visit the companies itself, an external advisor has been employed to develop an engagement programme. Columbia Threadneedle Investments (CTI) provide this responsible engagement overlay on the fund's equities portfolios. CTI enter dialogue with companies on the fund's behalf to put to them the case for improved financial performance through better management of the negative impacts they might have on the environment and society in general. CTI view engagement not only as a tool to identify and manage environmental, social and governance (ESG) risks but, also as a route to create positive impact for the environment and society by supporting the achievement of the United Nations Sustainable Development Goals (SDGs).

CTI are an active supporter of Climate Action 100+, either co-leading or supporting 48 of the individual company engagements. They also contribute to the strategic direction of CA100+ via the new Institutional Investors Group on Climate Change (IIGCC) Corporate Programme Advisory Group.

Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. A total of 169 companies that are critical to the transition to a low carbon global economy are being engaged. The three pre-agreed challenges to these companies are to implement a strong governance framework on climate change, take action to reduce greenhouse gas emissions across the value chain and provide enhanced corporate disclosure.

CTI had 361 engagement meetings in 2024 with 234 companies. This resulted in the achievement of 64 key milestones at companies with which they were engaged. Examples of some of the themes reviewed in 2024 are shown below.

Environmental: climate change remained a key component of CTI's environmental engagement during 2024. Specific areas of focus included energy transition, companies' net zero strategies and emissions management. A sizeable portion of environmental stewardship engagement focused on natural resources. Product sustainability and pollution impact were other areas of engagement.

- Addressing climate change: CTI engaged with companies on their energy transition and decarbonisation goals, which helps us to understand how they are navigating these changes, and to encourage the adoption of robust, science-based strategies that are viable for such companies to implement.
- Protecting biodiversity: CTI were part of the launching investor group for Nature Action 100 in September 2023. This collaborative investor initiative engages companies with the most material biodiversity impacts, and CTI will continue to help lead this initiative through their position on the Steering Committee and Technical Advisory Group.

Social: During 2024, engagement on social issues was largely focused on labour standards, human rights and public health. Topics of engagement included forced and child labour, gender diversity in the workplace and human rights due diligence. CTI also engaged companies on public health; on issues such as access to healthcare and nutrition.

- Social audit assurance: Through engaging food and beverage, we gained a better understanding of the drivers of social and environmental risks, including addressing plastic pollution, reducing greenhouse gas emissions, managing water stress and soil depletion, securing working conditions in operations and supply chains, and eliminating deforestation in raw material sourcing.
- Responsible governance of artificial intelligence (AI): While there are vast benefits to AI, there are also risks and harms associated with misuse, which raises questions about the accuracy, fairness, privacy and security of these AI systems. As part of the continuation of the responsible governance of AI project, CTI engaged with companies across the key pillars of AI governance, principles and implementation, impact assessments and associated risk mitigation to strengthen analysis of companies' approach to responsible AI.

Governance: board diversity was an important aspect of our corporate governance engagement during 2024, with a particular focus on gender diversity, board effectiveness and ESG oversight.

 Board gender diversity in Asia: CTI continued to engage with some of the most influential Asian companies with all-male boards and continues to witness positive developments at some of our target companies.

The actions taken by CTI on the fund's behalf are in addition to the actions taken by EOS at Federated Hermes for the portfolios managed by LGPS Central Ltd and the actions taken by Legal & General in respect of the fund's passive equity portfolio.

Local Authority Pension Fund Forum

Shropshire remains a committed member of the Local Authority Pension Fund Forum (LAPFF). The LAPFF brings together 87 public sector pension funds and seven pooled companies (annual report 2024) and is the UK's leading collaborative shareholder engagement group with combined assets of over £350 billion. LAPFF exists to promote

the highest standards of corporate governance to protect the long-term value of local authority pension funds. It maximises their influence as shareholders in promoting corporate social responsibility and high standards in corporate governance among the companies in which they invest.

As a member of the forum, the Shropshire County Pension Fund has a stronger voice in influencing the companies in which it invests. Over the last twelve months, the work of the forum has included the following areas:

Environmental and climate risk: Climate change is a significant and urgent investment risk. Academics and investment experts put the price of inaction in the trillions of dollars. To safeguard the investments of our members and the pensions of their beneficiaries, LAPFF's main engagement objectives are for companies to align their business models with a 1.5 degrees scenario and to push for an orderly net-zero carbon transition. LAPFF have been petitioning companies to submit climate transition plans for shareholder approval, to allow pension funds to make informed investment decisions and understand the climate value at risk of investing in individual companies, based on disclosed data on emissions and carbon targets. In addition, LAPFF issued a report to the UK government in 2024 with recommendations for the UK climate change policy.

A major focus of LAPFF's work is improving company approaches to climate change to reduce the related financial risks. Engagement is often a multi-year process to achieve desired aims, as illustrated by the four-year engagement with Barclays on climate risk, which has led to commitments not to finance expansion in upstream oil and gas projects. To strengthen the approach, LAPFF issued over 130 voting alerts covering 57 companies in 2024. Proposals are assessed on whether companies are meeting the expectations LAPFF has, including those within LAPFF's responsible investment policy guide. The alerts focused on climate lobbying, risk and transition reporting, and target setting.

Spotlight on industry collaboration and transition pathways: LAPFF have worked over a number of years in collaboration with Climate Action 100+ in consultation with the National Grid on decarbonising energy supplies and transition pathways.

In 2024 the National Grid published its updated

climate transition plan which included setting Science Based Targets Initiative (SBTI) standards on a 1.5 degrees basis, broadening climate analysis to include upstream scope 3 emissions and integrating greenhouse gas emissions targets throughout the business. The plan was supported with a clear investment plan of over the next five years to 2029 of &60 billion in respect of distribution systems both in the UK and US to ensure a just transition. LAPFF is pushing for the National Grid to become an active leader in the transition recognising its role as the ultimate enabler.

LAPFF continues to raise concerns with the National Grid including on the issue of gas distribution in North America. LAPFF would like to see specific targets or actions relating its role as an enabler of the roll out clean energy. LAPFF will also continue to press National Grid on the four partly aligned organisations contained within its lobbying report.

As part of LAPFF's policy for a just and fair transition they are also pursuing how the grid will cover all areas from rural to urban to ensure no part of the population is left behind.

Social Risk: LAPFF believes that social risk is every bit as important as environmental and governance risk when it comes to long-term shareholder returns. The nature of the risk tends to differ from the other two in that its assessment is highly reliant on qualitative, rather than quantitative, indicators. Therefore, the forum engages in an innovative process of speaking directly to affected workers and communities to identify and address social risk. The forum's view is that this approach leaves it well placed to deal with risk in a comprehensive way, as the just transition agenda gains traction.

Governance risk: The forum's view is that without effective corporate governance, companies can neither mitigate risk nor maximise opportunities to create shareholder value. Therefore, good governance is a sign of good business. It also facilitates the effective implementation of good social and environmental practices so, mitigates risk on all fronts. As a result, many of LAPFF's engagements, both at the corporate and policy levels, focus on corporate governance.

Collaborative engagement: LAPFF works on a collaborative basis with a number of other bodies to support its engagement principles. An example of collaboration in 2024 includes work on water stewardship as part of the Valuing Water Finance Task Force. This work was again a multi-year engagement with Chipotle, which resulted in the company's sustainability report including goals to support water stewardship efforts, to conserve and restore watersheds in priority areas.

LGPS and stewardship: LAPFF has a central role in the LGPS landscape, liaising with members and others on responsible investment and shareholder activism. The forum has been prominent in unifying local authority pension scheme concerns across three areas:

All-Party Parliamentary Group: The All-Party Parliamentary Group (APPG) on Local Authority Pension Funds – set up by LAPFF – includes leading parliamentarians in discussions about local authority pension issues and the forum's work.

LGPS pooling: LAPFF remains in touch with pool companies, ensuring clear sight of work programmes and activities of both parties to align mutual interests.

Stewardship: LAPFF fully supports the position set out in the regulations and guidance, that active stewardship by pension funds leads to long-term success of the companies in which they invest.

Scheme administration report

Shropshire County Pension Fund administers the Local Government Pension Scheme (LGPS), which provides occupational pensions for employees (other than teachers) of local authority employers, within the geographical area of Shropshire. This includes support staff employed by academies, employees of organisations which have entered into admission agreements with the fund and bodies who have made a resolution to join the fund.

The LGPS is a tax approved, defined benefit occupational pension scheme set up under the Superannuation Act 1972. The LGPS was contracted out of the State Second Pension scheme (S2P) until 5 April 2016; from 6 April 2016 the 'contracted out' status ceased to exist for all pension schemes due to the introduction of the single tier State Pension.

The LGPS is a qualifying scheme under the automatic enrolment provisions of the Pensions Act 2008. From 1 April 2014, benefits for active members build up in the career average revalued earnings (CARE) scheme. Benefits for members with service pre-April 2014 are calculated under the final salary scheme.

Shropshire Council is required by law to administer the LGPS in Shropshire. It is accountable to the Pensions Committee, the Pension Board, participating employers and scheme members. The responsibilities for scheme administration are met in-house by the Pensions Administration Team based within the Resources service area within Shropshire Council. The administration includes the collection of employee and employer contributions and member data from all fund employers, the calculation of member benefits (including transfers in and out) and payment of pension benefits to retired members; as well as looking after the benefits for deferred members who have not yet taken payment. The scheme not only provides pensions for members but also survivor benefits to spouses, civil and cohabiting partners and children.

Arrangements in place for gathering assurance over the effective and efficient operation of administration operations are:

- External audit
- Internal audit
- Pensions Committee
- Pension Board
- Reporting Breaches Policy
- Quarterly performance reporting
- The Pensions Regulator annual scheme return
- The Pensions Regulator General Code of Practice

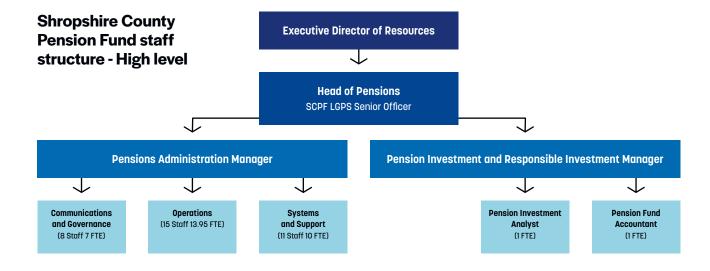
As of 31 March 2025, the Shropshire County Pension Fund had 17,133 active members, 18,353 deferred members, 15,976 pensioners and survivors, and 166* active employers all looked after by 39 members of staff in the pensions team. (*Last year this number included employers who have no active members)

Value for money statement

The fund takes part in the CIPFA benchmarking survey each year which provides an indicator of the cost per member for administering the LGPS.

Pension fund	Admin cost per member	Net admin cost per FTE	LGPS members per FTE	% of Pensioner members	% of active members	Pensioner payroll cost per pensioner
Shropshire	€30.45	£68,980	1,768	27.2%	30.7%	£6.02
Average	£36.69	£199,848	3,190	28.7%	30.8%	£8.10

The results demonstrate, that, as a fund, we deliver value for money in comparison to other funds of a similar size.



We continuously look to improve our service by investing in our staff so that they receive the right training and access to continuous professional development, utilising technology that is available to us to help create the most efficient processes.

With several other funds, we have established a strong support network, through membership of the Shrewsbury Pensions Officers Group (SPOG), National Pension Officers Group, and National Communications Working Group, where we can provide examples of best practice and have the opportunity to share knowledge, experience and communications which help to save time and money for all funds.

The 2024 employers meeting took place on Thursday 14 November. The meeting was presented by representatives from our actuary, Mercer, who provided information on important topics such as the valuation and accounting. There was also a presentation from the fund's administration manager which covered information on the work of the team.

The meeting was, for the first time, separated into two sessions – one for academies and one for other scheme employers. This enabled more focused and relevant messaging to employers and academies that have a growing presence in the fund, with many more schools still in the process of converting or yet to convert.

Recordings of both meetings, together with the slides, were made available on the fund's website.

A feedback survey was issued to employers who attended showing the meetings were well received. Communication will continue throughout the valuation cycle to ensure employers understand the process and the fund's requirements from them.

Both meetings covered the valuation and funding basics, accounting for employers, and current LGPS issues. The academy session explained the admission policy for new employers, while the other session discussed the fund's termination process for employers who may leave the fund in the future, either because they choose to leave, or their last active member leaves the scheme.

Officers also attended in-person events run by the Local Government Association (LGA) and other external providers such as Mercer, Hymans and Aon.

These included:

- CLASS AGM (Heywood Pension Technologies)
- LGA Governance Conference
- LGC Investment Summit
- LGC Pension Symposium
- PLSA LG conference
- LAPFF conference

Officers also attended:

- Joint Communication meetings
- LGPS Central Ltd Strategic Admin Group
- Shrewsbury Pension Officers Group
- Webinars on topics such hybrid working, the Pension Dashboard Programme, cyber risk, net zero, TPR - General Code of Practice and AVCs.

Scheme administration Section C 31

Training sessions held with committee and board members included:

- Employer investment strategies
- TPR General Code
- Cyber Security Policy
- Responsible investment
- Net zero and climate strategy
- Pension scheme administration

Committee and board members were also invited to attend the 2024 employers meeting.

Summary of activity in 2024/25

Over the last twelve months, the team continued to ensure benefits for scheme members are paid accurately, on time and according to scheme regulations. The team also worked closely with employers in the fund in the collection of data and pension contribution payments by the statutory timescales.

The fund makes sure it has robust internal controls, innovative technology, and excellent communications for all stakeholders. These are regularly reviewed by both internal and external audits. We are pleased to confirm we have the highest rating achievable from our most recent audits.

As well as delivering on the day-to-day business as usual work, the team have delivered on the following annual projects (this is not an exhaustive list).

- Application of pensions increase to all pensions in payment
- Annual benefit statements
- Pension saving statements
- Year end closure and reconciliation
- IAS19 reporting
- Delivery of four new system releases
- SF3 return
- Policy reviews
- Publication of regular newsletters to employers and scheme members
- Review of tier 3 ill health pensions

The team have also delivered on the following one-off projects.

- Implementation of new platform for 'My Pension Online'
- Implementation of Integrated Service Provider (ISP) for Pensions Dashboard
- Implementation of new mortality screening service
- Transfer of website to more secure platform

A project team has also been created to prioritise and lead on automation of key functions, which will help manage workloads across the team. These include automation of workflow procedures to save time on manual creation of tasks, bulk processing of refund calculations and publishing documents to members on the online portal to reduce post.

Data quality

Data scores are required by The Pensions Regulator on an annual basis as part of the scheme return each autumn. The scores which have been submitted for the past two years are shown in the table below.

Data category	2023 score %	2024 score %	Aim %
Common data	98.40	98.40	100%
Scheme specific data	98.85	98.77	100%

Common data relates to details such as name, address, national insurance number etc. The fund has not undertaken a tracing exercise for several years. With the introduction of Pensions Dashboards, the fund will be completing a tracing exercise in 2025/26 to obtain current addresses for all deferred and frozen refund members, this will help to improve the common data score. The tracing exercise will then be run on an annual basis.

McCloud - Age discrimination remedy

The LGPS rules changed from 1 October 2023. When public service pension schemes changed from final salary schemes to career average schemes in 2014 and 2015, older members were protected from the changes. In 2018, the Courts found that younger members had been discriminated against because the protections did not apply to them.

The 2023 changes are called the McCloud remedy. They remove the age discrimination found in the McCloud court case. Not all LGPS members are affected by the changes.

The fund will need to include information regarding the underpin for affected members on the 2025 annual benefit statements.

The team have been assessing the work for the rectification cases and have planned to complete this work by the end of 2025.

Pensions Dashboards

Work on the implementation of dashboards has begun and the team will be running a tracing exercise to update member addresses. This will then need to be run on a regular basis to keep this information up to date.

Actuarial valuation 2025

Planning for the 2025 valuation started towards the end of 2024, with work underway from April 2025.

As part of this process, the fund will review its policies on funding, investment and employer events to make sure they are in line with any changes to how the fund assesses risk and the assumptions used to calculate employer contribution rates. Before being taken to committee for sign-off, a draft of the revised policies will be shared with employers so they can provide feedback.

Local elections 2025

The local elections held in May 2025, have meant a change to the membership of the Pensions Committee, with new committee members meeting for the first time in June 2025. The Pensions Administration Team have planned the training that will be required for new committee members, to ensure they understand their role and responsibilities.

Working with employers

The fund has for many years received data from employers on a monthly basis and completed a year-end data quality verification. Additional tolerance checks are in place, which are run through the year. This year, the fund had changed mortality screening provider, which has allowed automated data to be sent back to the team, removing the need to manually set up workflow cases. The fund will start to run an annual address check across member records to improve data quality and allow the fund to keep in contact with members who may have lost touch with their pension record.

Employers must pay their contributions by the 19th of the month and accompanying data must also be submitted via i-Connect by this date. All employers submit monthly data returns.

A summary of the amount of member data received during 2024/25 is below.

Data category	Amount
Address updates	5,152
Contribution postings (employee & employer)	199,422
Pay data postings: CARE	197,234
Notification of starters	5,269
Notification of leavers	4,389

Any employers who did not provide the contributions or data on time were recorded as a breach of the scheme regulations and, if deemed materially significant, could be reported to The Pensions Regulator. The fund did not need to report any breaches to the Pensions Regulator in 2024/25.

There were 156 breaches recorded for 2024/25 whereas 128 breaches were recorded in 2023/24. Most breaches still relate to late receipt of data or contribution payments.

Employers are regularly reminded of the deadlines and interest is applied for any late payments. Targeted communications for employers who consistently breach are sent out. The fund also sends a monthly pension scheme update to employers that provides useful information and reminders on key dates. For example, each March, the fund reminds employers to check what contribution rate will need to be deducted from April, as this is when they can change.

Service delivery and staffing update

The pensions team is made up of 39 posts across four work streams: Membership and Benefits (previously Operations), Communications and Governance, Systems and Employer Relations (previously Systems and Support), and the Investment Team.

Shropshire Council decommissioned the Shirehall in December 2024 and now have office space at the Guildhall, in Shrewsbury town centre. The team work on a hybrid basis and have the flexibility to book desk space in the office when needed. In person team meetings are held quarterly and the individual team leaders plan regular team days, where training and collaborative working take place. The full team also hold two training away days each year, which have included training on equality, diversity and inclusion and wellbeing. The team can feed into the planning of these days, so that topics are relevant to their requirements.

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The retired members bi-annual newsletter, InTouch, was sent by email in April 2024 to 8,579 pensioners and dependents. Retired members who are not using digital communications, receive a paper copy.

The fund surveyed members in June 2024, asking pensioners and dependents who receive the magazine what they thought of the format and content. Most respondents were incredibly positive about the magazine, but some expressed a preference for a newsletter-style format, so this format was used for the next edition in autumn 2024.

A further survey carried out after the autumn edition, found that members find the magazine difficult to read on mobile phones. Following this feedback, the spring 2025 version included a mobile-friendly version to address these concerns.

Notes to accompany the 2024 annual benefit statements, together with a newsletter, were produced collaboratively with other LGPS funds in a project led by Shropshire and West Midlands Pension Fund. The Plain English Crystal Mark was applied to both documents.

An email notification was sent to all deferred members in July 2024 with links to their annual benefit statement held on the 'My Pension Online' portal. The aforementioned notes and newsletter were also made available here, which covered:

- FAQs about LGPS pensions.
- McCloud update.
- Pensions dashboards.
- Rejoining the LGPS.

376 printed statements were sent to deferred members, together with copies of the annual benefit statement notes and newsletter.

An email notification was sent to all active members in August 2024, with links to their annual benefit statements, notes and newsletter. Topics included.

- New TPR General Code.
- Retirement standards.
- Pensions Awareness Week.
- New 'My Pension Online' and how to register.
- Digital skills programme.

246 printed statements were sent to active members together with copies of the annual benefit statement notes and newsletter.

15,686 actives and 18,477 deferred statements were released to 'My Pension Online'. A total of 34,163 statements were produced and sent out by the statutory deadline of 31 August 2024.

Pensions saving statements (PSS) were issued by 6 October 2024 to five members. As there were so few this year no webinar was held but offers of one-to-one guidance sessions were offered with a specialist from Mercer.

Cyber security

The fund has its own Cyber Security Policy and works together with Shropshire Council's IT security team and software providers, to make sure our technology is safe and secure. The policy is reviewed on an annual basis or when a change is required.

Data protection and cyber security training is undertaken by officers each year and information is shared with the team regarding the Service Recovery Plan, which would come into force should an incident occur that would disrupt the service.

Pensions scams pledge

The fund is signed up to TPR scams pledge to show that the fund is committed to tackling pension scams. The fund undertakes stringent checks on requests for transferring benefits out of the scheme and regularly warns members about the risk of scams. The fund is committed to protecting its members from scammers.



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Key performance indicators

Pension funds must report on the outcome of administration KPIs (key performance indicators) set out in Table A. The list of KPIs is designed to give measures of performance on providing an effective administrative service for both members and employers.

In 2024/25 the pensions team have been able to recruit to vacant posts. The training of new staff and the implementation of the McCloud remedy and pension dashboards has impacted on the work the team has been able to complete. Priority is given to member retirements, and this is reflected in the number of cases that have been completed.

The team regularly monitor workloads and can move resources to tackle any backlog of work. A review of the team structure was undertaken, and we have strengthened our resources to help meet the demand of certain areas of work, for example early leavers from the scheme.

We also constantly review our processes and developments in software functionality to ensure they are efficient and support the work of the team. We have been able to implement changes to processes, for certain cases which is helping to reduce workloads and improve the service to members.

Table A Casework KPI	Cases open as at 31 March	Cases created in year	Cases completed in year	% of cases completed in year	Cases completed in previous year	% of cases completed in previous year
Deaths recorded of active, deferred, pensioner and dependent members	30	529	559	93.4%	425	94.65%
New dependent member benefits	25	341	366	92.9%	359	93.01%
Deferred member retirements	214	974	1,188	83.2%	846	79.36%
Active member retirements	24	550	574	93.9%	489	94.58%
Deferred benefits	356	1,479	1,835	66.9%	1,131	74.02%
Transfers in (including interfunds in, club transfers)	91	334	425	79.5%	123	74.55%
Transfers out (including interfunds out, club transfers)	74	265	339	80.2%	211	71.53%
Refunds	14	367	381	94.0%	377	94.25%
Divorce quotations issued	10	90	100	96	65	84.42%
Actual divorce cases	0	0	0	0	0	0.00%
Member estimates requested either by scheme member or employer	10	90	100	96.0%	1,094	99.18%
New joiner notifications	0	5269	5,269	100.0%	6,202	100.00%
Aggregation cases	100	1,249	1,349	91.0%	1,385	92.10%
Optants out received after 3 months membership	15	232	247	88.7%	94	72.31%

Table B: This information demonstrates the areas of work the team are doing well and the areas of work where we need to look at adapting our processes to improve the number of cases completed within the KPI timeframe.

Table B Casework KPI	Fund target (days)	% completed within fund target in year	% completed in previous year
Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5	62.3%	57.18%
Communication issued confirming the amount of dependents pension	10	84.7%	78.30%
Communication issued to deferred member with pension and lump sum options (quotation)	15	89.8%	88.40%
Communication issued to active member with pension and lump sum options (quotation)	15	91.5%	92.40%
Communication issued to deferred member with confirmation of pension and lump sum options (actual)	15	48.9%	49.20%
Communication issued to active member with confirmation of pension and lump sum options (actual)	15	90.7%	95.10%
Payment of lump sum (both actives and deferreds)	15	76.2%	74.15%
Communication issued with deferred benefit options	30	51.6%	37.30%
Communication issued to scheme member with completion of transfer in	15	35.5%	44.90%
Communication issued to scheme member with completion of transfer out	15	55.5%	53.60%
Payment of refund	10	92.2%	93.00%
Divorce quotation	45	83.3%	76.90%
Communication issued following actual divorce proceedings i.e. application of a pension sharing order	15	N/A	N/A
Communication issued to new starters	40	100.0%	100.00%
Member estimates requested by scheme member and employer	15	90.7%	90.40%

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Key financial data

The pension fund categorises its expenditure according to CIPFA's definitions.

- **Investment management:** The cost of managing the fund's assets, which includes fees paid to the fund's investment managers and custodian.
- Administration: All activities the administering authority must perform to administer entitlements and provide members with scheme and benefit entitlement information.
- Oversight and governance: The costs of accounting for and monitoring the pension fund, including any professional advice and support the fund requires.

Operational expenses	2023/24 Actual £m	2024/25 Actual £m	2025/26 Budget £m	2026/27 Budget £m
Investment management				
Management & performance fees	9.457	12.617	13.070	13.600
Transaction costs	3.632	3.266	3.400	3.500
Other fees	4.545	4.377	4.520	4.622
Total	17.634	20.260	20.990	21.722
Administration				
Staff costs	1.095	1.241	1.450	1.500
IT	0.630	0.408	0.420	0.430
Premises	0.032	0.037	0.040	0.040
Supplies & services	0.113	0.260	0.202	0.211
Total	1.870	1.946	2.112	2.181
Oversight & governance	1.641	1.738	1.974	1.853
Total management expenses	21.145	23.944	25.076	25.756

The budget is reviewed annually and has been prepared to reflect the cost of delivering the pension fund's statutory responsibilities for the administration of the scheme and management of investments. The resources within the budget are sufficient to meet the fund's regulatory requirements at the time of writing.

Staffing

Membership	2022/23	2023/24	2024/25
Staff in Pensions Administration Team (excluding Investment Team)	30	33	35
Scheme members	52,197	53,146	54,330
Scheme members to staff member	1,652	1,765	1,552
Average cases per member of staff *Based on FTE of 13.95 from membership and benefits team)	2,108	1,728	913

The table above shows that the membership of the scheme continues to grow, the increase in staff has seen a positive improvement to the completion of cases and workloads.

Vacancy factor

Over the year 1 April 2024 to 31 March 2025, the Pensions Administration Team retained all existing staff and were able to recruit three new Pensions Assistants, this has helped to stabilise the team.

New pensioners in year by type of retirement

Retirement type	Number of cases 2022/23	Number of cases 2023/24	Number of cases 2024/25
Early	579	643	807
III health	92	123	109
Late	33	30	36
Normal	126	170	226
Total	830	966	1178

Over the last three years the fund has seen an increase in the number of pensions being brought into payment. Early payment of pension is when a member takes payment before their normal pension age, this can be for members who retire from work or members who have benefits held in the scheme which they are no longer contributing towards and are over the age of 55. In 2028 the normal minimum pension age of 55 will increase to age 57. The fund awaits details regarding any protections that may be applied for members of the LGPS.

Employer summary as at 31 March 2025

A summary of the number of employers in the fund analysed by scheme employers, admission bodies and designated bodies which are active (with active members) and ceased (no active members but with some outstanding liabilities) as of 31 March 2025.

Employers	Active	Ceased	Total
Scheme employers	77	30	107
Admission bodies	51	65	116
Resolution Bodies	38	4	42
Total	166	99	265



The fund welcomes feedback from stakeholders. In 2024/25 the fund received:

- 26 compliments
- 2 complaints (only one was partially upheld)

Examples of compliments received in 2024/25:

"I just wanted to thank you very much for your speedy help to provide me with my CETV, it was very much appreciated."

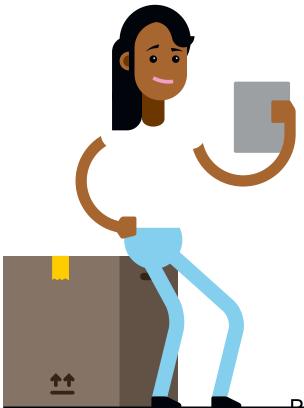
"Thank you so much for all your help. I very much appreciate everything you have done to help me out."

"I have recently been dealing with a member of your team with arranging starting to take my deferred pension and I wanted to take this opportunity to say what excellent service I have received."

"I've spoken to a few different pension funds over the last few days, and I want to say you've definitely been the most helpful. You've gone absolutely above and beyond to help me, and I really appreciate it."

"I have tried to change my mum's address for several different companies, and this was by far the most efficient company. It was also great to speak to a real person as opposed to the many bots from other companies I have been forced to deal with."

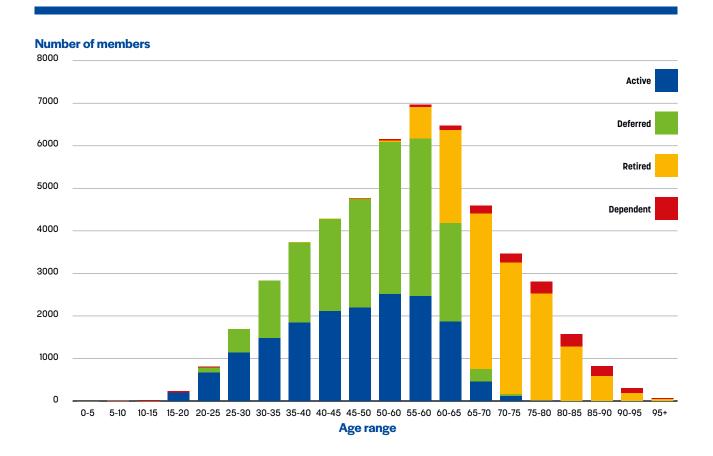
"I would also like to take this opportunity to compliment the pensions team for their professionalism, patience and kindness when handling my claim. No question seemed to challenge them, so courteous."



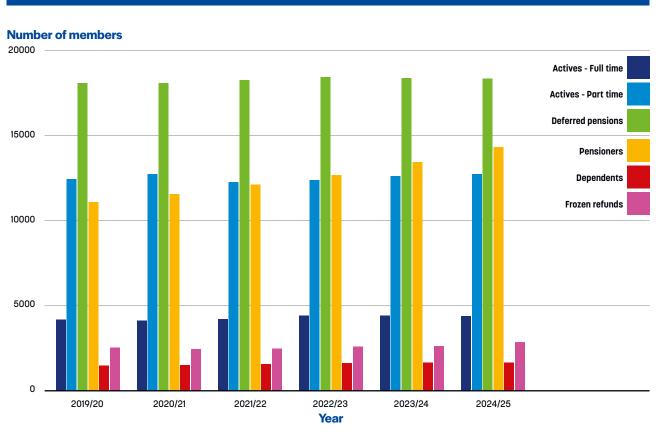
Scheme administration

Section C Section C

Age profile of membership as at 31 March 2025



Membership numbers and trends as at 31 March 2025



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How our service is delivered

Regulation 67 of the LGPS Regulations 2013 states that an administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with members, representatives of members, prospective members and scheme employers.

The Communications Policy Statement sets out the fund's formal policy concerning communications with its stakeholders including the format and frequency of information provided. Following any amendments, this document is passed for approval to the Pensions Committee and is published on the fund's website.

The fund's website, which moved to an updated platform at the end of 2024 to improve security features, is the main source of information for both current and prospective members, as well as fund employers. The website address is:

www.shropshirecountypensionfund.co.uk

The website contains lots of useful information for both scheme members and employers.

All participating employers in the fund are encouraged to use the employer area on the website to ensure they understand their responsibilities. Information on responsibilities and statutory timescales is provided in the fund's Administration Strategy Statement which is available on the website.

Pension administration system

The fund uses Altair, a pension's administration software provided by Heywood Pension Technologies Ltd.

Electronic data transfer

The fund uses a data transfer portal called i-Connect which allows employers to transfer their data to the fund. Member data is transferred from an employer's payroll system monthly into the pension administration system. The fund engages with all employers to provide training on the use of i-Connect and to ensure accurate data is provided by statutory deadlines.

'My Pension Online'

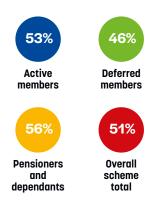
The 'My Pension Online' portal which allows members to view their pension information, update personal details, run pension estimates and upload their own documents to their member record, was updated in October 2024. The site now has two-factor authentication ensuring improved security for members accessing their pension details.

Allowing members to 'self-serve' via this platform means they can access information at any time. The platform is designed to be user friendly and provides links to the fund's website where members can find out more about how their pension is worked out.

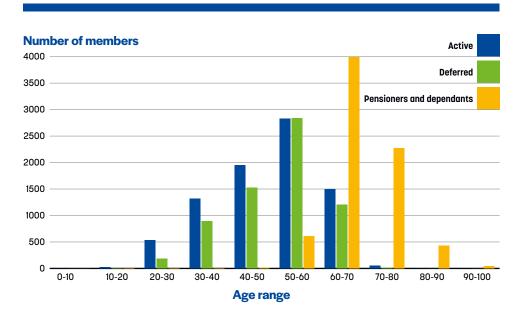
The fund understands that not all members can use this facility so maintains a helpdesk where members can talk to the team.

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As of 31 March 2025, the percentage of members accessing the platform are:



The chart below shows the age profile of the users of the online portal



Guides and video tutorials on how to use the online service are included on the fund's website and online portal.

For employers, the fund has launched a facility to submit leavers forms securely on i-Connect, removing the need for a separate form to be completed by the employer. This has allowed the fund to automate some stages of the administrative duties across the team, and now gives the team more time to focus on responding to complex queries.

The team have also introduced a BOT (virtual assistant) on the fund's website to signpost key information in response to general queries. The BOT has been named Penny and has a 90% success rate of being able to answer the questions asked. The Communications and Governance Team are continuously adding more information into the knowledge bank for this to improve the success rate.

Through the year the fund helpdesk team have dealt with the following numbers of calls, emails and delivered 1:1 meetings with individual scheme members:

Total number of telephone calls received in year	6547
Total number of email and online channel queries received	9080
Number of active members who received a one-to-one (in-person and online)	175

Email updates

The fund sends monthly email updates to employers regarding developments in pension legislation and information about the requirements of the scheme and any changes to those requirements.

Information is also sent out to scheme members by email. This includes information that must be provided under disclosure requirements, such as changes to legislation that will affect members' benefits.

Internal dispute resolution procedure (IDRP)

Despite the best efforts of Shropshire County Pension Fund, sometimes appeals are received from members when they have not been satisfied with scheme decisions.

Members have the right to ask for scheme decisions to be looked at again under the formal appeals procedure and they also have the right to use the procedure if a decision should have, but has not been, made by their employer or the fund. The procedure is outlined in regulation 72 of the LGPS Regulations 2013.

An active scheme member, pensioner, deferred member or potential beneficiary can make an appeal under the IDRP procedure.

There are two stages to IDRP, with the first stage of the dispute going to the person that made the original decision, requesting a review of that decision. If a member is dissatisfied with the outcome of the stage 1 decision, they may apply to the administering authority for a review at stage 2 of the IDRP within six months of the stage 1 decision.

If, after the stage 2 decision, the member or beneficiary is still dissatisfied, they can contact the Pensions Ombudsman. The member or beneficiary has three years to apply to the Pensions Ombudsman who can investigate any type of complaint about a pension. The member or beneficiary must have been through stages 1 and 2 of the IDRP before they contact the Ombudsman.

The following table is a summary of the IDRP cases the fund has received in 2024/25:

Stage	Cases submitted	Dismissed	Upheld	On-going
1st	3	2	1	0
2nd	1	0	0	1

Conflicts of interest

The Assistant Director - Legal & Governance (Monitoring Officer) maintains a Council Members' register of interests. Members are required to declare any business or other financial interest which may impact on their ability to undertake their official role impartially, including voting on particular issues.

In a similar way, staff within directorates should make their senior management aware of any business and personal interest which may influence the way in which they undertake their official duties.

A conflict of interest may arise when an individual has a responsibility or duty in relation to the management of or advice for Shropshire County Pension Fund, and at the same time has a separate personal interest (financial or otherwise) or another responsibility which prejudices their ability to discharge their duty in the interests of the fund.

An interest could arise due to a family member or close colleague having a specific responsibility or interest in a matter. A person will not be considered to have a financial interest merely by virtue of membership of the fund.

The fund encourages a culture of openness and transparency and encourages individuals to be vigilant; have a clear understanding of their role and the circumstances in which they may find themselves in a position of conflict of interest, and how potential conflicts should be managed.

The fund will evaluate the nature of any dual interests or responsibilities that are highlighted and assess the impact on pension fund operations and good governance, should an actual conflict of interest materialise.

Provided that the fund (having taken any professional advice deemed to be required) is satisfied that a potential conflict of interest can be effectively managed, it shall endeavour to avoid the need for an individual to have to resign.

However, where the potential conflict is considered to be so fundamental that it cannot be effectively managed the individual will be required to resign from the committee, board or appointment.

In relation to the Pension Board in particular, the administering authority must be satisfied that, upon appointment, no members of the board have a conflict of interest upon their appointment and from time to time thereafter. Members (and prospective members) of the board are therefore required to provide the administering authority with such information as is required to make this assessment, and to do so regularly. It is the responsibility of each individual to identify any instances or potential instances where their personal, financial, business or other interest might come into conflict with (or be perceived to come into conflict with) their pension fund duties.

There are a number of ways in which potential conflicts of interest may be managed, for example:

- the individual concerned abstaining from discussion, decision-making or providing advice relating to the relevant issue.
- the individual concerned being excluded from the meeting and any related correspondence or material in connection with the relevant issue.

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Statement by the consulting actuary

Accounts for the year end as at 31 March 2025

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Shropshire County Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026.

On the basis of the assumptions adopted, the fund's assets of £2,339 million represented 99% of the fund's past service liabilities of £2,361 million (the "Solvency Funding Target") at the valuation date. The deficit at the valuation was therefore £22 million.



The valuation also showed that a primary contribution rate of 18.4% of pensionable pay per annum was required from employers. The primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the Funding Strategy Statement (FSS) is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus, it may be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

The FSS sets out the process for determining the recovery plan in respect of each employer. At the actuarial valuation the average recovery period adopted was 16 years for employers in deficit and 12 years for the employers in surplus, and the total initial recovery payment (the "Secondary rate" for 2023/26) was an addition of approximately £1.7m per annum in £ terms (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2023.

In practice, each individual employer's position is assessed separately and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution were as follows:

	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
Rate of return on investments (disco	unt rate):	
Standard	4.80% per annum	5.20% per annum
Lower risk	4.55% per annum	4.70% per annum
Rate of pay increases (long-term)	4.35% per annum	4.35% per annum
Rate of increases in pensions in payment (in excess of GMP)	3.10% per annum	3.10% per annum

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as of 31 March 2025. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2026.

Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes. The assumptions adopted are shown in Appendix B.

The movement in the value of the fund's promised retirement benefits for IAS 26 is as follows:

Start of period liabilities	£2,519m
Interest on liabilities	£121 m
Net benefits accrued/paid over the period*	(£28m)
Actuarial (gains)/losses (see next paragraph)	(£364m)
End of period liabilities	€2,248m

^{*}This includes any increase in liabilities arising as a result of early retirements

Key factors leading to actuarial gains above are:

- bond yields increased over the year, with a corresponding increase in discount rate from 4.9% p.a. to 5.8% p.a. The long-term assumed CPI is slightly lower at the end of year than it was at the start of year. In combination, these factors lead to a significant reduction in liabilities.
- Change in demographic assumptions: As noted in appendix B, the mortality assumptions have been updated to reflect the latest mortality tables and future life expectancy improvement model. This acts to slightly reduce the liabilities.
- Pension increases / inflation experience: The figures allow for the impact of actual CPI experienced over the year compared to the start of period assumption (experience to September 2024 fed into the April 2025 pension increase of 1.7%, and actual inflation from that point will feed into the 2026 increase). As inflation over the year was a little lower than the long-term assumption, this slightly decreases the liabilities.

Clive Lewis

Fellow of the Institute and Faculty of Actuaries

Mark Wilson

Fellow of the Institute and Faculty of Actuaries

Mercer Limited May 2025

Appendix A - additional considerations

The "McCloud judgment": The figures above allow for the impact of the judgment based on the proposed remedy.

GMP indexation: The above figures allow for the provision of full CPI pension increases on GMP benefits for members who reach State Pension Age after 6 April 2016.

Market volatility and tariffs: There was significant volatility in markets shortly after the accounting date, in part due to the announcements on tariffs coming from the USA. The period-end figures reflect market conditions as at the accounting date, but do not allow for any subsequent experience.

Virgin Media Court Case: Our current understanding is that, while HM Treasury are still assessing the implications, they do not believe the case is relevant to public service pension schemes. Given this, and the unknown impact on benefits even if it were to be required, we have not made any allowance for the Virgin Media judgment.

Appendix B - financial and demographic assumptions

To assess the liability value of the benefits, we have used the following assumptions as at 31 March 2025 (the 31 March 2024 assumptions are included for comparison):

Financial assumptions

Assumption	31 March 2024 (per annum)	31 March 2025 (per annum)
Rate of return on investments (discount rate)	4.90%	5.80%
Rate of CPI Inflation / CARE benefit revaluation	2.70%	2.60%
Rate of pay increases	3.95%	3.85%
Increases on pensions (in excess of GMP) / Deferred revaluation	2.80%	2.70%

Post retirement mortality (normal health)

Assumption	31 March 2024 (M/F)	31 March 2025 (M/F)	
Base mortality table	SAPS 3 / SAPS 3 middle	SAPS 4 / SAPS 4 middle	
Future improvements	CMI 22 1.5%	CMI 23 1.5%	
Additional parameters	S=7, A=0, W20=W21=0%, W22=25%	S=7, A=0, W20=W21=0%, W22=W23=15%	
Non-retired members (current age	45):		
Weightings	102% / 92%	101% / 93%	
Life expectancies at age 65	23.1 / 26.0	23.1 / 26.0	
Retired members (current age 65):			
Weightings	98% / 92%	96% / 92%	
Life expectancies at age 65	21.8 / 24.2	21.8 / 24.3	

The base tables are set based on the most recent mortality analysis for the fund (undertaken as part of the 2022 actuarial valuation). The future improvements allow for a best estimate long-term improvement rate of 1.5% and have been updated to allow for the latest base tables available (the "S4" series of tables and CMI 2023 at the end of period), with a reweighting to maintain consistency with the underlying mortality analysis.

Other demographic assumptions

The other demographic assumptions are the same as those used for 2022 actuarial funding valuation – full details are set out in the formal report on the actuarial valuation dated March 2023.

Governance structure

Shropshire Council, as an administering authority is required to prepare, publish and maintain a Governance Compliance Statement under regulation 55 of The Local Government Pension Scheme Regulations 2013.

Outline of the governance structure

The Governance Compliance Statement describes how the Shropshire County Pension Fund is governed. It explains the role of the Pensions Committee and the Pension Board and how the committee report to the council. The make-up of the committee is outlined and the reasons for the current representation. The roles of officers, independent advisors and employee and pensioner representatives are also clearly explained.

The Governance Compliance Statement includes details of compliance against the best practice guidelines on pension fund governance that have been issued by the Ministry of Housing, Communities and Local Government. The governance arrangements of the Shropshire County Pension Fund adhere to these best practice guidelines.

Under the cabinet structure in local government, management of the pension fund is a non-executive function, and this is reflected in Shropshire Council's governance structure as administering authority. The Pensions Committee was established in 1994

with responsibility for all matters relating to the management and administration of the Shropshire County Pension Fund. The Pensions Committee is a standing committee of the council and is linked to Full Council by virtue of the chairman or vice-chairman being a Shropshire Council member.

The Shropshire County Pension Fund's Local Pension Board was established by Shropshire Council in 2015 under the powers of Section 5 of the Public Service Pensions Act 2013, and in accordance with regulation 106 of the Local Government Pension Scheme Regulations 2013. The Local Pension Board operates independently of the Pensions Committee, details of which are set out in its terms of reference.

The latest version of the Governance Compliance Statement was approved by the Pensions Committee in June 2024 and can be read at:

https://www.shropshirecountypensionfund.co.uk/media/ortp45nz/governance-compliance-statement-june-2024.pdf

Pension Board report 2024/25

A Quick Reminder of the Pension Board's Background

The Shropshire County Pension Fund and all Local Government Pension Scheme (LGPS) funds were required to establish a Local Pension Board by 1 April 2015, an obligation outlined in Section 5 of the Public Service Pensions Act 2013 and Regulation 106 of LGPS Regulations 2013 (as amended).

The purpose of the board is to assist administering authorities (in our case Shropshire Council) in fulfilling their responsibilities relating to the LGPS rules, pensions legislation and guidance from The Pensions Regulator.

The Act states that we must have equal numbers of representation from employers and scheme members. In Shropshire, we currently have three employer representatives and three member representatives. The board members are volunteers, but this does not mean that they can escape the requirement to be highly trained within the LGPS sphere.

I would like to thank Helen Woodvine for the three years she served as a board member and am delighted that Tricia Slater from the Empower Multi Academy Trust has replaced her as an employer representative. We have a large number of academies as employers in the fund so her insights will prove invaluable.

I have now started my third year in the role of Chairperson and once again I must stress how very impressed I am with the Pensions Team, their unstinting commitment and professionalism as well as the pride they take in their respective roles, plus the support they offer to employers and members, both via the helpdesk and face-to-face. They give the same support to my board and to the Pensions Committee. I can honestly state that you have an excellent team looking after your pensions.

The Shropshire Pensions Committee are the decision-making part within the LGPS, however at least one board member will try to attend and observe committee discussions and decisions made in relation to the fund. All board members have full access to the committee's public and exempt papers and are invited to training sessions with the committee.

Shropshire County Pension Fund has a number of strategies in place covering responsible investment, climate change, investments, funding, cyber incidents and administration to name a few. It is important that the board understand these strategies and are updated when they change.

Climate change and the target to achieve net zero by 2050 is a prominent issue and raises the most public questions. I can report from my observations, especially over the last year, that the Pensions Team, alongside the committee, has been working to show clear targets with timescales for meeting this objective.

However, there are other issues out there which could impact pensions both in the LGPS and private sector, such as cyber incidents and fraud. The Pensions Team council officers and their suppliers, who control our community of integrated information, communication and technologies must protect member's data.

The Pension Regulator's general code for pension schemes includes a requirement for a cyber security policy and is just as essential as an investment policy to protect individuals and the organisation. The fund is now in its second year of having a Cyber Security Policy, and the board receives regular reports and

training on climate, investment, and cyber security. Due diligence and good governance are part of life within the pension's world.

If you want to understand more about what your Pensions Committee or Pension Board does, you can view the open part of our meetings on Shropshire Council's website.

Dave Wright
Pension Board Chair
19 September 2025



The Pension Board members 2024/25



Dave Wright (Chair)

Member representative



Rebecca Summerlin

Member representative



Liz Furey

Employer representative Harper Adams University



Tricia Slater

Employer representative



Madeline Murphy

Employer representative The Wrekin Housing Group



John Hall

Member representative

Member changes

Tricia Slater joined the Pension Board in October 2024, replacing Helen Woodvine as employer representative.

Board meeting attendance details 2024/25

In 2024/25, three Board meetings were held. The meeting planned for January 2025 was cancelled as it would not have been quorate.

Member	April 26, 2024	July 19, 2024	November 8, 2024
Dave Wright	Attended	Attended	Attended
John Hall	Attended	Attended	Attended
Liz Furey	Attended	Apologies sent	Attended
Helen Woodvine	Attended	No longer a Board member	No longer a Board member
Madeline Murphy	Attended	Attended	Attended
Rebecca Summerlin	Attended	Attended	Attended
Tricia Slater	Not a Board member	Not a Board member	Attended

Pensions Committee report 2024/25

Overall responsibility for the Shropshire County Pension Fund lies with Shropshire Council, however, this responsibility has been delegated to the Pensions Committee. The Pensions Committee is responsible for the overall management of the fund, and they do this by meeting four times a year, or otherwise as necessary.

Some of the main responsibilities of the committee are as follows:

- Monitor investment activities during the year
- Monitor overall performance of the fund managers
- Monitor the activities of the administration function
- Accept new employers into the fund
- Reviewing governance arrangements

At the June 2024 meeting, which was the first of the new financial year, Councillor Tom Biggins was elected as committee chair and the election of a vice-chair was deferred until Telford & Wrekin Council appointed committee in July 2024 as the constitution states each authority has either the chair or vice-chair positions. The committee was also informed that Councillor Nathan England and Councillor Helen Macmillan had resigned from the committee and replacements were awaited.

Discussion at this meeting focused on the fund's responsible investment engagement as well as increased staffing levels needed to deal with growing demands such as McCloud and Pensions Dashboards.

At the September meeting, Grant Thornton presented their audit findings report and the fund's annual report and accounts for 2023/24 were approved. An update was also provided by internal audit on the audits completed during the year which were all rated as "Good" which is the highest rating. Members also discussed the fund's progress against the business plan and the new member portal to be launched in October 2024.

In December 2024, Councillor Zona Harrington was appointed vice-chair of the committee. Paul Griffiths was also welcomed to his first meeting as Employee

Representative for Shropshire Council, replacing Helen Macmillan. The committee received updates on stewardship and discussed the Government's Mansion House proposals on LGPS Pooling, Governance and UK investment.

At the March 2025 meeting, Labour Party member Tony Parsons joined the committee following a change in Shropshire Council's political make-up after two councillors switched party allegiance. He replaced Conservative Councillor Brian Williams who then became a substitute member.

March's meeting saw a revised Communications Policy and Climate Stewardship Plan both approved. Members also discussed the fund's response to the Government's "Fit for the Future" consultation on LGPS funds. The committee was also informed that the fund had retained its status as signatory to the stewardship code and this application can be found on the fund's website at:

https://www.shropshirecountypensionfund.co.uk/media/Occhpxyn/stewardship-code-february-2025.pdf

Throughout the year, the committee also received administration and governance updates covering team workloads and progress against KPIs, new employers admitted to the fund and any breaches recorded. National issues such as McCloud and Pensions Dashboards, as well as updates from the Scheme Advisory Board and changes to legislation were given at each committee meeting.

Investment Monitoring Reports were taken to each committee meeting throughout the year which provided an update on the fund's performance and its investment managers. Separate Investment Strategy reports were also provided every quarter

to update on the implementation of the revised investment strategy agreed in June 2023.

The committee agendas, reports and responses to public questions are published on Shropshire Council's website:

https://shropshire.gov.uk/committee-services

Member changes

The committee saw employee representative Nathan England, from Telford and Wrekin Council, resign in June 2024. Councillor Paul Davis and Councillor Zona Harrington were appointed committee members in September 2024 for Telford and Wrekin Council. Cllr Hannington was appointed vice-chair in December 2024. Paul Griffiths also joined the committee in December 2024 as employee representative. In March 2025, Councillor Tony Parsons replaced Councillor Brian Williams following a change in Shropshire Council's political structure.

Committee meeting attendance details 2024/25

In 2024/25, four committee meetings were held. Attendance is recorded below.

Member	June 21, 2024	September 13, 2024	December 6, 2024	March 21, 2025
Tom Biggins (chair)	Attended	Attended	Attended	Attended
Roger Evans	Attended	Attended	Attended	Apologies
Simon Harris	Apologies and sent substitute	Attended	Attended	Apologies
Brian Williams	Attended	Attended	Attended	Attended as substitute
Carolyn Healy	Apologies	No longer a committee member	No longer a committee member	No longer a committee member
Paul Davis	Not yet a committee member	Attended (non- voting)	Attended	Attended
Zona Hannington	Not yet a committee member	Attended (non- voting)	Apologies	Attended
Tony Parsons	Not yet a committee member	Not yet a committee member	Not yet a committee member	Attended
Byron Cooke	Absent	Attended (non- voting)	Apologies	Attended non- voting)
Jean Smith	Apologies	Attended (non- voting)	Attended (non- voting)	Attended (non- voting)
Paul Griffiths	Not yet a committee member	Not yet a committee member	Apologies	Apologies
Substitutes			·	
Chris Schofield (substitute)	Present as substitute			





Thomas Biggins (Chair)

Shropshire Council VOTING



Roger Evans

Shropshire Council VOTING



Simon Harris

Shropshire Council VOTING



Brian Williams

Shropshire Council VOTING



Carolyn Healy

Telford and Wrekin Council VOTING



Paul Davis

Telford and Wrekin Council VOTING



Jean Smith

Pensioner Representative NON-VOTING



Zona Harrington

Telford and Wrekin Council VOTING



Byron Cooke

Employee Representative Telford and Wrekin Council



Paul Griffiths

Employee Representative

Training policy

(members and officers)

As an administering authority of the Local Government Pension Scheme, Shropshire Council recognises the importance of ensuring that all staff and members charged with financial management and decision making with regard to the pension scheme are equipped with the knowledge and skills to fulfil the duties and responsibilities allocated to them.

Training policy

The fund has adopted a training policy which sets out how the fund intends to meet its training responsibilities. The current training policy can be found on the fund's website at: https://www.shropshirecountypensionfund.co.uk/media/fpojljop/training-policy-december-2024.pdf

Pensions Committee

The Pensions Committee meets quarterly or more often, if required, and at some of the meetings there is a training session usually delivered by the fund investment advisors, Aon, LGPS Central Ltd, investment fund managers, the fund's actuary Mercer, or officers.

Topics are wide ranging and in the past year have included the following:

- The 2025 valuation and what to expect
- Fund policies
- New employers
- Employer exits
- III-health captive
- Administration of the LGPS and how benefits are calculated
- Net zero strategy
- The Pensions Regulator's New Code
- Cyber security policy

Training sessions are recorded so any members of the Pensions Board/Committee unable to attend in person can watch later. These recordings are stored on the Board and committee's secure SharePoint sites.

Pension Board

Pensions Board members joined the training provided for committee members throughout 2024/25. Each Pensions Board member and senior officers have completed the Pensions Regulator's e-Learning programme and a skills assessment to identify areas where further training may be required in the future. Pensions Board members also attended Pensions Committee meetings.

The Board chair and another Board member also attended the Local Government Association (LGA) annual governance conference in January 2024, where topics included; Tomorrow's world: the future landscape of the LGPS; Pensions adequacy; Funding strategy statement guidance; The administration challenge; Legal update; An update from the Pensions Ombudsman; Fund valuations 2025; MHCLG update; Being an effective pension committee or board member; and the investment outlook.

The following information is also available on the fund's website:

- annual report and accounts
- investment performance and actuarial valuation reports
- administration updates
- climate strategy and stewardship plan
- climate risk reports
- TCFD reports
- responsible investment information
- LGPS pooling updates/information
- general policies
- newsletters with regular scheme updates

In addition, all Pensions Committee and Pensions Board meetings are live streamed and recorded and are available for the public to view the public part of the meeting.

The Pensions Committee has a pensioner representative and scheme member representative for any scheme member queries. The Pensions Board also consists of three scheme members and three employer representatives who can be contacted. The Pension Investment and Administration Team are also available for 1:1 meetings with scheme members and employers. They can be contacted directly via email or over the phone for any scheme member specific concerns.

The employers meeting was held virtually on 14 November 2024 and for the first time there were two separate sessions, one for academies and one for other employers. This was so more targeted messaging could be delivered. Both meetings featured a presentation from the fund's actuary-Mercer- on valuation and funding basics, accounting for employers and current issues. Academies also had an additional presentation on the admission policy while other employers were informed about the fund's termination process.

Live recordings and presentations can be found on the Shropshire County Pension Fund's website. The annual report and accounts for 2024/25 can also be found at:

www.shropshirecountypensionfund.co.uk

Hymans Learning Academy

In November 2022, the fund purchased this online learning platform for officers, board and committee members, and continues to renew access. The platform originally covered six modules and has now increased to eight, with new modules covering:

- Financial markets and product knowledge
- Markets, investment vehicles and MiFIDS II
- Actuarial methods, standards and practices
- Introduction to funding strategy
- LGPS actuarial valuations process
- LGPS valuation technical
- Employers

In January 2025, Hymans launched their first LOLA live session on the topic of Conflicts of Interest. Hymans plan to run live sessions covering different topics on a quarterly basis.

Officers also have access to PENGuide (a specialist online resource on all aspects of the LGPS regulations past and present), which is used as both a training resource and to assist with member and employer queries.

Officer attendance at conferences, seminars and networking groups

Officers are attending in-person events such as conferences and joint working groups with other pension funds. These have included the PLSA Conference, Pensions Managers Conference, LGA Governance Conference, Local Government AVC Forum, Shrewsbury Pensions Officers Group (SPOG), and Regional Communications Working Group. LGPS Live, a webinar run by the LGA on all current LGPS issues, is held every two months and attended by senior officers.

Continued professional development for all officers is actively encouraged and webinars on topics such as planning for retirement, Pensions Dashboard programme, admissions and terminations, accessibility, survivor benefits and McCloud, are available for officers to complete

As the Head of Pensions – LGPS Senior Officer for Shropshire County Pension Fund, I confirm that the officers and members charged with the financial management of and decision making for the pension fund collectively possessed the requisite knowledge and skills necessary to discharge those duties and make the decisions required during the reporting period.

Justin Bridges LGPS Senior Officer

Shropshire Council 19 September 2025

Pension fund account

Pension fund account for the year ending 31 March 2025

2023/24 £m		Notes (pages 54-73)	2024 £	4/25 m
	Contributions & benefits			
	Contributions			
63.025	Employers	7	73.017	
20.584	Employees	7	21.501	
7.573	Transfers in from other pension funds	3,7	11.061	
91.182	Total income			105.579
	Benefits payable			
(79.602)	Pensions	7	(88.105)	
(16.026)	Commutation of pensions and lump sum retirement benefits	7	(22.014)	
(1.966)	Lump sum death benefits	7	(2.591)	
	Payment to and on account of leavers			
(0.243)	Refund of contributions	7	(0.243)	
(6.927)	Transfer to other funds	3,7	(5.634)	
(104.764)	Total expenditure			(118.587
(13.582)	Net additions/(withdrawals) from dealings with scheme members			(13.008
(21.145)	Management expenses	8		(23.944
(34.727)	Net additions/(withdrawals) including fund management expenses			(36.952
	Returns on investments			
11.187	Investment income	3,9	14.005	
11.504	Gain/(loss) on cash and currency hedging		(0.329)	
(0.105)	Taxes on income	10	(0.112)	
271.230	Profits and losses on disposal of investments and changes in value of investments	11a	146.611	
293.816	Net return on investments			160.17
259.089	Net increase/(decrease) in the net assets available for benefits during the year			123.22
2,244.087	Opening net assets of the scheme			2,503.17
2,503.176	Closing net assets of the scheme			2,626.39

Net assets statement

Net assets statement as at 31 March 2025

31 March 2024 £m		Notes (pages 54-73)	31 Marc £m	h 2025 %
	Long-term investments			
1.315	Equities	11	1.315	0.05
	Investment assets			
0.016	Equities	11	0.018	0.00
	Pooled investment vehicles			
2478.163	Other managed funds	11	2594.391	98.78
	Other investment balances			
0.685	Loans	11	0.685	0.03
	Cash deposits			
14.957	Deposits	11	20.246	0.77
1.650	Temporary investments	27	5.700	0.22
2496.786	Total investment assets		2622.355	99.85
	Long-term debtors			
1.724	Lifetime and annual tax allowances	18a	1.857	0.07
	Current assets			
7.171	Contributions due from employers/employees	18b	7.262	0.28
2.307	Other current assets	18b	1.121	0.04
0.000	Cash balances	27	0.046	0.00
	Current liabilities			
(0.665)	Unpaid benefits	19	(1.418)	[0.06]
(4.107)	Other current liabilities	19	(4.824)	(0.18)
(0.040)	Cash balances		0.000	0.00
2503.176	Net assets of the scheme - available to fund benefits as at 31 March		2626.399	100.00

The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed in the statement by the consulting actuary.



To the Shropshire County Pension Fund accounts for the year ending 31 March 2025

Note 1: Description of fund

The Shropshire County Pension Fund is part of the Local Government Pension Scheme and is administered by Shropshire Council. The council is the reporting entity for this pension fund.

The fund is governed by the Public Service Pensions Act 2013. The fund is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended)
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment)
 Regulations 2014 (as amended)
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by Shropshire Council to provide pensions and other benefits for pensionable employees of Shropshire Council and a range of other scheduled and admitted bodies within the county area. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The fund is overseen by the Shropshire County Pension Fund Committee, which is a committee of Shropshire Council.

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Shropshire County Pension Fund include:

- Scheduled bodies, which are automatically entitled to be members of the fund.
- Admitted bodies, which participate in the fund under the terms of an admission agreement between the fund and the employer. Admitted

bodies include voluntary, charitable and similar not-for-profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.

There are 166 employers with active members within the Shropshire County Pension Fund including Shropshire Council itself, as detailed below.

Shropshire County Pension Fund	31 March 2025	31 March 2024
No of employers with active members	166	150
Number of employees in the scheme		
Shropshire Council	5,395	5,951
Other employers	11,738	11,076
Total	17,133	17,027
Number of pensioners in the scheme		
Shropshire Council	6,668	6,312
Other employers	7,644	7,143
Total	14,312	13,455
Number of deferred pensioners in the scheme		
Shropshire Council	8,250	8,301
Other employers	10,108	10,076
Total	18,358	18,377

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the LGPS Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2025. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was as at 31 March 2022. Currently, employer contribution rates range from 0% to 30% of pensionable pay.

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable

pay in that year, at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Price Index.

A range of other benefits are also provided including early retirement, ill-health pensions and death benefits.

Note 2: Basis of preparation

The statement of accounts summarises the fund's transactions for the 2024/25 financial year and its financial position as at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on an ongoing concern basis.

Paragraph 3.3.1.2 of the code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2024/25.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. The code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The pension fund has opted to disclose this information within the statement by the consulting actuary.

Note 3: Summary of significant accounting policies

Fund account – revenue recognition Contribution income

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes that rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they relate. Contributions

- received earlier than the due date are accounted for on receipt and are recognised as contributions received within the pension fund account statement.
- Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than due date.

Transfers to and from other schemes

Transfers in and out relate to members who have either joined or left the fund.

Individual transfers in/out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in (see note 7). Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

Investment income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is also disclosed in the net assets statement as a current financial asset.

Changes in the value of investments are recognised as income and comprise all realised and unrealised profit and losses during the year.

Fund account – expense items Benefits payable

Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities, provided that payment has been approved.

Taxation

The fund is a registered public service scheme under section 1 (1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas

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investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

Management expenses

The fund discloses its pension fund management expenses in accordance with CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the fund on an accruals basis as follows.

Administrative expenses

All staff costs relating to the pensions administration team are charged direct to the fund. Council recharges for management, accommodation and other overhead costs are also accounted for as administrative expenses of the fund.

Oversight and governance

All costs associated with governance and oversight are separately identified, apportioned to this activity and charged as expenses to the fund.

Where an invoice has not been received by the year-end date, an estimate based upon the previous quarters is used for inclusion in the fund account. In 2024/25, £0.175m of fees is based on such estimates (2023/24 £0.227m)

Investment management expenses

Investment fees are charged directly to the fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off returns by investment managers, these expenses are grossed up to increase the change in value of investments

Fees charged by external investment managers and custodians are set out in the respective mandates governing their appointments Broadly, these are based on the market value of the investments. under their management and therefore increase or reduce as the value of these investments change.

In addition, the fund has negotiated with BlackRock (hedge fund) that an element of their fee will be performance related

Total performance related fees for all managers in 2024/25 £0.649m (2023/24 £0.458m).

Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund account. In 2024/25, £0.225m of fees is based on such estimates [2023/24 £0.187m]

Net assets statement

Financial assets

The share capital investment in LGPS Central Ltd is valued at transaction price i.e. cost. LGPS Central Ltd began to trade on 3 April 2018. The pension fund's view is that the market value of this investment at 31 March 2025 cannot be reasonably assessed as the company was set up for the sole purpose of LGPS pooling and no market exists for its potential sale, and that cost is therefore an appropriate estimate of fair value.

All other investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. Any

amounts due or payable in respect of trades entered into but not yet complete as at 31 March each year, are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in note 11a. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the code and IFRS13 (see note 14).

Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, overseas investments and purchases and sales outstanding at the end of the reporting period.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Loans and receivables

Financial assets classed as amortised cost are carried in the net asset statement at the value of outstanding principal receivable at the year-end date plus accrued interest.

Financial liabilities

A financial liability is recognised in the net asset statement on the date the fund becomes legally responsible for that liability. The fund recognises financial liabilities relating to investment trading at fair value and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date in the fund account as part of the change in value of investments.

Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal on 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

Contingent liabilities

Shropshire County Pension Fund has guaranteed a share of the pension liability relating to employees of LGPS Central Ltd that transferred into the company on creation. More details are disclosed in note 21 related party transactions.

The fund has no other contingent liabilities.

Additional voluntary contributions

Shropshire County Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. Please see note 20 for further information.

Note 4: Critical judgments in applying accounting policies

Investment in LGPS Central Ltd

The share capital investment has been valued at cost on the basis that fair value as at 31 March 2025 cannot be reliably estimated. Management have made this judgment because:

- LGPS Central Ltd was set up for the specific purpose of LGPS pooling
- No dividend to shareholders has yet been declared
- There is no market for the sale of shares and all pension authorities are required to comply with the LGPS pooling requirements.

Note 5: Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations. However, actual outcomes could be different from the assumptions and estimates made. The items in the net asset statement for which there is a significant risk of material adjustment the following year are as follows.

Item	Uncertainties	Effect if actual results differ from assumptions
Private equity	Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2022). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity investments in the financial statements are $\mathfrak{L}199.6$ million. There is a risk that this investment may be under or over-stated in the accounts. A 1096 movement in the valuation would equate to a $\mathfrak{L}20$ million adjustment to the value of these assets.
Infrastructure	Infrastructure investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	The infrastructure investments in the financial statements are $\mathfrak{L}157.9$ million. There is a risk that this investment may be under or overstated in the accounts. A 10% movement in the valuation would equate to a $\mathfrak{L}15.8$ million adjustment to the value of these assets.
Property debt	Investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	The total property debt investments in the financial statements are £10.4 million. There is a risk that this investment may be under or over-stated in the accounts. A 10% movement in the valuation would equate to a £1 million adjustment to the value of these assets.
Private debt	Investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	The total private debt investments in the financial statements are $\mathfrak{L}79.0$ million. There is a risk that this investment may be under or over-stated in the accounts. A 10% movement in the valuation would equate to a $\mathfrak{L}7.9$ million adjustment to the value of these assets.
Insurance- linked securities	Investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	The total Insurance-linked securities investments in the financial statements are £44.3 million. There is a risk that this investment may be under or over-stated in the accounts. A 5% movement in the valuation would equate to a £2.2 million adjustment to the
Hedge funds	Some hedge fund investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	value of these assets. The total hedge fund value in the financial statements is £114.1 million. There is a risk that this investment may be under or overstated in the accounts. A 5% movement in the valuation would equate to a £5.7 million adjustment to the value of these assets.

Note 6: Events after the reporting date

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. There have been no events between 31 March 2025, and when these accounts were authorised, that require any adjustments to be made.

Guaranteed minimum pensions (GMP) equalisation remedy in LGPS is still to be legislated on. GMP reconciliation has ensured that data is up to date for when any changes required are known.

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The McCloud remedy in LGPS came into force in 2023/24 and is being applied to accounts as required, this is not expected to have a significant impact on any of the figures quoted. The fund is not aware of any cases affected by the Goodwin test cases.

There are no non-adjusting events after the reporting date for GMP & McCloud.

The Court of Appeal upheld a High Court ruling on section 9(2B) rights in the case of Virgin Media Ltd v NTL in July 2024. We have been advised that HM Treasury is still assessing the implications of this ruling on the LGPS. The Scheme Advisory Board continue to raise the matter with the pensions minister for clarification.

There are no non-adjusting events after the reporting date in respect of this ruling.

Note 7: Analysis of the main revenue account transactions

The following table provides further analysis of contributions received and benefits paid between the administering authority (Shropshire Council), designated bodies and scheme employers (unitary, town and parish councils) and admission bodies (private bodies carrying out former local government functions or bodies providing a public service on a non-profit making basis).

	Administering authority	Admission bodies	Designation bodies / Scheme employers	Total
	£m	£m	£m	£m
2024/25				
Contributions received				
Employees	7.707	1.764	12.030	21.501
Employers	29.860	3.258	39.899	73.017
Transfers in	5.765	0.346	4.950	11.061
Total income	43.332	5.368	56.879	105.579
Payments made			•	
Pensions	47.228	11.673	29.204	88.105
Lump sums	9.599	3.385	9.030	22.014
Death benefits	0.860	0.260	1.471	2.591
Refunds	0.076	0.004	0.163	0.243
Transfers out	2.859	0.321	2.454	5.634
Total expenditure	60.622	15.643	42.322	118.587
2023/24			,	
Contributions received				
Employees	7.550	1.826	11.208	20.584
Employers	22.559	4.815	35.651	63.025
Transfers in	3.617	0.043	3.913	7.573
Total income	33.726	6.684	50.772	91.182
Payments made				
Pensions	43.459	10.530	25.613	79.602
Lump sums	6.778	3.065	6.183	16.026
Death benefits	0.429	0.458	1.079	1.966
Refunds	0.078	0.007	0.158	0.243
Transfers out	3.476	0.074	3.377	6.927
Total expenditure	54.220	14.134	36.410	104.764

This table shows a breakdown of the employers' contributions shown in the previous table.

2023/24 £m	Employers contribution breakdown	2024/25 £m
56.555	Employers' normal contributions	60.617
2.845	Employers' deficit contributions	2.665
3.625	Employers' augmentation contributions	9.735
63.025		73.017

Note 8: Management expenses

This analysis of the costs of managing the Shropshire County Pension Fund during the period has been prepared in accordance with CIPFA's Accounting for Local Government Pension Scheme Management Expenses (2016).

2023/24 £m	Management expenses	2024/25 £m
1.870	Administrative costs	1.946
17.634	Investment management expenses	20.260
1.641	Oversight and governance costs	1.738
21.145		23.944

Each external investment manager receives a fee for their services based on the market value of the assets they manage on the fund's behalf. One active manager is required to produce a specific target return in excess of their benchmark return and is paid a performance related fee (over and above a basic fee) for reaching required level of outperformance. The management fees disclosed also include all investment management fees directly incurred by the fund by pooled fund investments.

The investment management expenses shown below includes £0.649m (2023/24 £0.458m) in respect of performance related fees paid/payable to the fund's investment managers.

It also includes £3.266m in respect of transaction costs (2023/24 £3.632m).

In addition to these costs, indirect costs are incurred through the bid-offer spread on investment sales and purchases. These are reflected in the cost of investment acquisitions and in the proceeds from the sales of investments (see note 11a).

2023/24 £m	Investment management expenses	2024/25 £m
8.999	Management fees	11.968
0.458	Performance fees	0.649
4.525	Other fees	4.358
3.632	Transaction costs	3.266
0.020	Custody fees	0.019
17.634		20.260

The costs incurred by the fund in administering the fund totalled £1.946m for the year ending 31 March 2025 (2023/24 £1.870m).

2023/24 £m	Administrative costs	2024/25 £m
1.095	Employee costs	1.241
0.630	IΤ	0.408
0.024	Consultants	0.081
0.053	Printing, postage and design	0.061
0.032	Office accommodation	0.037
0.007	Subscriptions	0.007
0.029	Other costs	0.111
1.870		1.946

The costs incurred by the fund in oversight and governance totalled £1.738m for the year ending 31 March 2025 (2023/24 £1.641m).

2023/24 £m	Oversight and governance costs	2024/25 £m
0.338	Investment advice	0.271
0.302	Employee costs (pensions investment)	0.395
0.103	Actuarial advice	0.093
0.663	LGPS Central Ltd pooling costs	0.704
0.051	Responsible engagement overlay	0.051
0.070	External audit	0.102
0.030	Performance analysis	0.027
0.018	Internal audit	0.025
0.022	Legal and committee	0.023
0.044	Other costs	0.047
1.641		1.738

Note 8a: Investment management expenses

The tables below show a breakdown of investment management expenses by investment type.

2024/25	Total £m	Management fees £m	Performance related fees £m	Transaction costs £m	Other costs £m
Pooled investment vehicles					
Global equity	3.833	2.413	0.000	1.239	0.181
Fixed income	2.534	0.675	0.000	1.824	0.035
Hedge fund of funds	1.290	0.445	0.649	0.000	0.196
Infrastructure	3.447	2.699	0.000	0.000	0.748
Pooled property investments	1.744	1.613	0.000	0.131	0.000
Private equity	5.010	2.558	0.000	0.000	2.452
Private debt	1.735	1.171	0.000	0.000	0.564
Property debt	0.169	0.121	0.000	0.000	0.048
Insurance-linked securities	0.479	0.273	0.000	0.072	0.134
	20.241	11.968	0.649	3.266	4.358
Custody fees	0.019				
Total	20.260				

2023/24	Total £m	Management fees £m	Performance related fees £m	Transaction costs £m	Other costs £m
Pooled investment vehicles					
Global equity	3.329	1.818	0.000	1.293	0.218
Fixed income	4.044	1.183	0.000	2.234	0.627
Hedge fund of funds	1.438	0.731	0.458	0.000	0.249
Infrastructure	2.028	1.732	0.000	0.000	0.296
Pooled property investments	1.149	1.104	0.000	0.045	0.000
Private equity	4.902	1.933	0.000	0.000	2.969
Private debt	0.024	0.011	0.000	0.000	0.013
Property debt	0.249	0.200	0.000	0.000	0.049
Insurance-linked securities	0.451	0.287	0.000	0.060	0.104
	17.614	8.999	0.458	3.632	4.525
Custody fees	0.020				
Total	17.634				

Note 9: Investment income

The table below analyses the investment income received by the fund over the last 12 months.

2023/24 £m	Investment income	2024/25 £m
0.001	Dividends from equities	0.001
10.270	Income from pooled investment vehicles	12.690
0.185	Interest on cash deposits	0.332
0.731	Other	0.982
11.187		14.005

Note 10: Taxes on income

This table breaks down the taxes on income by asset class.

2023/24 £m	Taxes on income	2024/25 £m
0.000	Withholding tax - equities	0.000
0.105	Withholding tax - pooled	0.112
0.105		0.112

Note 11: Investments

The table below analyses investment assets by type of investment.

2023/24 £m	Investments	2024/25 £m
	Investment assets	
0.016	Equities	0.018
	Pooled funds	
1444.229	Global equity	1508.181
354.383	Fixed income	363.501
103.226	Hedge fund of funds	114.088
161.956	Infrastructure	157.915
84.545	Pooled property investments	117.386
200.502	Private equity	199.616
22.222	Property debt	10.417
39.770	Insurance-linked securities	44.303
67.330	Private debt	78.984
	Other investments	
0.685	Loans	0.685
	Cash deposits	
14.957	Deposits	20.246
1.650	Temporary investments	5.700
2495.471		2621.040
	Long-term investments	
	UK unquoted equities	
1.315	Shares in LGPS Central Ltd asset pool	1.315
2496.786	Total investment assets	2622.355

Note 11a: Reconciliation of movements in investments

2024/25	Value as at 1 April 2024	Purchases at cost	Sale proceeds	Transition	Other cash transactions	Change in market value	Value as at 31 March 2025
Investment type	£m	£m	£m	£m	£m	£m	£m
Equities	1.331		(0.038)			0.040	1.333*
Pooled investment vehicles - Other managed funds	2478.163	101.897	(114.054)		(18.282)	146.667	2594.391*
Other investment balances	0.685						0.685
	2480.179	101.897	(114.092)	0.000	(18.282)	146.707	2596.409
Cash deposits - with managers***	14.957	1.782	(3.915)		7.518	(0.096)	20.246
Temporary investments	1.650				4.050		5.700
	2496.786	103.679	(118.007)	0.000	(6.714)	146.611**	2622.355

^{*} Within the pooled investment vehicles - other managed funds total of £2594.39Im are £605.323m of level 3 investments as at 31 March 2025. Within the equities figure of £1.333m are £1.315m of level 3 investments as at 31 March 2025. The value of the level 3 investments was £596.32Im as at 1 April 2024 which increased to £606.638m as at 31 March 2025. The increase in value is due to purchases of £63.217m, sales of £85.448m and change in market value of £32.548m. // ** The total change in market value for 2024/25 as per the table above is £146.61Im. This figure is made of up of profit on sales of £33.08Im, market value gains offset by directly charged fees of £19.048m and the difference between book cost and market value for the whole fund which for 2024/25 was £94.482m. // *** Cash deposits figure includes money market fund balances and certain class action proceeds relating to legacy holdings.

2023/24	Value as at 1 April 2023	Purchases at cost	Sale proceeds	Transition	Other cash transactions	Change in market value	Value as at 31 March 2024
Investment type	£m	£m	£m	£m	£m	£m	£m
Equities	1.325		(0.111)			0.117	1.331*
Pooled investment vehicles - other managed funds	2221.038	378.745	(375.778)		(16.930)	271.088	2478.163*
Other investment balances	0.685						0.685
	2223.048	378.745	(375.889)	0.000	(16.930)	271.205	2480.179
Cash deposits - with managers***	12.683	2.215	(0.026)		0.060	0.025	14.957
Temporary investments	2.600				(0.950)		1.650
	2238.331	380.960	(375.915)	0.000	(17.820)	271.230**	2496.786

^{*} Within the pooled investment vehicles - other managed funds total of £2478.163m are £1.315m of level 3 investments as at 31 March 2024. Within the equities figure of £1.331m are £1.315m of level 3 investments as at 31 March 2024. The value of the level 3 investments was £590.231m as at 1 April 2023 which increased to £596.321m as at 31 March 2024. The increase in value is due to purchases of £74.550m, sales of £74.459m and change in market value of £5.999m. // ** The total change in market value for 2023/24 as per the table above is £271.230m. This figure is made of up of profit on sales of £14.251m, market value gains offset by directly charged fees of £16.733m and also the difference between book cost and market value for the whole fund which for 2023/24 was £240.246m. // *** Cash deposits figure includes money market fund balances and certain class action proceeds relating to legacy holdings.

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Note 12: Stock lending

The fund no longer participates in a stock lending programme with its Custodian, Northern Trust, following termination of the remaining segregated equities fund in April 2022.

Note 13: Analysis of derivatives

Currently Legal & General, who manage the global equity passive portfolio, hedge 100% of their foreign currency exposure back to sterling. The global equity passive portfolio also has an equity protection strategy in place on approximately £625m initial notional value.

Note 14: Fair value - basis of valuation

Unquoted equities in LGPS Central Ltd are valued using the cost approach / considering fair value at initial recognition approach as these methodologies provide viable approaches to valuing this shareholding, and they both generate consistent valuations at historic cost less any adjustment for impairment. This will be the approach used for valuing this holding until any change in circumstances creates an alternative approach.

All other investment assets are valued using fair value techniques based on the characteristics of each instrument, where possible using market-based information. There has been no change in the valuation techniques used during the year.

The valuation basis for each category of investment asset is set out below.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted equities and pooled fund investments	Level 1	The published bid market price on the final day of the accounting period	Not required	Not required
Quoted fixed income bonds	Level 1	Quoted market value based on current yields	Not required	Not required
Cash and cash equivalents	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Pooled property funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV based pricing set on a forward pricing basis	Not required
Pooled equity fund investments	Level 2	Index tracking funds & valuations are based on the market quoted prices of the respective underlying securities	Evaluated price feeds	Not required
Pooled fixed income fund investments	Level 2	Average of broker prices	Evaluated price feeds	Not required
Infrastructure	Level 3	Discounted Cash Flows, Market valuations of comparable companies & Binding sale agreements	Enterprise Value / EBITDA multiple, Discount Rate	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Shares in LGPS Central Ltd asset pool	Level 3	Valued using cost approach and considering fair value at initial recognition approach	No market for shares in LGPS Central Ltd and no immediate plans to pay dividends. Cost approach generates a figure similar to the original cost of investment when LGPS Central Ltd was created	Valuation reviewed on an annual basis to ascertain if there is any reason that this valuation may have been impaired
Insurance linked securities	Level 3	Closing single price. Investments are fair valued using earned net assets value method	NAV based pricing set on a forward pricing basis. NAV based pricing based upon either 3rd party broker marks or independent Milliman valuations using available industry loss assumptions and 3rd party reports.	Valuations could be affected by any changes to underlying values of the invested portfolio. Value appreciation/depreciation is typically dependent on and contingent on specific insurance events/triggers not occurring.
Private Debt	Level 3	Valuations received directly from the manager of the underlying investment and comply with revised International Private Equity and Venture Capital Valuation Guidelines 2018	Inputs are unobservable and are dependent on the valuations provided by the manager of the underlying investment	Valuations could be affected by changes to the valuation of the underlying investment portfolio arising from changes to estimates and differences between unaudited and audited accounts
Property Debt	Level 3	Valued using amortised cost and considering fair value at initial recognition approach	Underlying property value, projected future cashflows, cash available, indicative market interest rates for similar products	Valuation reviewed on a quarterly basis to ascertain if there is a reason that this valuation may have been impaired
Private Equity and other unquoted	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 and the IPEV Board's Special Valuation Guidance (March 2020) or other appropriate guidelines	EBITDA multiple, revenue multiple, discount for lack of marketability, control premium	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Hedge Funds	Level 3	Valuations received directly from the third-party hedge funds with which the fund of hedge fund manager invests	Valuations/prices of the investments held are not publicly available. NAV based pricing set on a forward pricing basis	Valuations are affected by any changes to the value of the financial instrument being hedged against

Sensitivity of assets valued at level 3:

The fund has determined that the valuation methods described above for level 3 investments are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held on 31 March 2025 and 31 March 2024.

Asset	Potential variation in fair value	Value as at 31 March 2025	Potential value on increase	Potential value on decrease
	(+/-)	£m	£m	£m
Private equity	20%	199.616	239.539	159.693
Hedge funds	5%	114.088	119.792	108.384
Insurance- linked	5%	44.303	46.518	42.088
Infrastructure	20%	157.915	189.498	126.332
Private debt	10%	78.984	86.882	71.086
Property debt	10%	10.417	11.459	9.375
Unquoted UK equity	15%	1.315	1.512	1.118
Total		606.638	695.200	518.076

Asset	Potential variation in fair value	Value as at 31 March 2024	Potential value on increase	Potential value on decrease
	(+/-)	£m	£m	£m
Private equity	5%	200.502	210.527	190.477
Hedge funds	5%	103.226	108.387	98.065
Insurance- linked	5%	39.770	41.759	37.782
Infrastructure	5%	161.956	170.054	153.858
Private debt	5%	67.330	70.697	63.964
Property debt	5%	22.222	23.333	21.111
Unquoted UK equity	5%	1.315	1.381	1.249
Total		596.321	626.138	566.506

Note 14a: Fair value hierarchy

Assets and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1: Where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Comprise quoted equities, quoted bonds and unit trusts.

Level 2: Where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data.

Level 3: Where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Shropshire County Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are undertaken quarterly.

The values of the investment in hedge funds are based on the net asset value provided by the fund manager. Assurances over the valuation are gained from the independent audit of the value.

The following table provides an analysis of the assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable:

Asset type 2024/25	Investment manager	Investment type	Market value £m	Quoted market price - Level 1 £m	Using observable inputs - Level 2 £m	With significant unobservable inputs - Level 3 £m
Equities	LGPS Central Ltd*	UK equities (unquoted)	1.315	2111	Σ	1.315
Pooled investment vehicles	HarbourVest Partners Ltd	Private equity	186.074			186.074
	Aberdeen Property Investors	Property unit trusts	117.386		117.386	
	Blackrock	Hedge fund	114.088			114.088
	Global Infrastructure Partners	Infrastructure	91.810			91.810
	Legal & General	Global equities	838.683		838.683	
	T.Rowe Price	Global dynamic bonds	96.944		96.944	
	Securis	Insurance-linked securities	44.303			44.303
	DRC	Property debt	10.417			10.417
	LGPS Central Ltd	Global equities	669.498	669.498		
	LGPS Central Ltd	Investment grade corporate bonds	266.557	266.557		
	LGPS Central Ltd	Private debt	78.984			78.984
	LGPS Central Ltd	Infrastructure	66.105			66.105
	LGPS Central Ltd	Private equity	13.542			13.542
Cash deposits & other			26.649	26.649		
			2622.355	962.704	1053.013	606.638

Asset type 2023/24	Investment manager	Investment type	Market value	Quoted market price - Level 1	Using observable inputs - Level 2	With significant unobservable inputs - Level 3
Equities	LGPS Central Ltd*	UK equities (unquoted)	£m 1.315	£m	£m	£m 1.315
Pooled investment vehicles	HarbourVest Partners Ltd	Private equity	195.758			195.758
	Aberdeen Property Investors	Property unit trusts	84.545		84.545	
	Blackrock	Hedge fund	103.226			103.226
	Global Infrastructure Partners	Infrastructure	112.450			112.450
	Legal & General	Global equities	789.842		789.842	
	T.Rowe Price	Global dynamic bonds	100.358		100.358	
	Securis	Insurance-linked securities	39.770			39.770
	DRC	Property debt	22.222			22.222
	LGPS Central Ltd	Global equities	654.387	654.387		
	LGPS Central Ltd	Investment grade corporate bonds	254.025	254.025		
	LGPS Central Ltd	Private debt	67.330			67.330
	LGPS Central Ltd	Infrastructure	49.506			49.506
	LGPS Central Ltd	Private equity	4.744			4.744
Cash deposits and other			17.308	17.308		
			2496.786	925.720	974.745	596.321

^{*} Share capital investment in LGPS Central Ltd has been carried at cost

Note 14b: Reconciliation of fair value measurements within level 3

	Value as at 1 April 2024 £m	Transfers into	Transfers out of Level 3	Purchases at cost and derivative payments £m	Sale proceeds and derivative receipts £m	Other cash transactions £m	Unrealised gains and losses £m	Realised gains and losses £m	Value as at 31 March 2025 £m
Equities (unquoted)	1.315			0.000	0.000	0.000	0.000	0.000	1.315
Private equity	200.502			17.898	(24.970)	(5.011)	(8.524)	19.721	199.616
Infrastructure	161.957			21.125	(34.747)	(3.447)	(5.529)	18.556	157.915
Hedge fund	103.225			0.000	0.000	(1.290)	10.863	1.290	114.088
Insurance-linked securities	39.770			0.000	0.000	(0.478)	4.506	0.505	44.303
Property debt	22.222			0.000	(10.218)	(0.169)	(1.587)	0.169	10.417
Private debt	67.330			24.194	(15.513)	(1.735)	2.973	1.735	78.984
	596.321	0.000	0.000	63.217	(85.448)	(12.130)	2.702	41.976	606.638

Note 15: Financial instruments

Note 15a: Classification of financial instruments

The following table analyses the carrying amounts of financial instruments by category and net assets statement heading. No financial instruments were reclassified during the accounting period.

	31 March 2024				31 March 2025	
Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost		Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost
£m	£m	£m		£m	£m	£m
	Financial assets					
1.331			Equities	1.333		
2478.163			Pooled investment vehicles - other managed funds	2594.391		
	0.685		Other investment balances - loans		0.685	
	16.607		Cash		25.992	
2479.494	17.292	0.000		2595.724	26.677	0.000
			Non-financial instruments			
	11.202		Debtors		10.240	
		(4.812)	Creditors			(6.242)
2,479.494	28.494	(4.812)		2,595.724	36.917	(6.242)

Previous year has been restated to reflect current year format

Note 15b: Net gains and losses on financial instruments

2023/24 £m	Financial instruments	2024/25 £m
	Financial assets	
271.230	Fair value through profit and loss	146.611
0.000	Loans and receivables	0.000
0.000	Financial liabilities measured at amortised cost	0.000
	Financial liabilities	
0.000	Fair value through profit and loss	0.000
0.000	Loans and receivables	0.000
0.000	Financial liabilities measured at amortised cost	0.000
271.230		146.611

Note 16: Nature and extent of risks arising from financial instruments

Risk and risk management

The fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits to pay members). The aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the fund manages its liquidity risk to ensure there is sufficient liquidity to meet the fund's forecast cash flows. The fund manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the fund's risk management strategy rests with the Pensions Committee. Risk management policies are established to identify and analyse the risks faced by the pension fund's operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the assets mix. The objective of the fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the pension fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis and manage any identified risk in two ways:

- The exposure of the fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
- Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or by factors affecting all such instruments in the market.

The fund is exposed to share and derivative price risk. The fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the fund's investment strategy.

Other price risk – sensitivity analysis

In consultation with its investment advisors, the fund has determined that the following movements in market price risk are reasonably possible for the 2025/26 reporting period, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same.

Asset type	Potential market movements (+/-)
Global unconstrained equities	20.7%
Global equities (passive)	19.5%
Investment grade bonds	7.8%
Unconstrained bonds	5.9%
UK property	12.5%
Private equity	23.9%
Hedge funds	5.1%
Infrastructure	20.5%
Property debt	10.1%
Insurance-linked securities	4.8%
Private debt	10.6%

Should the market price of the fund investments increase or decrease in line with the above, the change in the net assets available to pay benefits would be as follows:

Asset type	Value as at 31 March 2025	Potential market movement	Value on increase	Value on decrease
	£m	£m	£m	£m
Net assets including cash and other	31.990	0.000	31.990	31.990
Investment portfolio assets				
Global equities (unconstrained)	669.516	138.590	808.106	530.926
Global equities (passive)	838.683	163.543	1,002.226	675.140
Investment grade bonds	266.557	20.791	287.348	245.766
Unconstrained bonds	96.944	5.720	102.664	91.224
Property	117.386	14.673	132.059	102.713
Private equity	199.616	47.708	247.324	151.908
Hedge funds	114.088	5.819	119.907	108.269
Infrastructure	157.915	32.373	190.288	125.542
Property debt	10.417	1.052	11.469	9.365
Insurance-linked securities	44.303	2.127	46.430	42.176
Private debt	78.984	8.372	87.356	70.612
Total assets available to pay benefits	2,626.399	440.768	3,067.167	2,185.631

Asset type	Value as at 31 March 2024	Potential market movement	Value on increase	Value on decrease
	£m	£m	£m	£m
Net assets including cash and other	24.998	0.000	24.998	24.998
Investment portfolio assets				
Global equities (unconstrained)	654.403	133.498	787.901	520.905
Global equities (passive)	789.842	153.229	943.071	636.613
Investment grade bonds	254.026	18.290	272.316	235.736
Unconstrained bonds	100.358	5.921	106.279	94.437
Property	84.545	10.568	95.113	73.977
Private equity	200.502	47.920	248.422	152.582
Hedge funds	103.225	5.264	108.489	97.961
Infrastructure	161.956	31.258	193.214	130.698
Property debt	22.221	1.978	24.199	20.243
Insurance-linked securities	39.770	1.989	41.759	37.782
Private debt	67.330	6.464	73.794	60.866
Total assets available to pay benefits	2,503.176	416.378	2,919.554	2,086.798

Interest rate risk

The fund recognises that interest rates can vary and can affect both income to the fund and the carrying value of fund assets, both of which affect the value of the net assets available to pay benefits. A 1% movement in interest rates is consistent with the level of sensitivity applied as part of the fund's risk management strategy.

The fund's direct exposure to interest rate movements as at 31 March 2025 and 31 March 2024 is set out below:

Asset type	As at 31 March 2025 £m	As at 31 March 2024 £m
Cash and cash equivalents	25.946	16.607
Cash balances*	0.046	(0.040)
Fixed income	363.501	354.383
Total	389.493	370.950

^{*} overdrawn cash balance as at 31 March 2024

The following analysis shows the annual effect on the net assets available to pay benefits of a plus or minus 1% change in interest rates assuming all variables, in particular exchange rates, remain constant. This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

Exposure to interest rate risk	Value as at 31 March £m	Potential movement on 1% change in interest rates £m	Value on increase	Value on decrease £m
As at 31 March 202	5			
Cash and cash equivalents	25.946	0.000	25.946	25.946
Cash balances	0.046	0.000	0.046	0.046
Fixed income	363.501	3.635	367.136	359.866
Total	389.493	3.635	393.128	385.858

Exposure to interest rate risk	Value as at 31 March £m	Potential movement on 1% change in interest rates £m	Value on increase	Value on decrease £m
As at 31 March 202	4			
Cash and cash equivalents	16.607	0.000	16.607	16.607
Cash balances	(0.040)	0.000	(0.040)	(0.040)
Fixed Income	354.383	3.544	357.927	350.839
Total	370.950	3.544	374.494	367.406

During 2024/25 the fund received £0.267m (2023/24 £0.120m) in interest from surplus pension fund revenue cash. This was either invested in call accounts (including insight money market fund) which are classified as a variable rate investment or a fixed term deposit. A 1% change in interest rates throughout the year would have increased or decreased the amount of interest earned on these investments by £0.059m. In addition, the fund

earned £0.065m (2023/24 £0.066m) in interest on its loan to LGPS Central Ltd. The impact of a 1% change in interest rates would have increased or decreased interest earned on this loan by £0.007m.

Currency risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. Following analysis of historical data in consultation with the fund investment advisors, the fund considers the likely volatility associated with foreign exchange rate movements to be not more than 10%. A 10% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Currency risk - sensitivity analysis

Assets exposed to currency risk	Asset value as at 31 March 2025	Potential market movement	Value on increase	Value on decrease
	£m	£m	£m	£m
		10%	10%	10%
Overseas equities	627.244	62.724	689.968	564.520
Overseas private equity	199.002	19.900	218.902	179.102
Overseas private debt	31.645	3.165	34.810	28.480
Overseas infrastructure	125.065	12.507	137.572	112.558
Cash balances	13.563	1.356	14.919	12.207
Total change in assets available to pay benefits	996.519	99.652	1096.171	896.867

Assets exposed to currency risk	Asset value as at 31 March 2024	Potential market movement	Value on increase	Value on decrease
	£m	£m	£m	£m
		10%	10%	10%
Overseas equities	610.843	61.084	671.927	549.759
Overseas private equity	199.813	19.981	219.794	179.832
Overseas private debt	21.846	2.185	24.031	19.661
Overseas infrastructure	140.711	14.071	154.782	126.640
Cash balances	7.893	0.789	8.682	7.104
Total change in assets available to pay benefits	981.106	98.111	1079.217	882.995

Credit risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the fund to incur a financial loss. Assets potentially affected by this risk are investment assets, cash deposits and third-party loans. The selection of high-quality counterparties, brokers and financial institutions minimises credit risk and the

market values of investments generally reflect an assessment of credit risk.

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations. The pension fund has not experienced any actual defaults in recent years, and the current practice is to obtain a guarantee before admitting new employers so that all pension obligations are covered in the event of that employer facing financial difficulties. All contributions due at 31 March 2025 and 31 March 2024 were received in the first two months of the financial year.

In January 2018 the fund advanced a loan of £0.685m to LGPS Central Ltd asset pool on commercial rates, repayable in 2027. LGPS Central Ltd have not defaulted on any annual loan interest repayments to date. The credit risk at 31 March 2025 is therefore not considered to be significant, and no credit loss adjustment has been made.

The fund has set limits on the maximum sum placed on deposit with individual financial institutions.

The investment priorities for the management of the pension fund revenue cash held for day-to-day transactions are the security of the principal sums it invests. The enhancement of returns is a secondary consideration to the minimisation of risk. Accordingly, the administering authority ensures that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited.

The main criteria for determining the suitability of investment counterparties are outlined in the administering authority's creditworthiness policy which the pension fund has also adopted and approved as part of the annual pension fund treasury strategy.

The fund's lending list is reviewed continuously in conjunction with the administering authority's treasury advisor. The total permitted investment in any one organisation at any one time varies with the strength of the individual credit rating. The maximum amount is currently limited to £5,000,000. With security of capital being the main priority, lending continues to be restricted to highly credit rated institutions including money market funds, part

nationalised institutions and other local authorities. In addition to credit ratings the administering authority continually monitors the financial press and removes institutions from its approved lending list immediately if appropriate.

The pension fund has had no experience of default or uncollectable deposits over the past five financial years.

	Rating	As at 31 March 2025 €	As at 31 March 2024 €
Lloyds	AA-	3,000,000	0
Insight GBP Liquidity Fund	AAAm	2,700,000	0
Handelsbanken Instant Access Account	AA	0	1,650,000
TOTAL		5,700,000	1,650,000

Liquidity risk

Liquidity risk represents the risk that the fund will not be able to meet its financial obligations as they fall due i.e. that cash is not available when required. The pension fund therefore takes steps to ensure that it always has adequate cash resources to meet its commitments. The fund's cash holding under its treasury management arrangements at 31 March 2025 was £5.70m (31 March 2024 £1.65m).

The fund has immediate access to cash through two instant access accounts and one instant access money market account, which at any one time could have up to £13 million available in total. The fund can also access immediate cash held by Northern Trust, which as at 31 March 2025 was £16.617m (31 March 2024 £12.373m). The fund does not have access to an overdraft facility.

Officers prepare a daily cash flow forecast to understand and manage the timing of the fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the investment strategy.

Note 17: Funding arrangements

In line with the Local Government Pension Scheme Regulations 2013, the fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022 and the next valuation will take place as at 31 March 2025.

The key elements of the funding policy are:

- To ensure the long-term solvency of the fund,
 i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment
- To ensure that employer contribution rates are as stable as possible
- To minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- To reflect the different characteristics of employing bodies in determining contribution rates where it considers it reasonable to do so
- To use reasonable measures to reduce the risk to other employers and ultimately to the council taxpayer from an employer defaulting on its pension obligations

The aim is to achieve 100% solvency over a period of 16 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. For each individual employer, the funding objective, method and assumptions depend on a particular employer's circumstances and different approaches have been adopted where applicable, in accordance with the Funding Strategy Statement.

At the 2022 actuarial valuation, the fund was assessed as 99% funded (94% at the March 2019 valuation). This corresponded to a deficit of £22 million (2019 valuation was £132 million) at that time. Revised contributions set by the 2022 valuation were introduced in 2023/24 and the common contribution rate (i.e. the average employer contribution rate in respect of future service only) is 18.4% of pensionable pay (16.6% at the March 2019 valuation).

The valuation of the fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were as follows.

Financial assumptions	31 March 2022	31 March 2019
Discount rate	4.8% p.a.	4.25% p.a.
Assumed long-term CPI inflation	3.1% p.a.	2.4% p.a.
Salary increases - long-term	4.35% p.a.	3.65% p.a.
Salary increases - short-term	No allowance	No allowance
Pension increases in payment	3.1% p.a.	2.4% p.a.

The assumed life expectancy from age 65 is as follows.

Demographic assumptions	Gender	31 March 2022	31 March 2019
Current pensioners	Males	22.1	22.8
(at age 65)	Females	24.4	24.9
Future pensioners	Males	23.4	24.1
(assumed current age 45)	Females	26.2	26.6

It is assumed that, on average, retiring members will take 75% of the maximum tax-free cash available at retirement (80% 2019).

Note 18a: Long-term debtors

Details of long-term debtors outstanding as at 31 March 2025 is shown below.

2023/24 £m	Long-term debtors	2024/25 £m
1.724	*Lifetime and annual tax allowances	1.857
1.724		1.857

^{*} The HMRC annual allowance limits the tax relief on pension contributions each year and the lifetime allowance (abolished after 5th April 2023) limits the total amount of savings in a pension pot without facing a tax charge when drawing it. The pension fund pays the tax charge upfront on behalf of those members affected and who elect for 'scheme pays'. The fund is reimbursed by the members via pension deductions over time.

Note 18b: Analysis of debtors

Provision has been made for debtors known to be outstanding as at 31 March 2025. An analysis of debtors outstanding as at 31 March 2025 is shown below.

2023/24 £m	Debtors	2024/25 £m
1.561	Contributions due - employees	1.626
5.610	Contributions due - employers	5.636
2.307	Other entities and individuals	1.121
9.478		8.383

Note 19: Analysis of creditors

Provision has also been made for creditors known to be outstanding at 31 March 2025. An analysis of creditors outstanding as at 31 March 2025 is shown below.

2023/24 £m	Creditors	2024/25 £m
1.023	Central government bodies	1.310
2.306	Other local authorities	2.420
1.443	Other entities and individuals	2.512
4.772		6.242

Note 20: Additional voluntary contributions

Scheme members have the option to make additional voluntary contributions (AVCs) to enhance their pension benefits. These contributions are invested with an appropriate provider and used to purchase an annuity at retirement. Contributions are paid directly from scheme members to the AVC provider and are therefore not represented in these accounts in accordance with regulation 4 (1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

Contributions are invested in with-profit, unit linked or deposit funds of the scheme member. At present there are around 582 scheme members with AVC policies. These policies are held either by Utmost or Prudential.

During 2024/25 contributions to schemes amounted to \pounds 1.176m (2023/24 \pounds 1.078m). The combined value of the AVC funds as at 31 March 2025 was \pounds 5.342m (31 March 2024 \pounds 5.669m).

Note 21: Related party transactions

Shropshire Council

The Shropshire County Pension Fund is administered by Shropshire Council. Shropshire Council incurred costs of £2.411m (2023/24 £2.299m) in relation to the administration and management of the fund and all these costs are recharged to the pension fund.

Shropshire Council is also the single largest employer of members of the pension fund. At the year end, a balance of $\pounds 3.487m$ (2023/24 $\pounds 2.798m$) was due to the fund from the council relating to contributions which became due in March but were paid in April and other payments due.

Several employees of Shropshire Council hold key positions in the financial management of the Shropshire County Pension Fund. The Executive Director of Resources (s151 Officer), the Head of Pensions (LGPS Senior Officer), the Pensions Investment & Responsible Investment Manager, the Pension Fund Accountant, the Pensions Investment Analyst and the Pensions Administration Manager are all active members of the fund.

Under the Local Government Pension Scheme 1997 Regulations, councillors were entitled to join the scheme. Legislation which came into force on 1 April 2014 meant the LGPS was only available to councillors and elected mayors of an English county council or district council who elected to join before 31 March 2014. From 1 April 2014 access to the LGPS for councillors was removed and those councillor members who were in the scheme on the 31 March 2014 could only remain in the scheme until the end of their current term of office. The remaining active councillor members were removed from the scheme in May 2017 at the end of their individual office. All councillor members who sit on the Pension Fund Committee who joined the LGPS before 31 March 2014 are now either deferred or pensioner members of the fund.

LGPS Central Ltd

LGPS Central Ltd (LGPSC) has been established to manage investment assets on behalf of nine Local Government Pension Scheme (LGPS) funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the LGPSC Pool.

The fund invested £1.315m in share capital and £0.685m in a loan to LGPSC in 2017/18. These remain the balances at 31 March 2025. The fund was owed interest of £0.065m (31 March 2024 £0.065m) on the loan to LGPSC at 31 March 2025. The rate of interest applied to the LGPSC loan is Bank of England base rate plus 4.5% margin. This loan is due to be repaid to the fund in 2027.

In addition, the fund has now invested in several LGPSC sub-funds (global equity, global sustainable equity, infrastructure, private debt, private equity and global investment grade corporate bonds). The fund incurred investment management costs totalling £8.942m in respect of investments held with LGPSC of which £0.032m was payable to LGPSC at 31 March 2025.

The fund incurred costs totalling £0.703m (2023/24 £0.645m) in respect of governance, operator running and product development in connection with LGPSC in 2024/25 of which £0.168m (31 March 2024 £0.159m) was payable to LGPSC at 31 March 2025.

Shropshire Council as the administering authority of the Shropshire County Pension Fund has guaranteed a share of the pension liability relating to employees of LGPS Central Ltd that transferred into the company on creation. If this guarantee is called this will be funded by the pension fund. The guarantee is on a joint and several basis with the other partner funds in LGPS Central Ltd.

As at 31 March 2025 LGPS Central Ltd IAS 19 figure was a surplus of £1.68m. As the figure is in surplus, no amount would be due from the fund.

The guarantee only comes into effect following certain events which (directly or indirectly) cause LGPS Central Ltd to cease to be a scheme employer or fail to pay amounts due. This is not anticipated to be a likely event. The amount of any liability calculated under IAS 19 is subject to the specific assumptions required for the calculation of such a figure under accounting standards. In the event of an exit payment being required, this would be calculated by the actuary based on the best estimates of the actual liability at the time.

Note 21a: Key management personnel

The posts of Executive Director of Resources (s151 Officer) and Head of Pensions (LGPS Senior Officer) are deemed to be key management personnel with regards to the fund. The financial value of the relationship with the fund (in accordance with IAS24) is set out below.

2023/24 £m	Key management personnel	2024/25 £m
0.124	Short-term benefits*	0.145
0.173	Post-employment benefits**	0.061
0.297		0.206

^{*} This is the pension fund's element of short-term remuneration for key management personnel, i.e. annual salary, benefits in kind and employer contributions. // ** This is the change in value of accrued pension benefits, expressed as cash equivalent transfer value.

Note 22: Contractual commitments

The fund has a 22.5% (~£590 million) strategic asset allocation to private market investments split private equity (7.5%), infrastructure (7.5%) and private debt (7.5%). The fund has a legacy allocation to property debt which will mature over the next six months and be subsumed by the private debt allocation. It is necessary to over commit the strategic asset allocation because some of these investments will mature and be repaid before the committed capital is fully invested.

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As at 31 March 2025 £338m has been committed to investments in private equity via a fund of funds manager, HarbourVest Partners (£278m) and a separate investment through LGPS Central Ltd (£60m). Investment in this asset class will be made as opportunities arise over the next two to three years. As at 31 March 2025 the fund's private equity investments totalled £199.616m (31 March 2024 £200.502m). Commitments outstanding at 31 March 2025 were £94.6m.

As at 31 March 2025 £220m has been committed to investment in infrastructure via global infrastructure partners (£135m) and LGPS Central Ltd Core/Opportunistic Infrastructure Partnership (£85m). The outstanding commitments at 31 March 2025 were £42.4m (global infrastructure partners £20.2m and LGPS Central Ltd Core/Opportunistic Infrastructure Partnership £22.2m). Investment in this asset class will be made as opportunities arise over the next two to three years. As at 31 March 2025 the fund's infrastructure investments totalled £157.915m (31 March 2024 £161.956m).

As at 31 March 2025, £47m has been committed to investment in property debt via DRC & £210m committed to investment in private debt via LGPS Central Ltd. The property debt portfolio is a legacy asset and will mature over the next six months. As at 31 March 2025 there were outstanding commitments of £136.9m, private debt via LGPS Central Ltd £131.6m and property debt via DRC £5.3m. The commitment of £210m to LGPS Central Ltd includes £90m commitment to the LGPS Central Ltd 2024 Private Debt Scheme to allow further commitments in line with the strategic asset allocation. No drawdown against this commitment had been made at 31 March 2025. Investments in the private debt portfolio will be made as opportunities arise over the next two to three years. As at 31 March 2025 the fund's property debt and private debt investments totalled £10.417m & £78.984m (31 March 2024 £22.222m & £67.330m) respectively.

Note 23: Contingent assets

15 admitted body employers in the Shropshire County Pension Fund hold bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the pension fund and payment will only be triggered in the event of employer default.

Note 24: Value added tax

The fund is reimbursed VAT by HM Revenue and Customs. The accounts are shown exclusive of VAT.

Note 25: Custody of investments

Custodial services are provided to the fund by Northern Trust. This includes the safekeeping of assets, the collection of income and the monitoring and execution of corporate actions in conjunction with investment managers. The custodian also provides independent confirmation of the assets, and their value held by the fund. Securities are held on a segregated basis via a nominee account and are clearly separated from the custodian's own assets.

Note 26: Fund auditors

Grant Thornton has completed its audit in accordance with the Local Audit and Accountability Act 2014 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practice Board. The audit certificate is published within this report.

Note 27: Pension fund bank account

Since April 2010 all income received for the pension fund has been paid into a separate pension fund bank account. The balance on this account is monitored daily and surplus cash balances invested and as at 31 March 2025 £5.70 million was invested (31 March 2024 £1.65m). The cash balance in the pension fund account as at the same date was in hand by £0.05 million (31 March 2024 £0.04m overdrawn).

Note 28: Fund structure update

In June 2023, following several investment strategy workshops the Pensions Committee agreed the fund's new strategic asset allocation which is detailed below against the previous allocations:

Asset	2021 strategic allocation % of fund	2023 strategic allocation % of fund	Change
Targeted return funds (e.g., absolute return bonds, hedge funds, Insurance-linked securities)	25	7.5	-17.5%
Property debt	3.5	0	-3.5%
Equities	50	55	+5%
Private debt	4	7.5	+3.5%
Indirect property	5	5	-
Private equity	6.25	7.5	+1.25%
Infrastructure	6.25	7.5	+1.25%
Investment grade corporate bonds	0	10	+10%

Implementation of the new strategy commenced in 2023/24 and continued in 2024/25. Allocation changes in respect of public markets (equity and investment grade corporate bonds) were all completed in 2023/24. Private market (private equity, infrastructure, debt) changes will take longer to fully implement as this involves the timing of maturities from existing investments and the drawdown of new commitments over time. This will result in additional holdings remaining in target return funds until the capital is required to meet commitments. Investments in this sector currently reside with individual managers as the proposed LGPS Central Ltd product for this area was withdrawn in 2023/24.

In September 2017, an equity protection strategy was implemented with Legal & General, one of the fund's existing managers. The strategy is currently being used to reduce equity risk. At 31 March 2025 approximately 42% of total global equities were being protected at this time. The equity protection strategy remained constant during 2024/25 at c.£640 million (notional). Geopolitical tensions and uncertainty in economic forecasts led to a full review of the equity protection options on several occasions during 2024/25. At 31 March 2025, the fund held equity protection options with Legal and General which had expiry dates of June 2025 and December 2025. The June 2025 equity protection policy was removed in April 2025 after the year end. The December 2025 protection on the S&P only remains in place covering a notional value of £420m. Full updates are provided to Pensions Committee each quarter on the equity protection strategy.

During the financial year the fund made additional commitments of £90m to the LGPS Central Ltd Private Debt 2024 vintage to achieve the target allocation of 7.5%. The fund also made increased investments with Aberdeen to increase the property allocation towards the 5% allocation. The committee also agreed to a slight amendment to the targeted return allocation of 7.5% with insurance-linked securities being retained at an allocation of 1.5% and absolute bonds reduced from 3.75% allocation to 2.25% to accommodate.

The strategic allocation in June 2023 removed the allocation to property debt in favour of private debt. The property debt portfolio will mature over the next six months and proceeds will be used to meet existing commitments to the LGPS Central Ltd Private Debt Fund. The total proportion of the fund to debt investments remains at 7.5% but this is now reflected as private debt in the strategic asset allocation.

Pooling report

The information request set out below reflects the information required by partner funds to meet the CIPFA Annual Report Pooling Disclosures in 2024/25. Please note that the information request reflects the start-up nature of LGPS Central (LGPSC), and the level and complexity of the disclosures required will increase in later years.

The provision of the information by LGPSC to each partner fund should ensure consistent reporting across partner funds, and allow LGPSC to aggregate, and reconcile back the individual partner fund disclosures, to the company's financial statements.

1. Governance, operator and product development charged by LGPSC to partner funds

€000	1 April-24	Charges in year	Settled in year	31 March-25
Governance Costs	-	283	-	-
Operator Costs	-	331	-	-
IMMC (*)	-	235	-	-
Product Development Costs	-	27	-	-
Total	227	875	-644	458

^(*) Please note that this is expected to relate to IMMC charges in respect of any discretionary and/or advisory services provided by LGPSC to a partner fund. Any IMMCs (both internal and external charges) which are charged directly to a product (e.g., ACS sub-funds and SLP private equity) should be disclosed through Information Request (5) and (6) below.

2. Other transactions between partner funds and LGPSC

€000	1 April-24	Charges in year	Settled in year	31 March-25
Interest payable	65	65	(65)	65
Total	65	65	(65)	65

3. LGPSC Investment Management Expenses Charged to Partner Funds

	0002	Direct	Indirect	Total	BPS charge
1	Ad Valorem	2,768		2,768	29.45
2	Performance	-		-	-
3	Research	-		-	-
4	PRIIPS Compliance	-		-	-
5	Other (provide details)	-		-	-
	Management Fees	2,768	-	2,768	29.45
6	Commissions	138		138	1.47
7	Acquisition/issue costs	-		-	-
8	Disposal costs	-		-	-
9	Registration/filling fees	-		-	-
10	Taxes and Stamp Duty	220		220	2.34
11	Other (provide details)	-		-	-
	Implicit Costs	1,785		1,785	18.99
	Transaction Costs	2,143	0	2,143	22.80
12	Custody/Depositary	87		87	0.93
13	Other (provide details)				-
	Fund Accounting	15		15	0.16
	Transfer Agent	1		1	0.01
	External Audit	6		6	0.06
	Performance Reporting	8		8	0.09
	Transaction Charges	14		14	0.15
	MACS Fees	0		0	0.00
	Total Costs	5,042	0	5,042	53.64

4. Investment Management Expenses By Product / Service

€000	1	2	3	4	5	6	7	8	9	10	11	12	13	Total 2024/25 costs	AUM at 31 March 2025 £m	2024/25 BPS charge
Global Multi-Manager	1006	0	0	0	0	118	0	0	0	168	929	44	16	2,281	463	49.05
Global Active Corporate bonds	265	0	0	0	0	0	0	0	0	0	803	23	7	1,098	267	42.07
Sustainable Broad	437	0	0	0	0	9	0	0	0	32	8	15	16	517	162	30.96
Sustainable Target	162	0	0	0	0	11	0	0	0	20	45	5	5	248	45	52.77
ACS Sub-Funds	1,870	0	0	0	0	138	0	0	0	220	1,785	87	44	4,144	937	
Private Equity 2018 V'tage	0													0	0	0.00
Private Equity 2021 V'tage	11													11	30	3.82
Private Equity 2023 V'tage	27													27	30	8.85
Private Debt	17													17	120	1.41
Infrastructure	18													18	86	2.09
Indirect Property	15													15	90	1.65
Alternative Vehicles	88	0	0	0	0	0	0	0	0	0	0	0	0	88	356	
Discretionary Mandate 1														-		
Discretionary Mandate 2														-		
Discretionary Mandates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
LGIM Passive Funds Oversight and Stewardship	811													811	839	9.66
Advisory Mandates	811	-	-	-	-	-	-	-	-	-	-	-	-	811	839	
Execution Only 1														-		
Execution Only	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other 1														-		
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	2,768	-	-	-	-	138	-	-	-	220	1,785	87	44	5,042	2,132	53.64

Items 1 - 13 relate to the categories in tab 3.

5. Assets under management and performance by product/service

0002	AUM at 1 April 24 £m	AUM at 31 March 25 £m	One year gross performance %	One year net performance %	Passive benchmark used	One year passive index %
Global Multi-Manager	445	463	4.17%	3.94%	FTSE All World Index	5.46%
Global Active Corporate Bonds	254	267	5.00%	4.90%	ICE BofAML Sterling Non-Gilt Index 50%; ICE BofAML Global Corporate Index 50%	3.82%
Sustainable Broad	162	162	-0.16%	-0.43%	FTSE All World Index	5.46%
Sustainable Target	47	45	-4.02%	-4.38%	FTSE All World Index	5.46%
ACS Sub-Funds	908	937				
Private Equity 2018 Vintage	0	0				
Private Equity 2021 V'tage	30	30				
Private Equity 2023 V'tage	30	30				
Private Debt	120	120				
Infrastructure	85	86				
Private Credit Direct Lending 2024	0	90				
Alternative Vehicles *	265	356				
Discretionary Mandate 1						
Discretionary Mandate 2						
Discretionary Mandates	-	-				
LGIM Passive Funds Oversight and Stewardship	-	839				
Advisory Mandates	-	839				
Execution Only 1						
Execution Only	-	-				
Other 1						
Other	-	-				
Total	1,173	2,132				

^{*} The AUM figures for Alternative Vehicles are the commitments made by Shropshire County Pension Fund to each vehicle.

6. Transition costs

The fund incurred the following one-off transition costs during 2023/24 as a result of changes to the portfolio in line with the revised strategic asset allocation agreed in June 2023.

7. Savings projections

The below table covers savings achieved as a result of pooling assets.

Product	April 24 - March 25	April 18 - March 25
Gross Savings	2,986	11,443
Total Costs	(972)	(5,463)
Net Savings	2,014	5,980

8. Asset Table

The table below shows the split of Shropshire County Pension Fund investments on a pooled basis and gives indications as to the transition of remaining assets.

Asset values as at 31 March 2024 £m	Pooled £m	Under pool management £m	Not pooled £m	Total £m	Explanation / further information
Equities (including convertible shares)	670	839	-	1,509	
Bonds				364	
Investment Grade Credit	267	-	-		
Diversified Growth Bonds	-	-	97		Product not offered by the pool at this time*
Property	-	-	117	117	Specialist UK only Funds
Hedge funds	-	-	114	114	Product not offered by the pool at this time*
Diversified Growth Funds (including multi-asset funds)	-	-	-	-	
Private equity				199	
In Pooled Funds	13	-	-		
Private Equity - Legacy asset	-	-	186		Legacy asset which will wind down over time
Undrawn commitments (Excluded from Total)	47	-			
Private debt				89	
In Pooled Funds	79	-	-		
Property Debt - Legacy Asset	-	-	10		Legacy asset that will mature in 25/26
Undrawn commitments (Excluded from Total)	131				
Infrastructure				158	
In Pooled Funds	66	-	-		
Infrastructure - Legacy Asset	-	-	92		Legacy asset which will wind down over time
Undrawn commitments (Excluded from Total)	20	-			
Derivatives	-	-	-	-	
Cash and net current assets	2	-	30	32	Outside scope of Pooling
Other				44	
Insurance Linked Securities	-	-	44		Product not offered by the pool at this time*
Total	1,293	839	-	2,626	

^{*} LGPS central considered a targeted return fund that would cover these products in 2022/23 but the product was not launched.

Pooled, UK, private equity or levelling up investment in line with government objectives

No appropriate pooled vehicle to transfer to at this point

Legacy assets - anticipation that these will be pooled on maturity

Cash and liquidity investments outside the scope of pooling

9. UK Investment

The below table provides additional information on investment in the UK.

£m Asset values as at 31 March 2025	Pooled £m	Under pool management £m	Not Pooled £m	Total £m
UK Listed Equities	34	33	0	67
UK Government Bonds	9	0	5	14
UK Hedge Funds	0	0	6	6
UK Property	0	0	117	117
UK Infrastructure *	41	0	3	44
UK Private Debt	14	0	0	14
UK Property Debt *	0	0	10	10
UK Private Equity *	2	0	14	16
TOTAL	100	33	155	288

^{*} No value has been assigned to undrawn commitments in private market assets

The figure of £288m in UK investments represents 11% of the funds assets at 31st March 2025

Audit opinion and certificate

Independent auditor's statement to the members of Shropshire Council on the pension fund financial statements of Shropshire County Pension Fund incident annual report

Opinion

We have examined th statements of Shrop (the 'pension fund') 2024 included with report, which comp the Pension Fund Neto the Shropshire Co statements, including accounting policies.

In our opinion, the pension included within the pension is consistent, in all material respect pension fund financial statements of Council for the year ended 31 March 2024 comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We have not considered the effects of any events between 18 February 2025, being the date we signed our report on the audited financial statements of Shropshire Council, and the date of this statement.

Executive

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we also read the other information contained in the pension fund annual report and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements. The other information comprises the information included in the pension fund annual report, other than the pension fund financial statements and our auditor's statement thereon.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the financial statements of Shropshire Council describes the basis of our opinion on those financial statements.



Use of this auditor's statem

This statement is made sole
Shropshire Council, as a bc
Part 5 of the Local Audit ar
Our work has been undert
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other purpose. To the fulles
we do not accept or assume
other than Shropshire Council.
Shropshire Council, as a body, to
statement, or for the opinions we

Statement of responsibilities

For the statement of accounts

Responsibilities of Executive Director of Resources (section 151 Officer) as Chief Financial Officer

Shropshire Council's responsibilities

Shropshire Council, as administering authority for the Shropshire County Pension Fund, is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this council, the responsibility of Chief Financial Officer is allocated to the Executive Director of Resources (Section 151 Officer).
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the statement of accounts.

Approved by Pensions Committee

The statement of accounts was approved at a meeting of the Pensions Committee on 19 September 2025.

Chair of Pensions Committee

19 September 2025

The Executive Director of Resources (section 151 Officer) is responsible for the preparation of the Shropshire County Pension Fund's statement of accounts in accordance with proper practices as set out in the CIPFA code of practice on local authority accounting in the United Kingdom ("the code of practice").

In preparing this statement of accounts, the Executive Director of Resources (section 151 Officer):

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the code of practice.

The Executive Director of Resources (section 151 Officer) has also:

- Kept proper accounting records which were up-to-date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Chief Financial Officer

I hereby certify that the Shropshire County Pension Fund statement of accounts presents a true and fair view of the financial position and the income and expenditure of the fund for the year ended 31 March 2025 and also that the statement of accounts complies with the requirements of the Accounts and Audit Regulations 2015.

James Walton

Executive Director of Resources

(Section 151 Officer) 19 September 2025

Fund policies

All fund policies can be found on our website www.shropshirecountypensionfund.co.uk

Governance Compliance Statement

This statement has been prepared by Shropshire Council (the administering authority) to set out the governance arrangements for the Shropshire County Pension Fund, in accordance with The Local Government Pension Scheme Regulations 2013 (regulation 55).

The latest copy of this document can be read at:

https://www.shropshirecountypensionfund.co.uk/media/ ortp45nz/governance-compliance-statement-june-2024. pdf

Pensions Administration Strategy

Pension fund administering authorities have discretion as to whether to prepare a Pensions Administration Strategy Statement. Shropshire Council, as administering authority do have an Administration Strategy under regulation 59 of The Local Government Pension Scheme Regulations 2013.

This sets out the administration processes for the fund and its stakeholders and outlines the policies and performance standards towards providing a cost-effective, inclusive and high-quality administration service.

This is shared with employers in the fund so that they too are aware of their responsibilities.

The latest copy of this document can be read at:

https://www.shropshirecountypensionfund.co.uk/media/ogvfem2t/administration-strategy-statement-december-2023.pdf

Funding Strategy Statement

Administering authorities have been required to prepare, publish and maintain a Funding Strategy Statement (FSS) under regulation 58 of The Local Government Pension Scheme 2013 (as amended).

Securing the "solvency" and "long-term cost efficiency" is a regulatory requirement. To meet these requirements, the administering authority's long-term funding objective is for the fund to achieve and then maintain sufficient assets to cover 100% of projected accrued liabilities (the "funding target") assessed on an on-going past service basis including allowance for projected final pay where appropriate.

The results of the 2022 valuation show the liabilities to be nearly 100% covered by the assets, with a funding deficit of £10m on the fund's standard funding assumptions. The Funding Strategy Statement will next be updated following the 2025 valuation.

The latest copy of this document can be read at:

https://www.shropshirecountypensionfund.co.uk/media/mvnlyuka/funding-strategy-statement-march-2023-final-version.pdf

If you require access to a printed version of any of our policies, please contact the pensions helpdesk at: pensions@shropshire.gov.uk

Other fund policies Section G Section G 81

Investment Strategy Statement

Pension fund administering authorities are also required to prepare, maintain and publish an Investment Strategy Statement (ISS) under regulation 7 of the LGPS (Management and Investment of Funds) Regulations 2016.

This document sets out the investment objectives of the fund and how investments are allocated between equities, bonds and alternatives. Target investment performance is defined for each of the investment managers. The fund's approach to social, environmental and ethical issues is also explained as is the fund's compliance with Myners Principles.

The latest copy of this document can be read at:

https://www.shropshirecountypensionfund.co.uk/media/cq0cxqku/investment-strategy-statement-june-2023.pdf

Business Plan 2024-2026

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The Business Plan highlights the key priorities for the next three years. This focuses on areas of change and one-off project work which are in addition to day-today "business as usual" duties.

Managing the fund on a day-to-day basis involves a wide range of processes and procedures which support achievement of the fund's objectives. The management of the fund is significant, complex, and highly regulated requiring expert knowledge of officers and external advisors.

The latest copy of this document can be read at:

https://www.shropshirecountypensionfund.co.uk/media/ u1zlpc3f/scpf-business-plan.pdf

Climate Change Strategy

The fund's Climate Change Strategy explains the fund's approach to addressing the risks and opportunities related to climate change.

Responsibility for the implementation of this strategy, prepared in alignment with the final recommendations of the Taskforce on Climaterelated Financial Disclosures ("TCFD"), is held by the scheme administrator and Head of Pensions – LGPS Senior Officer and it is reviewed every three years or more often if required.

The latest copy of this document can be read at:

https://www.shropshirecountypensionfund.co.uk/media/brijzlkb/climate-change-strategy-september-2024.pdf

Climate Stewardship Plan

The fund's Climate Stewardship Plan identifies specific companies and portfolio managers in which stewardship techniques can be leveraged to further understand and manage climate-related risks within the fund. The climate stewardship plan aligns with and is supportive of the Task Force on Climate-related Financial Disclosures (TCFD) and focuses specifically on climate change and compliments on-going stewardship activities on other environmental, social and governance factors.

The latest copy of this document can be read at:

https://www.shropshirecountypensionfund.co.uk/media/b4go5l5c/climate-stewardship-plan-march-2024.pdf

Glossary of terms

Actuary: An independent consultant who advises the fund and every three years formally reviews the assets and liabilities of the fund and produces a report on the fund's financial position, known as the actuarial valuation.

Additional voluntary contributions (AVC): An option available to individuals to secure additional pension benefits by making regular payments in addition to the basic employee contribution payable.

Admission bodies: Bodies whose staff can become members of the pension fund by virtue of an admission agreement made between the fund and the relevant body.

Benchmark: A yardstick against which the investment performance of a fund manager can be compared, usually the index relating to the particular assets held.

Cash equitisation: A technique using financial futures to minimise the drag on investment performance by holding cash.

Corporate bonds: Investment in certificates of debt issued by a company. These certificates represent loans which are repayable at a future date with interest.

Currency hedging: A technique using forward currency contracts to off-set the risks associated with the changing value of currency on the fund's overseas investments.

Custody: Safe-keeping of securities by a financial institution. The custodian keeps a record of a client's investments and may also collect income, process tax reclaims and provide other services according to the client's instructions.

Deferred pension: The inflation-linked retirement benefits payable from normal retirement age to a member of the fund who has ceased to contribute as a result of leaving employment or opting out of the pension scheme before the normal retirement age.

Designated bodies: An organisation which must make a statutory resolution covering some or all of its employees, stating that they may be scheme members.

Emerging markets: Developing economies in Latin America, Africa, Asia, and the Middle East as well as areas of Europe and the Far East. Investment returns within these markets tend to be more volatile than those in more established markets.

Equities: Ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholders' meetings.

Equity protection strategy: A strategy that uses a combination of derivatives in order to dampen equity market risks while receiving dividends from an underlying equity portfolio. The strategy is currently being used to reduce equity risk while the fund considers making allocations to other investments.

Fixed interest securities: Investments in mainly government but also company stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date, but which can be traded on a recognised stock exchange before the repayment date.

Fund of funds: Funds whose principal activity is investing in other investment funds. Investors in funds of funds can increase their level of diversification and take advantage of the experience and research capability of the fund of fund's manager.

Futures: A contract made to purchase or sell an asset at an agreed price on a specified date.

Glossary Section H 83

Hedge funds: An investment fund that uses sophisticated investment strategies to profit from opportunities on financial markets around the world. These strategies include borrowing money to make investment, borrowing shares in order to sell them and profiting from company mergers.

Infrastructure: A relatively new asset class often regarded as a stable source of cash flow with limited correlation to other asset classes providing diversification and low volatility. Its inflation hedging and long duration characteristics have also added to its attraction for investors. Infrastructure encompasses two broad groups: economic (transportation, utilities and communications) and social (schools, hospitals, prisons and government buildings).

Index-linked securities: Investment in government stock that guarantee a rate of interest linked to the rate of inflation. These securities represent loans to government which can be traded on recognised stock exchanges.

Insurance-linked securities (ILS): ILS is a way of investing in insurance markets, receiving a premium in order to underwrite specific risks such as weather events. The strategy is diversified across a range of different underlying risks, insurers, and types of insurance investment. ILS typically produces returns that do not move in line with other markets, which is a useful characteristic when held alongside the fund's other portfolios.

Investment grade corporate bonds: These are bonds that a credit ratings agency has signalled carry a lower rate of default. The corporate or municipal entities issuing these bonds normally have a credit rating of Baa or BBB from the main rating agencies to signify their credit standing.

Market value: The price at which an investment can be bought or sold at a given date.

MiFID II: Markets in Financial Instruments Directive II is a European Union law that provides harmonised regulation for investment services across member states of the European Economic Area.

Myners Principles: A set of six principles which pension schemes are required to consider and publish their degrees of compliance. The principles require pension schemes to disclose, for example, the effectiveness of decision making, performance management reporting and approach to shareholder voting.

Pooled investment vehicles: Any fund in which multiple investors contribute assets and hold them as a group.

Private debt: lending outside of the traditional banking network to private corporates, new and developing companies.

Private equity: Investments into new and developing companies and enterprises which are not publicly traded on a recognised stock exchange.

Property debt: A strategy that provides loans secured on commercial property and income (rent). The loans are typically bilateral (one lender and one borrower) and can be created for a range of purposes, including redevelopment.

Return: The total gain from holding an investment over a given period, including income and increase (decrease) in market value.

Scheme employers: Councils and other similar bodies whose staff automatically qualify to become members of the pension scheme.

Stakeholders: Scheme members who have a financial interest in the fund's investments. Council tax payers who are not fund members are not considered to be either beneficiaries or stakeholders.

Stewardship code: A code requiring institutional investors to be transparent about their investment processes, engage with investee companies and vote at shareholders' meetings.

Task force on climate related financial disclosures (TCFD): A global standard to develop and communicate climate strategies.

Transfer value: These are sums which represent the capital value of past pension rights which a member may transfer on changing pension schemes.

Unit trust (managed funds): A pooled fund in which small investors can buy and sell units. The pooled fund then purchases investments, the returns on which are passed on to the unit holders. It enables a broader spread of investments than investors could achieve individually.



Contact us

Further Information

If you can read this but know someone who can't, please contact the Pensions Helpdesk so we can provide this information in a more suitable format.

Administered by:

Pension Services, PO Box 4826, Shrewsbury, SY1 9LG

www.shropshirecountypensionfund.co.uk

Pensions Helpdesk:

(01743) 252 130

Our telephone lines are open from 10am until 4pm Monday to Friday (excluding Bank Holidays).

E-mail:

pensions@shropshire.gov.uk

Independent auditor's report to the members of Shropshire Council on the pension fund financial statements of Shropshire County Pension Fund

Opinion on financial statements

We have audited the financial statements of Shropshire County Pension Fund (the 'Pension Fund') administered by Shropshire Council (the 'Authority') for the year ended 31 March 2025, which comprise the Pension Fund Account, the Pension Fund Net Asset Statement and notes to the pension fund financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is the applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2025 and of the amount and disposition at that date of the fund's assets and liabilities, other than liabilities to pay promised retirement benefits after the end of the fund year;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the Pension Fund's financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Executive Director, S151's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pension Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Pension Fund to cease to continue as a going concern.

In our evaluation of the Executive Director, S151's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 that the Pension Fund's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Pension Fund. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority in the Pension Fund financial statements and the disclosures in the Pension Fund financial statements over the going concern period.

In auditing the financial statements, we have concluded that the Executive Director, S151's use of the going concern basis of accounting in the preparation of the Pension Fund financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Executive Director, S151 with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the Pension Fund's financial statements and our auditor's report thereon, and our auditor's report on the Authority's financial statements. The Executive Director, S151 is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Pension Fund financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the Pension Fund's financial statements, the other information published together with the Pension Fund's financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the Pension Fund's financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters in relation to the Pension Fund.

Responsibilities of the Authority and the Executive Director, S151

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director, S151. The Executive Director, S151 is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, for being satisfied that they give a true and fair view, and for such internal control as the Executive Director, S151 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Pension Fund's financial statements, the Executive Director, S151 is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Pension Fund without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Pension Fund and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Public Service Pensions Act 2013, the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and the Local Government Act 2003).
- We enquired of management and the Pension Committee, concerning the Authority's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the Pension Committee, whether they were aware of any
 instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected
 or alleged fraud.
- We assessed the susceptibility of the Pension Fund's financial statements to material misstatement, including
 how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial
 statements. This included the evaluation of the risk of management override of controls. We determined that the
 principal risks were in relation to journal entries posted by management, manual journals above performance
 materiality, and the valuation of Level 3 investments.
- Our audit procedures involved:
 - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
 - journal entry testing, with a focus on journals processed by management,
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of Level 3 investments, and
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including management override of controls. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation

- knowledge of the local government pensions sector
- understanding of the legal and regulatory requirements specific to the Pension Fund including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Pension Fund's operations, including the nature of its income and expenditure and its services and of its
 objectives and strategies to understand the classes of transactions, account balances, expected financial
 statement disclosures and business risks that may result in risks of material misstatement.
 - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature

Grant Patterson, Key Audit Partner for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

Date

Independent auditor's statement to the members of Shropshire Council on the pension fund financial statements of Shropshire County Pension Fund included within the Shropshire County Pension Fund Annual Report

Opinion

We have examined the pension fund financial statements of Shropshire County Pension Fund (the 'pension fund') for the year ended 31 March 2025 included within the pension fund annual report, which comprises the Pension Fund Account, the Net Assets Statement, and the notes to the Shropshire County Pension Fund accounts, including the summary of significant accounting policies.

In our opinion, the pension fund financial statements included within the pension fund annual report are consistent, in all material respects, with the audited pension fund financial statements of Shropshire Council for the year ended 31 March 2025 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

We have not considered the effects of any events between [***date the auditor's report on the financial statements of Shropshire Council were signed**], being the date we signed our auditor's report on the audited financial statements of Shropshire Council, and the date of this statement.

Respective responsibilities of the Executive Director, S151 and the auditor

As explained more fully in the Statement of Responsibilities, the Executive Director, S151 is responsible for the preparation of the pension fund's financial statements in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Our responsibility is to state to the members of Shropshire Council our opinion on the consistency of the pension fund financial statements within the pension fund annual report with the financial statements of Shropshire Council.

We also read the other information contained in the pension fund annual report and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements. The other information comprises the information included in the pension fund annual report, other than the pension fund financial statements and our auditor's statement thereon.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the financial statements of Shropshire Council describes the basis of our opinion on those financial statements.

Use of this auditor's statement

This statement is made solely to the members of Shropshire Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of Shropshire Council those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Shropshire Council and the members of Shropshire Council, as a body, for our work, for this statement, or for the opinions we have formed.

[Signature]

Grant Patterson, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

Date





Shropshire Council

Grant Thornton UK LLP 17th Floor, 103 Colmore Row, Birmingham B3 3AG

[**Enter date of letter**]

Dear Grant Thornton UK LLP

Shropshire County Pension Fund Financial Statements for the year ended 31 March 2025

This representation letter is provided in connection with the audit of the financial statements of Shropshire County Pension Fund ("the Fund") for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the Fund financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities, as set out in the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited, for the preparation of the Fund's financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Fund and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Fund has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of Level 2 and Level

3 investments. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

- vi. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent;
 - b. none of the assets of the Fund has been assigned, pledged or mortgaged; and
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- vii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- viii. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- ix. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached in Appendix 1. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Fund and its financial position at the year-end for the reasons noted on the schedule. The financial statements are free of material misstatements, including omissions.
- x. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xi. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xii. There are no prior period errors to bring to your attention.
- xiii. We have updated our going concern assessment. We continue to believe that the Fund's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that that:
 - a. the nature of the Fund means that, notwithstanding any intention to liquidate the Fund or cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;
 - b. the financial reporting framework permits the Fund to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the Fund's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Fund's ability to continue as a going concern need to be made in the financial statements.

Information Provided

xiv. We have provided you with:

- a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- b. additional information that you have requested from us for the purpose of your audit; and
- c. access to persons within the Fund from whom you determined it necessary to obtain audit evidence.
- xv. We have communicated to you all deficiencies in internal control of which management is aware.
- xvi. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xvii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xviii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Fund, and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xix. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xx. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxi. There have been no communications with The Pensions Regulator or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any legal duty. [TBC at date letter signed].
- xxii. We are not aware of any reports having been made to The Pensions Regulator by any of our advisors. [TBC at date letter signed].
- xxiii. We have disclosed to you the identity of the Fund's related parties and all the related party relationships and transactions of which we are aware.
- xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Approval

The approval of this letter of representation was minuted by the Fund's Pension Committee at its meeting on 19 September 2025.

Yours faithfully
Name
Position
Date

Name	 	 	• • • •	

Position.....

Date.....

Signed on behalf of the Fund



Appendix 1

ommercial in Confidence

Unadjusted misstatements

This is a summary of unadjusted misstatements identified during the audit. We are required to report all non-trivial misstatements to those charged with governance.

		Pension Fund	d Account	Net A	Asset Statement £'	000	
Adjustment ref.	Detail	Debit £'000	Credit £'000	Debit £'000	Credit £'000	Impact on total net assets £'000	Reason for not adjusting
	Total net assets per final accounts					2,626,399	
1	Differences identified between the value of investments disclosed in the financial statements that are based on estimated value at 31st March 2025, compared to the Actual investment valuation statement received following accounts preparation. The draft financial statement investment balance is £4.489m lower based on the estimated value compared to if actual investment value		4,489	4,489		4,489	Not material qualitatively or quantitively
2	In the financial statement, audit fees should be gross statutory fees and Redmond reduction should not be disclosed as part of audit fees and reclassify it to other cost. Also, IAS 19 fees of £1.1k is not included in the accounts. Journal should be –	10.946	9.846		1.1	(1.1)	Not material qualitatively or quantitively
	Other Cost Dr. 10.946						
	External Audit Fee Cr. 9,846						
	Creditors Cr. 1,100						
	Total net assets – recalculated to include unadjusted misstatements					2,630,887	

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Pensions Committee, 19 September 2025 Corporate Governance Monitoring Report



Pensions Committee Date 19 September 2025 Item

Public

Corporate Governance Monitoring Report

Respo	nsible Officer:	Peter Chadderton	n	
email:	peter.chadderton@shropshire	e.gov.uk Tel:		07990 086399
Cabine	et Member (Portfolio Holder):			

1. Synopsis

1.1 The report is to inform members of corporate governance changes including the governments "LGPS - Fit for the Future" consultation response, since the last committee and socially responsible investment issues arising in the quarter, 1st April 2025 to 30th June 2025. The report also updates the Committee on a letter received from the Palestine Solidarity Campaign after the quarter end.

2. Executive Summary

- 2.1. Detail is provided on the actions taken by the Funds key stewardship partners in respect of the quarter from 1st April 2025 to 30th June 2025.
- 2.2. The Funds position on conflict affected and high risk areas (CAHRA) is clarified following correspondence sent from the Palestine Solidarity Campaign to members of the committee.
- 2.3. Information is also included on the governments Local Government Pension Scheme (England and Wales): Fit for the future consultation response and the impacts upon the Fund.

3. Recommendations

- 3.1. Members are asked to note and accept the position as set out in the report in respect of voting and engagement activity.
 - LGPS Central at Appendix A/A1,
 - Columbia Threadneedle Investments Responsible Engagement Overlay Activity Report at Appendix B and
 - LAPFF Engagement Report at Appendix C.

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Contact: Peter Chadderton 07990 086399

- 3.2. Members are asked to note and accept with our without comment the Funds statement upon investments in companies in conflict affected and high risk areas at Appendix D
- 3.3. Members are asked to note and accept with or without comment the governments Local Government Pension Scheme (England and Wales): Fit for the future consultation response.

Report

4. Risk Assessment and Opportunities Appraisal

- 4.1. Risk Management
 - Risk Management is part of the Pension Fund's structured decision-making process by ensuring that investment decisions are taken by those best qualified to take them.
- 4.2. Human Rights Act Appraisal
 The recommendations contained in this report are compatible with the Human Rights Act 1998.
- 4.3. There are no direct Equalities or Community consequences.
- 4.4. Environmental Appraisal

The Fund's Corporate Governance Policy enables it to influence the environmental policies of the companies in which it invests.

5. Financial Implications

5.1. There are no direct financial implications arising from this report.

6. Climate Change Appraisal

- 6.1 The Fund takes responsible investment very seriously and has a Climate Change Strategy (updated in September 2024) in place committing to net zero by 2050 in line with the Paris accord on climate change adopted in 2015 and setting out interim targets to that goal.
- 6.2 Responsible investment is a key process the investment managers go through before investing and something the fund considers as part of investment opportunities. Thorough due diligence is undertaken considering all risks including climate change. The investment managers vote where applicable on the Fund's behalf, Columbia Threadneedle Investments engage with companies on the Fund's behalf and the Fund is a member of the Local Authority Pension Fund Forum (LAPFF) which undertakes engagements on behalf of all LGPS members.

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- 6.3 Shropshire County Pension Fund is a signatory to the UK stewardship code.
- 6.4 Shropshire County Pension Fund has also received and published Climate Risk Reports and TCFD reports since December 2020. The latest report from December 2024 is publicly available on our website.

7. Background

- 7.1 The Shropshire County Pension Fund has been actively voting for over seventeen years at the Annual General Meetings and Extraordinary General Meetings of the companies in which it invests. Voting is carried out by LGPS Central through EOS @ Federated Hermes (EOS) on all equity portfolios since the 1st January 2025 which ensures a consistency of approach. Appendix A/A1 to this report shows the voting examples by EOS and engagement work by LGPS Central.
- 7.2 Prior to January 2025 voting was undertaken by both LGIM in respect of the Funds passive equity portfolio and EOS on behalf of LGPS Central.
- 7.2 The Fund is also addressing its social responsibility through a strategy of responsible engagement with companies. Columbia Threadneedle Investments (CTI) provides this responsible engagement overlay on the Fund's global equities portfolios.
- 7.3 CTI engage with companies across five key engagement themes and a rolling program of 10 projects. The current themes and projects are shown below:

Theme	Project				
Climate	Coal phase out				
Change	Deforestation				
	Emissions and plastic waste				
Environmental	Sustainable supply and demand of critical				
Stewardship	minerals				
	Responsible Water Stewardship				
Human Rights	Responsible governance of Artificial Intelligence				
Public Health	Diversity in clinical trials				
	Sustainable Food Systems				
Governance	Improving board gender diversity in Asia				
	Independent Board Evaluation				

7.4 Engagements often operate over a period of several years reflecting the time taken to build relationships and develop real change. A copy of their quarterly report is attached at Appendix B.

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7.5 In addition the 86 LGPS Scheme members and the pooling companies are represented by the Local Authority Pension Fund Forum (LAPFF). LAPFF use the holdings of the entire Local Government Pension Scheme to leverage engagement with companies on a range of ESG issues and their quarterly report is attached at Appendix C.

8. Manager Voting Activity

- 8.1. The LGPS Central stewardship report at Appendix A is a generic report across all of the investments operated by LGPS Central and those products that LGPS Central can vote on through Legal and General, it is not specific to the products in which the Fund is invested. This means that the majority of examples and engagements will relate to the Fund's portfolio but not all. In respect of the report at Appendix A, the following five companies were not held by the Fund as at the 30th June 2025 BHP, ArcelorMittal, Ahold Delhaize, Antofagasta PLC and Zalando.
- 8.2. The Fund holds the following public market investments which are voted on and engaged with by LGPS Central:
 - LGPS Central Global Equity (Multi Manager Fund)
 - LGPS Central Sustainable Equities Broad Fund
 - LGPS Central Sustainable Equities Targeted Fund
 - LGPS Central Investment Grade Credit Fund (Engagement Only)
 - Legal and General Investment Managers (LGIM) Low Carbon Global Equity Passive Fund.
- 8.3 The Funds investments are held on a pooled basis so the Fund actually holds units in a pool which has underlying investments, this means unlike previous segregated mandates the equites are in the name of LGPS Central or LGIM. On average there are approximately between 1700/2000 underlying holdings in the portfolios.
- 8.4 LGPS Central have set their stewardship themes for three years covering 2024 to 2027 reflecting again the average length of engagements to impact real change.

Their current themes are:

- Climate Change
- Natural Capital
- Human Rights Risk
- Sensitive and Topical Issues
- 8.5 LGPS Central have developed the following scale to allow transparency and understanding of the success of engagements and these are reflected were appropriate in the report at Appendix A in section 4 pages 20-26.

The engagement response will be measured across 4 levels:

- Level 0 No progress has been made as a result of engagement.
- Level 1 Minimum expectations have been met.
- Level 2 Moderate progress.
- Level 3 Successful outcome.

- 8.6 For example in the case of an engagement on climate change the four levels would reflect the following positions:
 - Level 0 No progress or a failure by the company to engage.
 - Level 1 Companies disclosing data to facilitate carbon performance assessment.
 - Level 2 Progress observed in Climate Action100+ Benchmark Framework, Companies improving on TPI (Transition Pathway Initiative) quality ladder, Companies partly aligning with LGPS Central Net Zero Strategy.
 - Level 3 Complete and demonstratable alignment to LGPS Central Net Zero Strategy.

9. Responsible Engagement Activity

- 9.1. During the last quarter Columbia Threadneedle Investments have continued to actively engage with companies on the Fund's behalf. An update on the engagement activities for the quarter is attached at Appendix B in the REO Activity report. This report covers companies across all the Fund's equity portfolio's.
- 9.2. In addition to the public overview Columbia Threadneedle Investments also produce a confidential report on an ongoing engagement which can be shared with Committee members on request.
- 9.3. As part of the service provide by Columbia Threadneedle they screen holdings against breaches and controversies around the UN Global Compact which is a voluntary initiative to get CEO's to adopt sustainable and socially responsible practices. There were no reported breaches in the last quarter.
- 9.4. In addition to the service provided by Columbia Threadneedle Investments, the Fund is also a member of the LAPFF (Local Authority Pension Fund Forum). The LAPFF use the combined power of LGPS Members to engage with companies on behalf of the LGPS. An update on the engagement activities of the LAPFF for the quarter is attached at Appendix C.
- 9.5. The LAPFF engagement is not specific to companies in the Fund's portfolio. The LAPFF use Pension Fund share holdings at an aggregate level to determine engagement companies and they often engage at a sector level as well as with specific companies. Examples of some of the companies within the Shropshire portfolio on 30th June 2025 include an article on collaboration in Asia which covers Taiwan Semi-Conductor Manufacturing Company (TSMC). Glencore were featured in the article on water stewardship. The engagement with energy companies includes both BP and Shell. The article on Human Rights in the luxury goods sector covers both Moncler and LVMH Moet Hennessy Louis Vuitton which are held in our portfolios. The article on CAHRAS (Conflict affected and High Risk Areas) includes a number of defence firms held within our portfolio including Lockheed Martin, Safran and Leonardo.

10. Conflict Affected Areas

10.1 On the 28th August Committee members received a letter from the Palestine Solidarity Campaign (PSC) requesting the Fund divest from companies involved in breaches of International Humanitarian Law supported by a legal position paper.

10.2 The PSC has previously identified that SCPF has £142m in investments supporting Israel, the vast majority of this relates to investments in multinational companies that operate on a global basis. The top 10 investments listed by PSC accounted for 75% of the value quoted by the PSC.

Alphabet	£32M
Amazon	£32M
HSBC	£7.3M
Mitsubishi	£6.9M
General Electric	£6.4M
Barclays	£5.6M
Cisco Systems	£5.4M
CNH International	£4.5M
Booking.com	£3.6M
McDonalds	£3.4M
Total Top 10	£107M

- Figures from PSC database
- 10.3 The Fund does have direct exposure to some Israeli companies through its pooled passive investments with LGIM in the form of Israeli Banks and IT companies in the main This exposure was approximately £5.5Million at 30th June 2025.
- 10.4 The Fund's position on investment in companies in conflict affected and high-risk areas is set out in our statement (**Appendix D**) and is backed by legal opinion from Nigel Giffen KC which was obtained by the Scheme Advisory Board on behalf of the LGPS.
- 10.5 The Fund referred the new letter and supporting evidence to the Scheme Advisory Board (SAB) who commissioned the original legal advice. SAB issued a statement on their website dated 29th August and the wording below is taken from that website:

The Board is aware that many funds will have received a letter this week from the Palestine Solidarity Campaign, alleging that LGPS administering authorities are in breach of their legal obligations in relation to the ongoing humanitarian disaster in Gaza. The letter is accompanied by a more detailed <u>position paper</u> that has been prepared by senior lawyers at Doughty Street Chambers.

The letter says that both the Secretary of State, as the responsible authority for the Scheme, and individual administering authorities must take action to address the very serious allegations it contains. Although the letters asks for a response within 21 days, the Board believes that it is more important to take the necessary time to consider the arguments made and the appropriate response to them. The Board has a long-established role in assisting funds to act collectively in responding to this kind of challenge and it will aim to do so again. That may include seeking further legal advice.

Last year, letters were sent from PSC to funds that made similar allegations. In response the Board commissioned legal advice from Nigel Giffin KC which addressed the issues as they were understood in October 2024. Whilst the latest

letter and position paper present more extensive, complex and specialist legal arguments than the earlier letter, they make no reference to the Giffin advice.

While the principles set out in the earlier advice still hold, we recognise that the situation in Gaza is an evolving one and we need to consider whether, and if so what, further advice it would be helpful to provide funds and who would be best placed to provide that.

The Board will also write to the Local Government Minister to ask for a Government statement on the issues raised – these matters of international law are clearly more in the competence of central than local government, something which the position paper acknowledges.

In the meantime, funds may wish to review their Responsible Investment policies in relation to human rights abuses and ensure they are both satisfied with the content of those policies and confident they are being applied effectively in practice.

- 10.6 The Fund have also referred the issue to LGPS Central our pooling company and responsible investment partner. Their response is in line with SAB in reviewing the position to determine if additional legal guidance is required and clarifying that there are no legal grounds for the fund to have to prepare a written response to the PSC within 21 days.
- 10.7 LGPS central believe ESG integration and stewardship are more effective than divestment in addressing human rights risks. LGPS Central's investment vehicles have extremely limited exposure to companies in Israel, as we offer passive funds that track indices, and our active funds do not hold significant investments in Israeli companies. We have also communicated with our Israeli holdings to ensure they adopt best-in-class human rights practices.
- 10.8 In 2024, LGPS Central and its partners engaged with more than 100 companies operating in conflict zones, including the Occupied Palestinian Territories. We expect these companies to comply with the UNGPs while operating in fragile regions, including Conflict-Affected and High-Risk Areas (CAHRAs). Investing in CAHRAs necessitates thorough human rights due diligence, risk assessments, and stakeholder engagement to mitigate negative impacts and ensure alignment with international law. By promoting transparency and collaboration, we can effectively promote risk management and support human rights in conflict-affected areas. The growing adoption of the UN's Heightened Human Rights due diligence framework underscores the importance for businesses to address human rights and conflict risks proactively.
- 10.9 The Fund continues to keep the position under review and looks to Central Government for direction in these matters as was the case in the Russian invasion of Ukraine. Whilst recognising the hardship for people living in these areas, for the reasons outlined in our CHARA statement, the Fund believes that the effective stewardship of assets, provides the best long-term outcomes for stakeholders and society.

11. Local Government Pension Scheme (England and Wales): Fit for the future consultation

- 11.1. In November 2014 following the Chancellors Mansion House speech, the government launched its consultation on the Local Government Pension Scheme (LGPS) with the intention of creating a firmer trajectory for asset pooling.
- 11.2. The consultation covered three key areas of the LGPS.
 - 1) Reform of asset pooling.
 - 2) Boosting UK and local investment.
 - 3) Strengthening Governance of both the Administering Authorities and LGPS Pooling companies.
- 11.3. The Fund submitted a response to the consultation in January 2025 alongside all other 86 Funds and a number of interested parties including actuaries, consultants, employers and trade unions.
- 11.4. The consultation response was issued on the 29th May 2025 and in essence effectively agreed the proposals set out in the Mansion House speech with some minor amendments. The full response can be found at https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future-government-response

Reform of asset pooling

11.5. Work continues with LGPS Central to understand the how the process will work in practice and how this will impact the upcoming investment strategy review following the valuation results later in year. As previously advised, we will be looking to set a high level strategy based on the guidelines. An example of hoe the current strategy would look is shown below:

Asset Class	Strategic asset allocation %	Tolerance Range (+/-%)
Listed Equity	55	5
Private Credit	7.5	4
Private Equity	7.5	4
Property/Real Estate	5	2
Infrastructure	7.5	4
Other Alternatives	7.5	2
Credit (i)	10	2
UK Government Bonds	0	0
Investment Cash	0	0

The fund would not specify the breakdown between active and passive equity or determine the nature of those equity investments.

The other alternatives allocation would be discussed with LGPS Central directly but currently includes the funds bond Portfolio with T Rowe Price, Hedge Fund with BlackRock and Insurance Linked Securities with TwelveSecuris.

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There is strong on-going cooperation between the Fund and LGPS Central in ensuring that new provisions allow pooling to move forward in a structured and rational way that minimises transition costs and protects the position of both parties.

- 11.6. The Fund will be required to delegate implementation of the new strategy to LGPS Central.
- 11.7. As previously advised the Fund will be required to transfer all investments to LGPS Central by the 31st March 2026. The government have accepted that not all investments will be physically transferred by that date, but LGPS Central must have control of the asset decisions from that point. The minimum standards for pooling will be introduced in the Pensions Scheme Bill with further statutory guidance providing details on implementation. When the Pensions Bill is passed, we will have greater clarity on this phase and be able to present members with greater detail.

Boosting investment in local areas

- 11.8. The government have also set out that Funds will need to set out local investment strategies in their Investment Statements going forward so we will consider the implications of this and arrange appropriate training for the Committee as part of the strategic asset allocation review to address this point. Whilst Funds will again be responsible for outlining their approach the due diligence and the final investment decision will reside with LGPS Central.
- 11.9. The Fund going forward will be required to place a statement in our annual report on the impact of local investments. The responsibility for this has been placed on the pooling companies who will also have to report on this subject annually at a total assets level and provide details for individual fund reporting.
- 11.10. The Company are currently looking at recruitment and requirements in this area to ensure that they will be in a position to deliver from the 1st April 2026. At this time there has been no decision on whether tis will be with local investments added to existing products or creation of a separate local investment vehicle.
- 11.11. The final announcement on the placement of the 21 Funds looking for a new pool is expected on the after 30th September and the final position may influence any local investment decisions given the definition of local as within the footprint of the pool.

Strengthening of governance of LGPS Administering Authorities and LGPS pooling Companies

Fund Governance

11.12. The original consultation picked up on a number of the recommendations from the Scheme Advisory Board's (SAB) 2021 good governance review and the Fund was strongly in support of these changes.

- 11.13. Committee Members will be required to have appropriate knowledge and skills. A training program has now been put in place and shared with all Members as with the aim to give Members a full background to the LGPS and the role of the Pensions Committee as well as addressing key areas such as the 2025 valuation results and their impacts on the strategic asset allocation review. Training is covered in more detail in the Funds Training policy which is available on the Funds website: https://www.shropshirecountypensionfund.co.uk/media/fpojljop/training-policy-december-2024.pdf
- 11.14. The original consultation required the Fund to publish a governance compliance statement, training and an administration policies. The Fund already produces these three documents, but the consultation response suggests strategies on governance, knowledge and training including conflicts of interest will replace the governance compliance statement. We will review over the next six months to ensure that these documents address all of the government requirements or are updated to reflect the latest guidance prior to the financial year end. Any policy changes will be brought back to the Committee as part of the Administration updates received quarterly.
- 11.15. The Scheme Advisory Borad (SAB) implementation group continues to consider how these can be best achieved in practice. These reviews will be in addition to the annual internal audit reviews the Fund commissions from Shropshire Council's internal audit team.

Pool Governance

- 11.16. The Company is currently undertaking a three part governance review looking at shareholder governance, client governance and company governance and we anticipate final response to these reviews in the final quarter of 2025 as a number of the recommendations are likely to cross multiple parts.
- 11.17. The government will work alongside SAB and the government actuary's department (GAD) to develop guidance on how shareholders can hold pooling companies to account for investment performance. The government are also working with the above bodies to formalise reporting on performance and transaction costs by pooling companies. Whilst formal guidance is likely to come once the Pensions Bill has passed the Fund continues to work with other funds in LGPS Central to consider options for fiduciary oversight, of the pools investment performance.
- 11.18. Alongside the pooling consultation the government has also mandated as mentioned previously a reduction in the number of pooling companies from eight to six and requested decisions in principle from the impacted administering authorities by the 30th September 2025. Whilst this deadline is still outstanding no formal decisions have been made at this time. There has been some press articles on the preferences of some Funds but no ratification from Government is expected until after the end of September.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Climate Risk Report, Pensions Committee 6 December 2024

Mansion House Proposal Report, Pensions Committee 6 December 2024

Corporate Governance Monitoring report, Pensions Committee 13 September 2024

Corporate Governance Monitoring report, Pensions Committee 6 December 2024

Corporate Governance Monitoring report, Pensions Committee 21 March 2025

Corporate Governance Monitoring report, Pensions Committee 20 June 2025

Local Member:

N/A

Appendices [Please list the titles of Appendices]

Appendix A – LGPS Central Stewardship Report 1st April 2025 to 30th June 2025

Appendix A1 – LGPS Central/EOS Voting Records 1st April 2025 to 30th June 2025

Appendix B – Columbia Threadneedle Investments Engagement Overlay Report 1st April 2025 to 30th June 2025

Appendix C – LAPFF Quarterly Engagement Report 1st April 2025 to 30th June 2025

Appendix D – Statement on investments in companies in conflict affected and high risk areas (CAHRAs)





Stewardship Update

Q2 2025 (APRIL - JUNE 2025)

























Responsible Investment & Engagement

LGPS Central's approach



LGPS Central's approach to Responsible Investment & Engagement carries two objectives:

OBJECTIVE #1

Support investment objectives

OBJECTIVE #2

Be an exemplar for responsible investment within the financial services industry, promote collaboration and raise standards across the marketplace

These are met through three pillars:



This update covers LGPS Central's *stewardship* activity. Our stewardship efforts are supplemented by global engagement and voting services provided by EOS at Federated Hermes. For more information, please refer to our Responsible Investment & Engagement Framework and Annual Stewardship Report.

Additional Disclosures

Responsible Investment & Engagement Framework



















01

Q2 Stewardship Activity Overview

A summary of engagement and voting activities and key stewardship developments

Key Stewardship developments

2025 Proxy Season Wrap Up

A notable recalibration in shareholder behaviour, corporate governance trends, and regulatory influence have defined the 2025 proxy voting season. From a decline in shareholder proposals to a rise in corporate reincorporation efforts, this year's developments reflect a more cautious, controlled, and complex environment for both investors and issuers.

A significant drop in the number of shareholder proposals filed at U.S. companies set the tone for the season. This decline coincided with a marked decrease in average support for environmental and social (E&S) proposals, while governance-related proposals saw a modest uptick in backing. Interestingly, anti-ESG proposals though still a minority garnered slightly more support than in previous years.

This shift may be partially attributed to the SEC's updated Compliance and Disclosure Interpretations (CDIs) under Rules 13D and 13G. These changes have made large institutional investors more cautious, particularly around any perception of seeking control. Many paused engagement meetings early in the season, and when they resumed, the format was notably more restricted, often listen-only and devoid of discussions around voting implications.

The SEC's evolving stance on no-action relief has made it easier for companies to exclude proposals deemed economically irrelevant, overly broad, or micromanaging. While this should, in theory, elevate the quality and relevance of proposals that

reach the ballot, the reality has been mixed. For example, ConocoPhillips received a resolution calling for the removal of all greenhouse gas (GHG) reduction targets, claiming that the company's "climate alarmism" will destroy shareholder value¹. Ultimately, 98% of shareholders voted against the resolution.

So far in 2025, at least 13 companies have sought shareholder approval to move their incorporation from Delaware to alternative jurisdictions, primarily Texas and Nevada. These proposals received an average of 70% support, with most originating from controlled companies where voting power is concentrated among a few insiders.

Whilst the number of proposals isn't significant the potential implications are. Both Texas and Nevada offer corporate codes that are less protective of shareholder rights. For instance, a recent amendment to Texas' corporate law raised the ownership thresholds required to file shareholder proposals, effectively curbing minority shareholder influence.

The 2025 proxy season reflects a broader strategic retrenchment by both investors and issuers. Shareholders are becoming more selective and cautious, while companies are leveraging regulatory shifts to consolidate control and reduce exposure to activist pressure. As the landscape continues to evolve, boards and governance professionals must remain agile balancing transparency, compliance, and long-term value creation in an increasingly fragmented environment.

2025-proxy-report.pdf

AI Governance

The need for robust corporate AI governance continues to intensify, driven by growing concerns over algorithmic bias, data misuse, and the accelerated expansion of AI infrastructure. The international community continues to raise concerns about the potential of AI's impacts on human rights and sustainable development^{2,3}. This comes amid a historic surge in AI infrastructure investment. Tech giants including Microsoft, Meta, and Amazon, are collectively projected to spend over \$300 billion on capital expenditures in 2025⁴; much of it is directed toward data centre redesigns to support high-performance GPUs and liquid cooling systems essential for training large language models.

Big tech companies face challenging legal, financial and reputational risks associated with the misuse of AI systems. The EU AI Act requires high-risk AI systems to adhere to strict risk management and governance requirements which if violated could result in fines of up to 7% of global annual revenue. In Ethiopia, a \$1.6 billion lawsuit was filed in a Kenyan court based on claims that Meta failed to adequately moderate hate speech⁵.

After the launch of Google's Bard AI, the company's share prices dropped by \$100 billion in market value when the chatbot shared inaccurate information in a promotional video⁶. The French data protection authority fined Amazon \$35mn for overstepping privacy boundaries in its French warehouse operations⁷.

Boards are responding albeit unevenly. According to the National Association of Corporate Directors (NACD) 2025 Public Company Board Practices and Oversight Surveys, 62% of boards now dedicate time to Al discussions, up from 28% in 2023. Yet only 36% have adopted an Al governance framework, and fewer than 10% have approved budgets or metrics for Al oversight⁸. This gap between awareness and action is drawing increasing scrutiny.

In response, some companies have appointed Chief Al Ethics Officers, expanded board training on emerging technologies, and initiated internal Al risk reviews. However, the lack of standardised disclosures and the fragmentation of global regulatory regimes will continue to concern investors.

- 2 Joint Statement on Artificial Intelligence and Human Rights (2025) Freedom Online Coalition
- ³ Statement on Inclusive and Sustainable Artificial Intelligence for People and the Planet. | Élysée
- ⁴ Big Tech's Al investments set to spike to \$364 billion in 2025 as bubble fears ease
- 5 Kenya: Meta sued for 1.6 billion USD for fueling Ethiopia ethnic violence Amnesty International
- ⁶ Alphabet shares dive after Google AI chatbot Bard flubs answer in ad | Reuters
- ⁷ Employee monitoring: French SA fined Amazon France Logistique €32 million | European Data Protection Board
- 8 Survey Analysis: Al

Engagement Highlights

Just Transition

In June 2022 following a review, BHP made the decision to cease mining at Mt Arthur Coal in 2030 and committed to the responsible closure of the operation. New coal mines and the unabated use of coal plants are considered inconsistent with limiting global average temperature rise to 1.5°C9. Mining companies have a responsibility to set out just transition plans in their coal exit strategies to prevent significant job losses and regional decline. A just transition in the mining sector is foundational to an economy-wide just transition as extraction occurs at the beginning of nearly all supply chains. We engaged with BHP on Just Transition disclosures. The company disclosed that they have committed to a \$30mn community fund to support the Upper Hunter region as it prepares for the responsible closure of the mine and provides details of the consultation process undertaken with the local community. The engagement objective is now complete. See further detail on

Climate Governance

We met with bp's Company Secretary and Investor Relations to explain our dissent rationale at the 2025 AGM. We raised concerns about the lack of shareholder engagement by the Chair and SID regarding the strategy reset. We explained that this created some uncertainty about the company's ability to meet its net zero targets and deviates from the climate strategy that received close to 90% support at the 2022 AGM. The company explained that they had consulted with a selection of shareholders. Those shareholders communicated a preference for the company to focus on the formulation and execution of the strategy reset and they did acknowledge that some investors raised climate concerns. While we understood the company's financial pressures, we expected the company to engage with a wider selection of shareholders before the strategy reset. We agreed to reconvene after the proxy season to discuss our concerns about the company's climate strategy further. See further detail on page 18.

Human Rights

Amid ongoing major global conflicts, the risk of companies causing, contributing to, or being linked to serious human rights abuses is heightened in conflict-affected and high-risk areas (CAHRAs). We co-signed an <u>investor statement</u> setting out investor expectations for companies as outlined in the UN Guiding Principles on Business and Human Rights (UNGPs) to adopt, implement policies and practices aimed at respecting human rights, and, where applicable, international humanitarian law. The statement calls on companies to adopt responsible policies, practices, and governance measures to cease, prevent,

mitigate, and remedy adverse impacts on human rights and conflict. These practices should cover all business activities in the value chain relationships exposed to CAHRAs, as companies' and investors' exposure to salient human rights risks also poses material risks (e.g., reputational, operational, financial, legal).

Proxy Season Engagement

The majority of our stewardship resources were focused on proxy season. During the period we executed votes on over 90% of companies in our voting priority list. Prior to the Lloyds Bank AGM, we raised with the company our concerns over the lack of disclosed performance measures in the long-term incentive plan. The company cited commercial sensitivity but confirmed alignment with its four strategic pillars. We have been invited to provide input on the remuneration policy ahead of the 2026 AGM. We also engaged with Anglo American on noncompliance with the UK Listing Rules. We were invited by BHP's remuneration committee to provide feedback on their existing remuneration framework. We expect stringent performance targets in their long-term incentive plan and will follow up with some remuneration analysis to share with the company. We cosigned a letter calling on Amazon shareholders to vote against Advisory Vote on Executive Compensation. Amazon executives receive multi-year, time-based restricted stock grants at twoyear intervals, which are not attached to performance metrics. We also wrote out to a select number of companies that have not responded to engagement with Nature Action 100 (NA100). We reached out to the companies as part of our data quality commitment, as from this year we have a provision to vote against the Chair of companies that have not demonstrated a constructive dialogue with NA100.

LGPS Central has retained its signatory status to the UK Stewardship Code for the fifth year in a row, as confirmed by the Financial Reporting Council. As of 13th August 2025, there are 299 signatories to the Code, of which only 26% of them is represented by asset owners. LGPS Central's stewardship approach reflects our continuous efforts to exercise our fiduciary duty and to excel in stewarding the assets managed on behalf of our Partner Funds. The UK Stewardship Code sets best practice for stewardship reporting, guiding those responsible for managing investments on behalf of UK savers, pensioners, and their supportive institutions. Stewardship embodies the diligent allocation, administration, and oversight of capital with an unwavering commitment to creating lasting value for clients and beneficiaries.

⁹ Net Zero by 2050 - A Roadmap for the Global Energy Sector

Voting highlights:







bp Plc

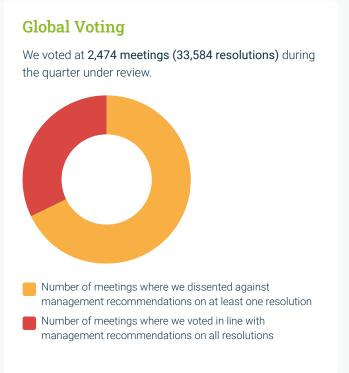
We voted against the Chair, SID, and Chair of the Safety and Sustainability Committee, due to governance concerns over the 'strategy reset'. We met with the Company Secretary to discuss our concerns. See further detail on page 18.

Alphabet

Alphabet Inc

We supported two shareholder resolutions related to artificial intelligence. The first resolution sought further disclosure on the risks of improper use of external data in the development of AI products. The second one sought further disclosure on human rights impact assessment of AI driven targeted advertising. See further detail on page 20.





02 Engagement **Case Studies**

In this section, we provide more detailed examples of ongoing or new engagements related to the four Stewardship Themes identified in collaboration with our Partner Funds.







This quarter, our engagement efforts¹⁰ comprised 502 companies. 848 engagement activities¹¹ took place against 424 specific objectives, positive progress was measured on 99 occasions. Most engagements were conducted through letter issuance or remote company meetings, where we, our partners or our stewardship provider (in a majority of cases) met or wrote to the Chair, a Board member or a member of senior management.

ENGAGEMENTS CONDUCTED BY:							
LGPS CENTRAL	STEWARDSHIP PROVIDER	LAPFF					
6	802	40					

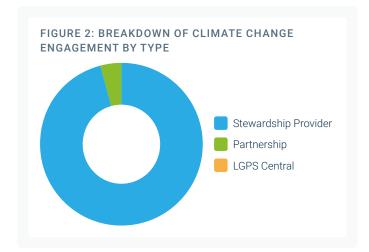
¹⁰ This includes engagements undertaken directly, in collaboration, and via our contracted Stewardship Provider on LGPS Central's stewardship themes.

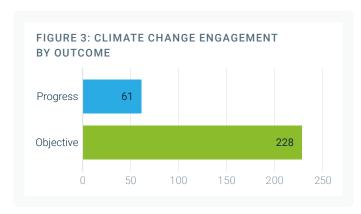
¹¹ There can be more than one engagement issue per company, for example board diversity and climate change.

Climate Change Engagements



This quarter, our climate change engagement set comprised 198 companies with 385 engagement activities¹². There was progress on 61 specific engagement objectives.





BHP

BHP Just Transition

PROGRESS:

Successful Outcome

OBJECTIVE:

Enhanced disclosure on Just Transition and associated costs beyond rehabilitation.

ENGAGEMENT:

In March 2024, as part of a collaborative engagement with Climate Action 100+ (CA100), we began engaging the company regarding the closure of the Mt Arthur thermal coal mine, which was due to close in 2026 (while BHP requested approval for an extension to 2030), placing 2,200 employees at risk of job loss. While the company had committed to the responsible closure of the mine through their Tomorrow, Together Initiative, which aims to support BHP employees in identifying appropriate pathways post-closure, including re-training and identifying career options. During our engagement, we highlighted that current public disclosure of rehabilitation costs associated with the closure of the mine only accounted for usual maintenance and did not cover the costs associated with their Just Transition plans, such as training and employee consultations. At this point, engagement was classified as red.

The company made a notable positive step in Q4 2024, with the disclosure of five strategic recommendations

 $^{^{\,12}}$ There can be more than one climate-related engagement issue and/or objective per company

related to the mine closure, produced in consultation with the consultant Iceni. In addition, the company published their ongoing engagement plans and provided disclosures on their current engagement with local communities.

OUTCOME:

In Q2 2025, the company made two key disclosures. Firstly, BHP received approval to continue mining at Mt Arthur coal mine for an additional four years, a key aspect of their Just Transition plan. Secondly, the company announced a \$30 million Upper Hunter Community fund to deliver re-training and re-deployment, as well as supporting the protection of the area's local heritage and economy.

Later in Q2 2025, we were invited to meet with the Chair of the Remuneration Committee and Head of People as a direct engagement. As we were pleased with the company's recent disclosures which represented the achievement of our initial objective, our engagement focused on requesting BHP to provide updates on their progress, evidencing actions taken to fulfil their commitment. Following this meeting, we categorised this engagement as green, caveated by a new monitoring phase.



Ford Motor Company

OBJECTIVE:

To enhance company value and reduce risks through positive progress towards the reduction in GHG emissions by 2035.

ENGAGEMENT:

Carbon emissions represent a climate and material financial risk for the auto sector. At the same time low carbon vehicles have the potential to drive value. In 2023, EOS engaged with the Company as part of the investor group CA100+. EOS asked about the possibility of setting interim 1.5-degree aligned, Science-Based Targets

initiative (SBTi) verified scope 3 targets before 2035. In 2024, EOS reiterated their engagement in 2024 remains focused on developing companies to develop and publish a climate transition plan aligned to the 1.5°C goal of the Paris Agreement including a commitment to net zero emissions by 2050 supported by science-based targets and a clear strategy. EOS wrote that they appreciated Ford's commitment to reduce absolute Scope 1 and 2 GHG emissions by 76% by 2035 from a 2017 base year and the reduction of Scope 3 emissions in the categories of sold products by 50% per vehicle kilometre by 2035 from a 2019 base year. Additionally, EOS welcomed Ford's ambition for climate neutrality for all vehicles including progress to date and the company's climate transition plan. EOS wrote that they were interested in understanding Ford's strategy for workforce transition including talent acquisition, retention, retraining and progression at manufacturing and corporate levels of the company. The company acknowledged EOS' email providing context of its climate expectations and was responsive to further engagement.

OUTCOME:

EOS engaged with the company on climate amongst other topics. In relation to the company's carbon neutral strategy, Ford highlighted that it is two thirds of the way to meeting its targets. EOS asked the company if it planned on adopting interim targets, and it explained that it continues to evaluate if it will be taking on additional targets in the near term. It alluded that it has internal interim targets. EOS highlighted the importance around seeing the strategy and target progress broken down over time. EOS commended the company for reaching level 5 on the Transition Pathway Initiative benchmark. The company released its Corporate Sustainability Reporting Directive (CSRD) index last year and is making sure its disclosures comply with CSRD requirements. Ford said investors should expect additional disclosure on targets, including 2030 emissions targets, and policies. The company is not affected by the delays with the CSRD implementation as it had already prepared to reach the core elements of the disclosure requirements and will be taking time to ensure it will meet assurance standards.





Stellantis

OBJECTIVE:

To undertake and publish a review of the climate change lobbying activities of the associations, alliances and coalitions of which it is a member to demonstrate its commitment to its climate targets and commitments and the legislation that supports it.

ENGAGEMENT:

In 2022 EOS raised their concerns over the lack of climate lobbying disclosures in a Climate Action 100+ (CA100+) meeting and strongly encouraged the company to publish this before May 2022, when the deadline for the new netzero benchmark is set. The company responded that, as the group was newly created it would carry out an initial review but did not commit to making any disclosure. EOS followed up in 2023 and requested that, if a lobbying report was not going to be published in that year's disclosures, the company commit prior to the 2024 AGM to publishing its first report the following year. In April 2024 the company duly wrote to investors to confirm it would publish a report prior to the 2025 AGM. EOS engaged with the company in July 2024, during which it presented a detailed disclosure plan and committed to publishing it before the next AGM.

OUTCOME:

The company published its first climate lobby report in April 2025 prior to the AGM as promised and EOS is in the process of reviewing the content and providing feedback and suggestions on improvements going forward.



ArcelorMittal

OBJECTIVE:

To mitigate risks associated with the company's climate strategy.

ENGAGEMENT:

LAPFF met with the Company in June 2025. The Forum noted there is now less emphasis on carbon-dependent processes and more on disruptive technologies. A reason given was the high cost of gas prices since the invasion of Ukraine. Also, there is demand for low-carbon products in supply chains, such as for railways. LAPFF heard that there is pressure for fast progress on shortterm 2030 targets. LAPFF is increasingly of the view that decarbonisation of the steel industry can be achieved by changes with an appropriate long-term view. Hence, a short-term approach, which is appropriate for different industries, may not apply for steel. It is apparent is that cheaper electricity costs are required and desired. In France/Belgium, a deal has been struck with EDF for French nuclear-powered electricity.

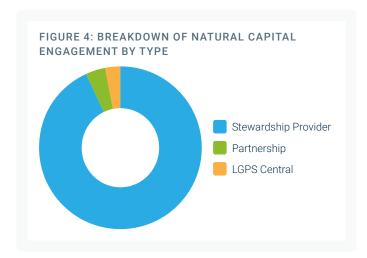
OUTCOME:

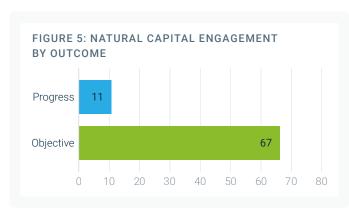
CA100+ recently flagged the absence of a published Just Transition plan. The company says internal workforce roadmaps are in place, at Dunkirk, for example, every employee is slated either for an Electric Arc Furnace role or retirement, and local consultations have begun. However, it still offers no public timetable for releasing a Just Transition strategy or for replacing blast furnaces with Electric Arc Furnaces. LAPFF will continue to press for clear timelines, fuller disclosure of communityengagement outcomes, and transparency on electricity sourcing and costs. At the July LAPFF business meeting, a report will be presented on electricity costs related to the transition.

Natural Capital Engagements



This quarter our **natural capital-related engagement set** comprised **98 companies** with **147 engagement activities**. There was progress on **11 specific engagement objectives**.





Ahold Delhaize

Koninklijke Ahold Delhaize NV

OBJECTIVE:

To identify, assess, measure and disclose its impacts and dependencies on biodiversity, including the associated risks and opportunities.

ENGAGEMENT:

In a meeting with Ahold Delhaize's ESG director in 2022, EOS explained the importance of assessing and measuring the company's impacts and dependencies on biodiversity. EOS reiterated this in early 2023 when they met with the chair of the remuneration committee and head of sustainability. In June 2023, EOS participated in a group discussion on biodiversity with company representatives including the chief sustainability officer who sits on the executive committee.

In September 2023, as part of the new Nature Action 100 group, EOS sent the company a letter introducing the group's expectations on nature. The company acknowledged that food systems need to change to reduce their negative impact on our planet and health

and it referenced the frameworks that it was using to guide its approach to nature. EOS continued to engage through 2024 and, in March 2025, they travelled to the Netherlands for a Nature Action 100 meeting with the sustainability team. EOS discussed nature again in May 2025, and encouraged the company to introduce post 2025 targets for managing its dependencies on nature.

RESULT:

The company published a detailed biodiversity impact and dependencies assessment in its 2024 annual report. The report referenced the frameworks it used, including the Task Force on Nature-related Financial Disclosures (TNFD) and to a lesser extent the Science Based Targets for Nature (SBTN). The report identified dependencies on water, fertile soil, biomass and pollination.

The report should help provide investors with more clarity on the action being taken by the company to manage its impacts and dependencies on nature and in turn help to build long-term financial resilience of the company, including contributing towards protecting and enhancing its profitability and long-term growth prospects. EOS will continue to engage on nature, including on future targets for critical agricultural commodities.



Antofagasta

OBJECTIVE:

To integrate comprehensive water stewardship into the corporate strategy and risk management processes.

ENGAGEMENT:

LAPFF met with Iván Arriagada, CEO of Antofagasta, who outlined the steps the group has taken to incorporate water sustainability into its operations. The discussion highlighted the critical role of copper (Antofagasta's primary mined raw material) in the global energy transition, as well as the company's awareness of the environmental challenges associated with operating in Chile's desert regions, some of the driest areas on Earth. A key development has been the increased use of seawater (as opposed to freshwater) in its mining processes, a result of the expansion of desalination

capacity. Some of Antofagasta's operations now report using up to 90% seawater, reducing reliance on freshwater sources. At its Zaldívar mine, Antofagasta has stated its intention to transition to seawater or recycled water by 2028 fully. The company is also investing in infrastructure to support this shift, including the expansion of a desalination plant at its Los Pelambres mine. This is expected to meet 90% of the site's water requirements. Given the energy intensity of desalination processes associated with seawater use, LAPFF questioned the impact of increasing desalination on the company's decarbonisation strategy. Antofagasta detailed that while Chile's national grid is approximately 67% powered by renewable energy, the company's own operations run on 99% renewable energy. This higher percentage is the result of Antofagasta's energy procurement strategy, which involves securing longterm power purchase agreements specifically tied to renewable energy sources. These contracts effectively ensure that the electricity supplied to its operations comes predominantly from renewable generation, even though the overall grid mix includes non-renewable sources. Mr Arriagada highlighted that Chile's strong renewables market puts Antofagasta in an advantageous position to secure cheap clean power. Antofagasta has also adopted the use of thickened tailings (meaning tailings that are made up of up to 65% solids) which supports water recovery efforts and helps to reduce evaporation.

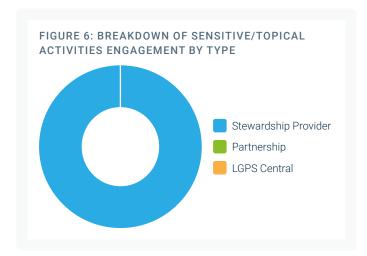
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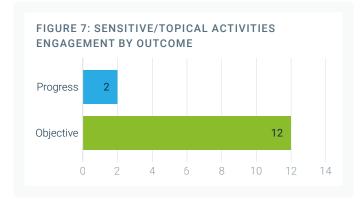
While Antofagasta has made certain advancements in its water stewardship practices, LAPFF identified areas where further development and clarity would be beneficial. In the meeting, the company referred to a dedicated water stewardship unit which oversees groupwide water efficiency and recirculation efforts. However, there is limited publicly available information detailing this units structure, scope of responsibilities, or reported outcomes. LAPFF would like to see greater transparency in this area as a means of supporting a more complete assessment of governance and accountability practices. In relation to water impact assessments, Antofagasta has not yet provided detailed disclosures outlining the methodology of its evaluations. LAPFF will continue to engage with Antofagasta as it continues to develop its water management approach and move towards its targets.

Sensitive/Topical Activities



This quarter, our sensitive and topical activities engagement set comprised of 35 companies with 39 engagement activities. There was two instances of progress recorded during the quarter.





DIAGEO

Diageo Plc

OBJECTIVE:

In November 2023, the company announced a profit warning on its South American business, prompted

by a reportedly sudden de-stocking issue in these markets. It unexpectedly faced declining demand in these markets, raising concerns about whether it had intentionally or unintentionally sought to achieve short-term targets at the detriment of subsequent reporting periods, as well as whether the issue indicated broader governance weaknesses. EOS are engaging the company to report clearly on its internal investigation into its risk management practices, conduct, and culture surrounding the issue.

ENGAGEMENT:

EOS met the executive committee member heading up global supply chains. The company recognised EOS's concerns but repeated its statement that the issue had arisen from data weaknesses from its consumer markets in South America. It said it had conducted a full investigation and argued that it had been transparent in its response. EOS were not satisfied with the company's responses, which have not fully addressed how the destocking issue was investigated. EOS later met the chair of the board to raise these concerns at the highest level. It obtained reassurance that the board had discussed the issue at length and that broader areas of improvement had been identified beyond the technology issues previously mentioned. The chair also acknowledged EOS's feedback and suggestions on the company's communication around this topic.

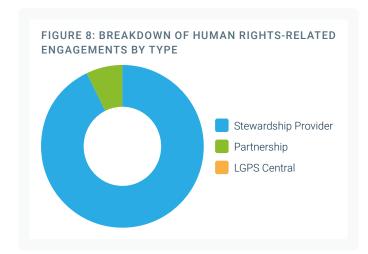
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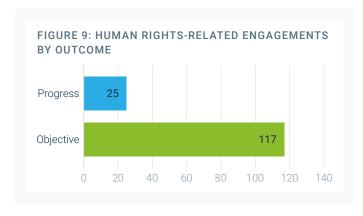
EOS will continue to raise concerns over the possibility of deeper-rooted governance, culture, and risk issues at the company.

Human Rights Risks



This quarter our human rights-related engagements comprised 171 companies with 277 engagement issues and objectives. There was progress on 25 specific engagement objectives.







Zalando SE

OBJECTIVE:

To engage with the KnowTheChain benchmark and improve its score by working on areas where it scored poorly.

ENGAGEMENT:

In August 2023, EOS met with the company's human rights experts to challenge its approach to protecting human rights in its value chain and to discuss its performance against the KnowTheChain Benchmark. The company outlined that its value chain was split into two, with its own production on the one hand and its external suppliers on the other. The company's due diligence of human rights in its own brands was more developed than for external suppliers. EOS were pleased to hear that the company conducts social audits and develops corrective action plans for its own brand suppliers, which are renewed periodically. The company also requests industry-acknowledged audit results from the suppliers during onboarding and renewed results thereafter. If a zero-tolerance finding is identified, the company can offboard the supplier. However, for external suppliers, the company has a more limited approach to overseeing human rights impacts. EOS questioned the due diligence that the over 7,000 direct and indirect suppliers were subject to. The company explaining that

during the onboarding of its suppliers, it performed a risk analysis and a background check for high-risk suppliers, and that suppliers must abide by its code of conduct. The company expressed confidence that its due diligence would improve with mounting regulatory pressure from the German Supply Chain Act and related EU regulation. EOS encouraged the company to engage with the KnowTheChain benchmark to improve its score, and pointed to some improvements the company could make in its human rights risk assessments and grievance mechanisms. EOS were pleased to hear that the company had responded to the KnowTheChain consultation. EOS also found it positive that the company has a whistleblowing tool in place since 2018 and a new Speak Up system in place. EOS challenged the company on the remedy process of raised grievances and were reassured to hear that expert investigations were conducted. EOS asked for more reporting on grievances and explained that they will be reviewing its next reporting.

OUTCOME:

In May 2025, EOS met with the company's human rights experts on its value chain human rights management. The company confirmed that it has started partnership with Fair Wear Foundation (FWF), seeking external experts' validation and support with future human rights action plans. It highlighted FWF conducts annual assessment of supply chain and human rights due diligence - the first assessment across the company's supply chain for each of its private label brands will be in September 2025. The company has also disclosed grievance report in its 2024 CSRD report and confirmed every grievance report received will involve FWF as case handler going forward. The company confirmed KnowTheChain reached out last year to confirm data points, and it is a member of the ILO Better Work Programme which connects with KnowTheChain. The company views rating platforms such as KnowTheChain quite saturated, and prefers to be partnering with organisations such as FWF for constructive feedback and dialogue. EOS appreciated the company's partnership with FWF to continue improving human rights related practices, and provided them with feedback that KnowTheChain provides thorough assessment and comparable rankings that are beneficial for investors to identify the leaders and laggards in the industry. The company thanked EOS but confirmed that they will focus on FWF. Recognising the company's limited influence over its brand partners on human rights, EOS emphasised the need to strengthen assessments to mitigate risks. The company has been working with other major EU retailers on improving the Brand and Retail Module (BRM) system to enable a more efficient,

aligned, and comprehensive system to collect data and certifications from brand partners for due diligence purposes. The new tool is expected to launch by the end of the year, with data collection starting in tranches. The company is confident that this will improve data quality and assessment for its brand partners. EOS will follow up with the company in Q3 2025 to check on progress of the supply chain assessment and data collection system on brand partners.



Phoenix Group

OBJECTIVE:

To improve corporate practices in conflict-affected highrisk areas (CAHRAs).

ENGAGEMENT:

LAPFF wrote to six banks ANZ (Australia & New Zealand Bank), Commonwealth Bank of Australia, Westpac, National Australia Bank, Bank of American Corporation, and BNP Paribas LAPFF sought to engage on how they were embedding conflict-sensitivity and heightened human rights due diligence (hHRDD) across their operations. During the quarter, LAPFF met with Phoenix Group following letters sent to the FTSE100. The meeting stemmed from a letter that went to the FTSE100 in December 2024, requesting information on how companies were addressing risks associated with CAHRAs. Phoenix provided a detailed written response shortly after this and suggested that LAPFF meet with the company following the publication of its Sustainability and Stewardship reports.

OUTCOME:

During the meeting with Phoenix, representatives laid out the Group's approach to human rights and stewardship, touching on how it was assessing conflict-related risks in its portfolio. Company representatives provided an overview of how new risks were assessed and gave details on the governance structures in place around these processes. Representatives also spoke about how the Group engages with its asset managers. LAPFF emphasised that given its position as a fellow asset owner, the Forum was looking for Phoenix to formally recognise CAHRAs as part of its stewardship strategy, policy direction, and in conversation with its asset managers.

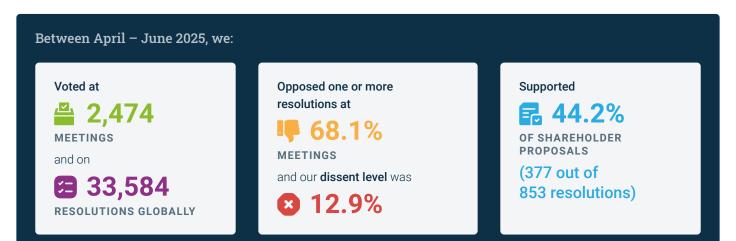


03 Voting

Policy

For UK listed companies, we vote our shares in accordance with a set of bespoke LGPS Central UK Voting Principles. For other markets, we consider the recommendations and advice of our third-party proxy advisor, EOS at Federated Hermes.

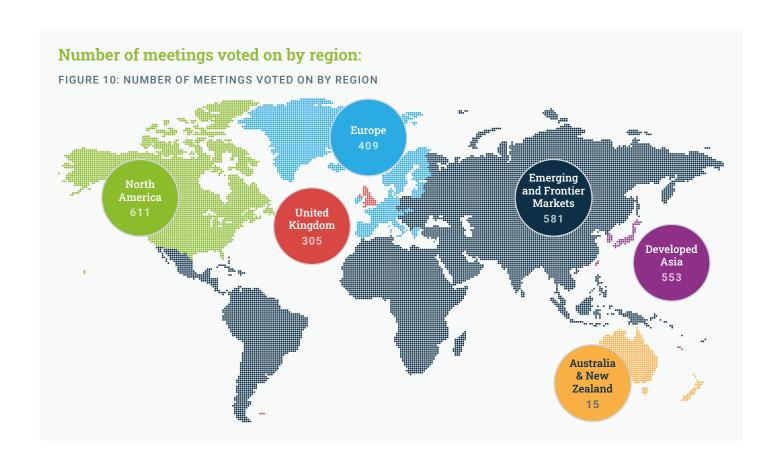
Commentary











Overview of Voting Activity:

FOR	28,461	84.7%
AGAINST/WITHELD	4,585	13.7%
ABSTAIN	368	1.1%
OTHER	170	0.5%

A full overview of voting decisions for securities held in portfolios within the Company's Authorised Contractual Scheme (ACS) - broken down by market, issues and reflecting the number of votes against and abstentions can be found on our website here.

Number of resolutions voted on by theme:

AMEND ARTICLES	2723	8.1%
AUDIT + ACCOUNTS	4301	12.8%
BOARD STRUCTURE	18193	54.2%
CAPITAL STRUCTURE + DIVIDENDS	2845	8.5%
INVESTMENT/M&A	7	0.0%
OTHER	812	2.4%
POISON PILL/ ANTI-TAKEOVER DEVICE	21	0.1%
REMUNERATION	3832	11.4%
ESG SHAREHOLDER RESOLUTIONS	850	2.5%

Examples of voting decisions



bp Plc

THEME:

Climate Governance

RATIONALE:

We had engaged, alongside other investors, with the company following the decision to change the oil and gas production cut target down from 40% to 25% by 2030 and requested that shareholders be consulted on future changes to the climate strategy. We reiterated that as a minimum requirement that shareholders be consulted where a material change to the climate strategy has occurred. Since then, the company have rolled back on its climate targets twice without shareholder consultation. This was especially disappointing considering that in 2022 the advisory vote to approve the 'Net Zero – From Ambition to Action report' received close to 90% support. Following the lack of shareholder consultation on bp's 'strategy reset' announced in February 2025, and in the absence of a say-on-climate vote we voted against the Chair. We also voted against the Senior Independent Director (SID), the role of the SID is to challenge the Chair. It appears that the Chair was not effectively challenged considering the lack of climate governance over strategy reset. We voted against the Chair of the Safety and Sustainability Committee because we are not confident that the committee can provide oversight over the effective implementation of the next zero ambition considering the strategy reset.

RESULT:

The Chair's re-election received close to 25% dissent, and the company subsequently announced his departure. Post-AGM, we met with BP's Company Secretary and Investor Relations to explain our voting rationale. We reiterated concerns about the lack of shareholder engagement and the resulting uncertainty over the company's net-zero trajectory. The company explained that they had consulted with some shareholders who wanted bp to focus on the formulation and execution of the strategy and they did acknowledge that some investors raised climate concerns. The company also mentioned that they find it challenging to know which investors to engage with. While we acknowledged the financial pressures faced by the company, we emphasised the importance of transparent communication with shareholders.

We also touched on Elliot Management, who built a large derivative position giving them just over 5% of voting rights. It appeared that the equity swaps, which expire in 2029, were acquired a day before the AGM so it is unlikely that they would've had any effect on the outcome of the AGM results. As a long-term investor interested in the long-term stability and success of bp, we asked the company what mechanisms at board level there is to mitigate potential external pressure to focus on short term interests. The company outlined that the board considers a range of investors views in its activities. We agreed to reconvene after the proxy season to continue discussions on the company's climate strategy.



Amazon.com, Inc

THEME:

Remuneration / Worker Conditions

RATIONALE:

We voted against the advisory vote to ratify the executive officer's compensation primarily due to the Compensation Committee not adequately altering its approach to pay, or offering an explanation of its determination of the size, timing and appropriateness of the multi-year, time-based, restricted stock grants that comprise virtually all pay for top executives. In addition, we note that Amazons approach to pay fails to align increases in the value of executive's accumulated Amazon shares with the corresponding returns to shareholders such that executives face no meaningful incentive to allocate capital efficiently. As a result, Amazon's capital productivity and Economic Value Added/Total Assets ("EVA/TA") have deteriorated both in absolute terms and compared to the peers Amazon identifies for compensation purposes. In advance of the AGM, we signed an investor statement calling on other investors to vote against the executive compensation package.

We also supported a shareholder resolution that requested the board commission an independent audit and report detailing the working conditions and treatment of the company's warehouse workers. Our voting decision was partly informed by the reported settlement with the U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) over hazardous working conditions, and the anti-unionisation activity allegations at its Coventry warehouse.



RESULT:

The proposals received 22.1% and 23.2% respectively. It should be noted that the dissent level could be roughly 10% higher as Amazon founder, Jeff Bezos, retains 9.6% of voting rights.



MOTOROLA SOLUTIONS

Motorola Solutions Inc

THEME:

Human Rights

RATIONALE:

Since 2023 LGPSC has been engaging with the company on the adoption of the UNGPs across its business operations. Unlike its competitors, the company does not undertake human rights due diligence and its approach to human rights is not integrated into the terms of reference of any of its governance committees. We met with the company to discuss our concerns and provided a detailed review of the company's human rights approach compared with the practices adopted by its competitors. We were not able to secure a follow-up meeting with the company. The company deems its own human rights approach to be satisfactory (although not compliant with the UNGPs).

RESULT:

This is the second year we have voted against the Chair due to inadequate engagement progress. We are working on escalating our concerns with the company.

Alphabet

Alphabet Inc

THEME:

Human Rights / Artificial Intelligence (AI)

RATIONALE:

We supported a shareholder resolution requesting the company report on the risks of improper use of external data in the development of AI products. We supported the resolution as further disclosure on the input data used for AI models would be beneficial considering Alphabet's history of litigation regarding data privacy issues. We note that Alphabet offers limited detail on the sourcing of its training data and therefore support was warranted for this resolution. We supported another shareholder resolution

which requested the company to publish a human rights impact assessment of AI driven targeted advertising. Whilst the company has disclosed policies, oversight frameworks, and tools aimed at responsible AI and privacy practices, an independent human rights impact assessment could strengthen oversight, especially amid a \$1.3bn data privacy settlement. Given the scale of Alphabet's advertising business and its legal exposure, support for this resolution is warranted.

RESULT:

The resolutions received 12.3% and 14.3% respectively.



Bayer AG

THEME:

Remuneration

RATIONALE:

We voted against the remuneration report due to several concerns with the executive pay package. We are concerned that the base salary and pensions increased by 33.3% compared to the previous year, which is above median peers. We note that pension contributions to some executives amount to 40% of their respective base salaries which is particularly high. We are concerned that the annual bonus and the long term incentive plan is paid in all cash which doesn't align with the interests of longterm shareholders. We also note the overemphasis of using Total Shareholder Returns as a performance metric in long term incentive plan, which isn't necessarily aligned with the interests of long-term shareholders as it doesn't provide much of a sense of future returns and is sensitive to macroeconomic factors such as interest rate changes and geopolitical events.

RESULT:

The proposal received 32.6% dissent. We would expect the company to consult with shareholders on the executive pay package.

04 H1 2025 Stewardship **Strategy Reporting**

Progress report against LGPS Central's 3 year **Stewardship Strategy**

STEWARDSHIP PRIORITY:



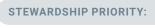
CLIMATE

Net Zero Alignment

Company Name	KPI Keywords	2025 Engaged?	2025 Escalation Grade	2025 Associated Voting Dissent?	Progress	2025 Removal	2025 Inclusion
SHELL PLC	Net Zero Alignment	\odot	Level 2	\otimes	Level 2	\otimes	\otimes
RWE AKTIENGESELLSCHAFT	Net Zero Alignment	⊘	Level 2	⊘	Level 2	\otimes	\otimes
HOLCIM	Net Zero Alignment	\otimes	Level 2	\otimes	Level 0	\otimes	\otimes
CEMEX	Net Zero Alignment	\otimes	Level 2	\otimes	Level 0	\otimes	\otimes
ВНР	Net Zero Alignment	⊘	Level 1	n/a	Level 3	\bigcirc	\otimes
ARCELORMITTAL	Net Zero Alignment	\otimes	Level 2	\otimes	Level 1	\otimes	\otimes
BP PLC	Net Zero Alignment	⊘	Level 2	⊘	Level 2	\otimes	\otimes
CRH PLC	Net Zero Alignment	\otimes	Level 1	⊘	Level 2	\otimes	\otimes
RIO TINTO LIMITED	Net Zero Alignment	\otimes	Level 1	⊘	Level 1	\otimes	\otimes
GLENCORE	Net Zero Alignment	⊘	Level 3	⊘	Level 0	\otimes	\otimes

Banks (ShareAction)

Company Name	KPI Keywords	2025 Engaged?	2025 Escalation Grade	2025 Associated Voting Dissent?	Progress	2025 Removal	2025 Inclusion
SOCIETE GENERALE	0&G Policy/Green Finance	⊘	Level 1	\otimes	Level 1	\otimes	\otimes





NATURAL CAPITAL

Nature Action 100

Company Name	KPI Keywords	2025 Engaged?	2025 Escalation Grade	2025 Associated Voting Dissent?	Progress	2025 Removal	2025 Inclusion
GLENCORE	Global Biodiversity Framework	\odot	Level 2	\otimes	Level 0	\otimes	\otimes
RIO TINTO LIMITED	Global Biodiversity Framework	\odot	Level 1	\otimes	Level 1	\otimes	\otimes
THE SHERWIN- WILLIAMS COMPANY	Global Biodiversity Framework	\odot	Level 1	\otimes	Level 1	\otimes	\otimes

Petrochemicals

Company Name	KPI Keywords	2025 Engaged?	2025 Escalation Grade	2025 Associated Voting Dissent?	Progress	2025 Removal	2025 Inclusion
REPSOL	Sustainable Plastics	\otimes	Level 1	\otimes	Level 1	\otimes	\otimes
LYONDELLBASELL	Sustainable Plastics	⊘	Level 1	\otimes	Level 0	\otimes	\otimes

World Benchmarking Alliance

Company Name	KPI Keywords	2025 Engaged?	2025 Escalation Grade	2025 Associated Voting Dissent?	Progress	2025 Removal	2025 Inclusion
COSTO WHOLESALE CORPORATION	Global Biodiversity Framework	⊘	Level 1	\otimes	-	\otimes	\odot





HUMAN RIGHTS

Corporate Index Benchmark

Company Name	KPI Keywords	2025 Engaged?	2025 Escalation Grade	2025 Associated Voting Dissent?	Progress	2025 Removal	2025 Inclusion
COSTCO WHOLESALE CORPORATION	Supply Chain	\otimes	Level 1	\otimes	Level 2	\otimes	\otimes
NVIDIA CORPORATION	Responsible AI	\otimes	Level 2	⊘	Level 0	\otimes	\otimes
TESLA	Supply Chain/ Labour Rights	\otimes	Level 1	\odot	Level 1	\otimes	\otimes

OPT

Company Name	KPI Keywords	2025 Engaged?	2025 Escalation Grade	2025 Associated Voting Dissent?	Progress	2025 Removal	2025 Inclusion
MOTOROLA	Alignment with UNGPs	\otimes	Level 3	\odot	Level 1	\otimes	\otimes

PRI Advance

Company Name	KPI Keywords	2025 Engaged?	2025 Escalation Grade	2025 Associated Voting Dissent?	Progress	2025 Removal	2025 Inclusion
ВНР	Reparation	\odot	Level 2	n/a	Level 2	\otimes	\otimes

Find it, Fix it, Prevent it – Modern Slavery

Company Name	KPI Keywords	2025 Engaged?	2025 Escalation Grade	2025 Associated Voting Dissent?	Progress	2025 Removal	2025 Inclusion
BARRATT REDROW	UK Modern Slavery	\otimes	Level 1	\otimes	Level 2	\otimes	\otimes
VOLUTION	UK Modern Slavery	⊘	Level 2	n/a	Level 0	\otimes	\otimes





TOPICAL/SENSITIVE TOPICS

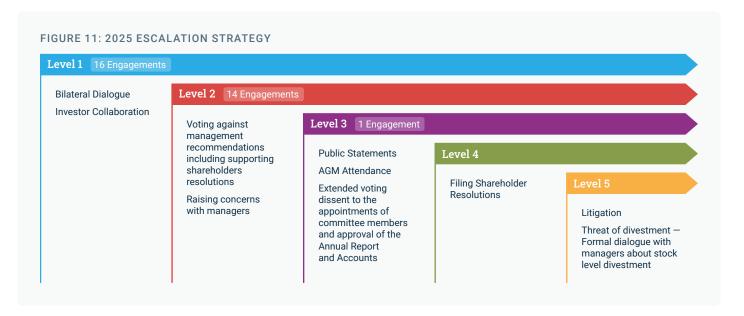
Egregious Controversies in the ACS

Company Name	KPI Keywords	2025 Engaged?	2025 Escalation Grade	2025 Associated Voting Dissent?	Progress	2025 Removal	2025 Inclusion
HYUNDAI MOTOR COMPANY	Supply Chain	\otimes	Level 1	\times	Level 1	\otimes	\otimes
KIA CORPORATION	Product Safety	\otimes	Level 2	⊘	Level 0	\otimes	\otimes
META PLATFORMS	Online Safety	\otimes	Level 2	\odot	Level 2	\otimes	\otimes
AMAZON	Labour Rights	\otimes	Level 1	⊘	-	\otimes	\bigcirc

Laggards in the ACS

Company Name	KPI Keywords	2025 Engaged?	2025 Escalation Grade	2025 Associated Voting Dissent?	Progress	2025 Removal	2025 Inclusion
M3	Data Security	⊘	Level 1	\otimes	Level 0	\otimes	\otimes
BERKSHIRE HATHAWAY	ESG Policies	\otimes	Level 1	⊘	Level 0	\otimes	⊘

Escalation Strategy



Measures of Success

FIGURE 12: MEASURES OF SUCCESS

	Climate	Natural Capital	Human Rights	Sensitive/ Topical Activities
LEVEL 3: SUCCESSFUL OUTCOME	Company demonstrate alignment with LGPSC net zero strategy.	 Company undertook a nature impacts and dependencies assessment and has published an ambition to align with the GBF. Company has disclosed robust petrochemical strategy underpinned by credible targets. 	Company demonstrates full alignment with UNGPs or Modern Slavery Act.	Company has disclosed a plan for: Addressing the alleged controversy. Improve ESG practices at reasonable level.
LEVEL 2: MODERATE PROGRESS	 Progress observed in the Climate Action 100+ Benchmark Framework, CDP. Companies improving on TPI management quality ladder. Companies are partly aligned with LGPSC net zero strategy. 	 Progress on undertaking a nature impacts and dependencies assessment or on publishing an ambition to align with the GBF. Progress on developing a robust petrochemical strategy underpinned by credible targets. 	Partial progress observed by Find it, Fix it and Prevent it, Corporate Human Rights Benchmark and LAPFF research.	Company has disclosed a plan for: Partly addressing the alleged controversy including acknowledgment of the controversy. Partly improve ESG practices at reasonable level.
LEVEL 1: MINIMUM EXPECTATIONS	Companies disclosing data to facilitate carbon performance assessment if relevant.	Evidence of constructive meeting with companies.	Companies responded to engagement request.	Companies responded to engagement request.
LEVEL 0: NO IMPROVEMENT	No progress made.	No progress made.	No progress made.	No progress made.







Partner Organisations

LGPS Central actively contributes to the following investor groups:





























Meet the Team

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Registered Office: First Floor, i9 Wolverhampton Interchange, Wolverhampton Wolverhampton Interchange,







Q2 2025

Shropshire Pension Fund

EOS at Federated Hermes

Engagement by region

We engaged with 159 companies held in the Shropshire Pension Fund portfolio on a range of 613 environmental, social and governance issues and objectives

Global

We engaged with 159 companies



Environmental 32.0%

Governance 34.1%

Social 23.2%

Strategy, Risk & Comm 10.8%

Australia & New Zealand

We engaged with three companies



Governance 6.7%

Social 26.7%

Strategy, Risk & Comm 13.3%

Environmental 53.3%

Europe

We engaged with 44 companies



Environmental 43.2%

Governance 33.7%

Social 13.6%

Strategy, Risk & Comm 9.5%

Developed Asia

We engaged with 11 companies



Environmental 17.0%

Governance 37.7%

Social 34.0%

Strategy, Risk & Comm 11.3%

North America

We engaged with 76 companies



Environmental 24.2%

Governance 36.2% Social 29.6%

Strategy, Risk & Comm 10.0%

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Emerging & Developing Markets

We engaged with eight companies



Environmental 31.0%

Governance 37.9% Social 24.1%

Strategy, Risk & Comm 6.9%

United Kingdom

We engaged with 17 companies



Environmental 36.8%

Governance 28.1%

Social 15.8%

Strategy, Risk & Comm 19.3%

For professional investors only www.hermes-investment.com

Shropshire Pension Fund **Engagement Report**

Engagement by Meta theme

We engaged with 159 companies held in the Shropshire Pension Fund portfolio on a range of 613 environmental, social and governance issues and objectives

Environmental

Environmental topics featured in 32.0% of our engagements



- Circular Economy & Zero Pollution 6.1%
- Climate Change 75.0%
- Natural Resource Stewardship 18.9%

Social

Social topics featured in 23.2% of our engagements



- Human & Labour Rights 54.2%
- Human Capital 29.6%
- Wider Societal Impacts 16.2%

Governance

Governance topics featured in 34.1% of our engagements



- Board Effectiveness 44.0%
- Executive Remuneration 43.5%
- Investor Protection & Rights 12.4%

Strategy, Risk & Communication

Strategy, Risk & Communication topics



- Corporate Reporting 25.8%

featured in 10.8% of our engagements



- Purpose, Strategy & Policies 31.8%
- Risk Management 42.4%

Shropshire County Council

Q2 2025

The purpose of the **reo***(responsible engagement overlay) service is to engage with companies through constructive interactions about environmental, social and governance (ESG) practices that could have a material impact on financial results. The **reo***approach focuses on enhancing long-term investment performance by helping companies ensure continuity in business operations and supply chains and maintain their reputation and social licence to operate.

Companies engaged this quarter *

Engagement	Companies Engaged	Milestones achieved	Countries covered
161	122	25	18

Companies engaged by region



Engagement by theme



Milestones achieved by theme



^{*} Companies may have been engaged on multiple issues. Data reflects all engagements recorded during the period.

Any additional engagements will be recorded in the following quarter's report.

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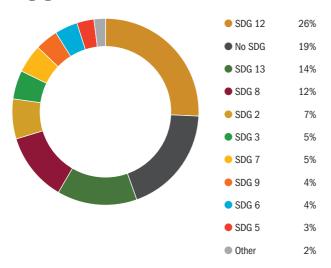


Engagements and Sustainable Development Goals (SDGs)

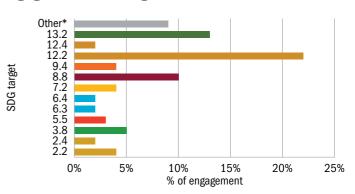
The 17 Sustainable Development Goals (SDGs) were developed by the UN and cross-industry stakeholders with a view to providing a roadmap towards a more sustainable world.

We use the detailed underlying SDG targets to articulate the positive societal and environmental impacts of engagement. Engagements are systematically captured at a target level, to enable greater accuracy.

Engagement: SDG level



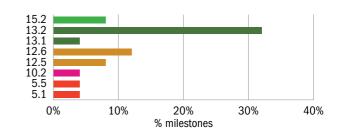
Engagement: SDG target level



Milestone: SDG level



Milestone: SDG target level



^{*}Other represents SDG targets less than 2% of the relevant SDG Goal.





































Company: Chevron Corp

Mailing Country: United States

Response to Prior Engagement: Good

Theme: Climate Change, Corporate Governance

Engagement Case Study Name: Addressing concerns through enhanced governance and sustainability oversight

SDG: 13 ★ 13.2

Background

Chevron is one of the world's largest integrated energy companies, operating across the entire oil and gas value chain from exploration and production to refining and retail distribution. The company faced three significant shareholder proposals concerning human rights, anti-Net Zero Emissions (NZE) scenario planning, and special meeting threshold requirements. The company's approach to these proposals reflected broader challenges in balancing traditional energy operations with evolving environmental and social expectations. The human rights proposal highlighted the need for enhanced oversight and disclosure, while the anti-NZE scenario proposal demonstrated ongoing tensions between climate commitments and operational strategy. The governance proposal regarding special meeting threshold represented continuing shareholder interest in strengthening accountability mechanisms.

Action

We engaged with management to discuss these proposals, examining each systematically. Regarding human rights, the company demonstrated that they have codified board oversight and implemented a strong human rights policy integrated into their Enterprise Risk Management process. On the anti-NZE scenario proposal, our analysis indicated that the proponent misunderstood the company's usage of scenario planning in their strategy development. The company's 15% special meeting threshold was found to be aligned with, or better than strategic peers. Management also addressed compensation matters, explaining increased perquisites due to executive security needs, particularly following specific incidents like protests at their Oakland facility in January 2024. The company maintained strong payversus-performance ratio metrics.

Verdict

The engagement revealed Chevron's methodical approach to addressing shareholder concerns through enhanced governance frameworks and operational oversight. Their human rights policy integration and board-level oversight demonstrate commitment to systematic risk management. While some shareholders may desire more aggressive climate action, the company's approach to scenario planning appears well-reasoned within their operational context. The strong pay-performance alignment and justified security-related compensation adjustments indicate appropriate board oversight of executive compensation.

Company: Microsoft Corp	Mailing Country: United States	Sector: Information Technology			
Priority Company: 🗸	ESG Risk Rating:	Response to Prior Engagement: Good			
Theme: Human Rights	Engagement Case Study Name: Balanci transformation	Engagement Case Study Name: Balancing Al innovation with responsible governance, healthcare transformation			
SDG: 3 000000000 3.8 -√√•					

Background

Microsoft is addressing two critical priorities in the healthcare Al landscape: implementing robust Al governance while advancing healthcare innovation through their commercial cloud platform. On the governance front, they maintain comprehensive oversight frameworks for sensitive technologies, with accountability at the executive level under President Brad Smith. Their responsible Al approach was recently validated when an independent third-party human rights expert confirmed their internal investigation finding no evidence of Microsoft cloud offerings being used in Gaza surveillance operations. Simultaneously, they are tackling the healthcare knowledge explosion challenge—where medical information doubles every 73 days, exceeding human cognitive capacity—by positioning their commercial cloud platform with specialized Al solutions to improve workflow efficiency and clinical decision support.

Action

Our engagement focused on Microsoft's approach to healthcare Al innovation and governance. The company maintains strict controls over Al deployment, particularly in sensitive contexts, with mandatory impact assessments and enhanced scrutiny for sensitive use cases. In healthcare specifically, they are enhancing their cloud platform with specialized solutions, notably through the Dragon acquisition for ambient clinical documentation. This technology directly addresses frontline healthcare worker productivity challenges by automating clinical note-taking and evidence summarization, allowing providers to spend more time with patients. Their differentiated approach combines broad cloud capabilities with industry-specific solutions, positioning them within our "Al in Healthcare: Workflow Efficiency" and "Clinical Decision Support" investment categories. The company remains committed to responsible Al deployment while addressing both clinical outcomes and sustainability goals.

Verdict

Microsoft balances healthcare Al innovation with responsible governance. Their investments in ambient clinical intelligence and workflow automation align with our view that Al will increasingly support healthcare, potentially improving diagnostics and reducing administrative burdens. The Dragon Copilot solution fits our near-term focus on workflow efficiency. The company's proactive governance frameworks and transparent handling of sensitive issues indicate effective management of both opportunities and risks in Al deployment. Their approach aligns with our investment framework's emphasis on solutions that integrate validated Al into existing healthcare workflows while ensuring regulatory compliance and measurable outcomes.

Company: Nomura Holdings Inc
Mailing Country: Japan
Sector: Financials

Priority Company: ✓
ESG Risk Rating:
Response to Prior Engagement: Adequate

Theme: Labour Standards
Engagement Case Study Name: Balancing entrepreneurial culture with robust risk management frameworks

8.8
8.8
8.7

Background

Nomura is a global financial services group headquartered in Tokyo, with a significant presence in Asia, Europe, and the Americas. In our view, Nomura's entrepreneurial culture is central to achieving their business objectives but their approach to risk management and cultural alignment appears more reactive than strategic. While they have implemented comprehensive control frameworks - including dual employee rating systems, conduct committees, and enhanced monitoring - there is less evidence of fundamental cultural transformation that would prevent future issues. The emphasis on monitoring and compliance, while necessary, suggests they are still working to find the right balance between their entrepreneurial DNA and robust risk management, particularly following recent cybersecurity incidents. We met with them to discuss their culture and risk management.

Action

The company has implemented a dual rating system for employees combining performance and ELCC (Ethics, Leadership, Conduct and Compliance) ratings from A-E, with low ratings negatively impacting compensation and promotion. They've enhanced hiring practices with specific conduct/compliance questionnaires and strengthened first-line supervision following previous conduct incidents. Regarding the recent cybersecurity incident, Nomura's online brokerage accounts were compromised through sophisticated phishing attacks (the company has since made two-factor authentication mandatory). While initially resistant to compensation for customer losses, they are now working with the Japanese Securities Dealers Association to determine appropriate remediation.

Verdict

While Nomura has made substantial improvements in their risk management frameworks, we would welcome more concrete evidence that their risk mitigation culture has changed. While structural elements exist (eg whistleblowing channels or conduct reviews), there is limited evidence that these are creating lasting behavioural change, particularly in high-risk areas like wealth management which had previous issues. The key challenge remains integrating risk and compliance frameworks into their entrepreneurial culture in a way that feels authentic rather than imposed. If they continue to demonstrate consistency and operate without further incidents whilst showing sustained adherence to their improve risk frameworks, we may review our verdict.

Company: Pfizer Inc

Mailing Country: United States

Sector: Health Care

Priority Company: ✓

ESG Risk Rating:

Response to Prior Engagement: Adequate

Theme: Corporate Governance

Engagement Case Study Name: Navigating compensation and board diversity during strategic transition

SDG:

5.5

12.2

Background

Pfizer is one of the world's largest pharmaceutical companies, with global operations in over 125 countries. The company's compensation committee made significant modifications to incycle Long-Term Incentive (LTI) awards in July 2024, extending vesting periods and performance periods for Performance Share Awards (PSAs) and 5-year Total Shareholder Return Units (TSRUs) by two years. These modifications affected approximately 9,000 employees and were implemented after zero payouts of 2021 performance shares and 2019 TSRUs. The changes were particularly notable as they occurred amid challenging market conditions and strategic repositioning. Additionally, the company's board gender diversity declined from 30% to 18% following Helen Hobbs' retirement, raising concerns about board composition and succession planning.

Action

We engaged with Pfizer to understand more. The company explained that the compensation modifications were necessary to address retention challenges, as they were seeing issues with zero payouts affecting multiple award cycles. The changes were made after two awards paid out at zero, with expectations that 2022 and 2023 awards would also likely settle at zero without intervention. To strengthen board composition, two male directors with financial expertise were added, though the company acknowledges the gender diversity gap created by these appointments.

Verdict

While Pfizer's compensation modifications represent an unusual step in adjusting in-cycle awards, the company provided clear rationale linked to retention challenges and business circumstances. However, the decline in board gender diversity remains a concern that requires attention in future appointments, while keeping the required skills mix in mind. Continued monitoring of both compensation practices and board diversity will be important for ensuring long-term governance effectiveness.

Company: Smurfit WestRock PLC

Mailing Country: Ireland

Sector: Materials

Priority Company: ✓

ESG Risk Rating:

Response to Prior Engagement:

Theme: Climate Change, Environmental Stewardship

Engagement Case Study Name: Progress on sustainability integration post-merger while addressing disclosure

SDG: 15.5 13 88 13.2

Background

Smurfit Westrock is one of the world's largest paper-based packaging manufacturers. The company continues to show signs of improving the quality of legacy Westrock assets. The rationalization of the portfolio is positive from both a financial and sustainability perspective, with less efficient, older, and more emitting assets being divested. The company continues to see good internal rate of return from decarbonization projects, and customer demand for sustainable packaging shows no signs of slowing down. The company focuses on decarbonization projects that have a clear business case. Major structural changes include closure of facilities in the US (500,000 tons of containerboard capacity reduction), Mexico, and Netherlands (total c600,000 tons) - this helps reduce emissions on an absolute basis, and should be supportive of EVIC carbon intensity coming down.

Action

We engaged with the Head of Sustainability to discuss progress in integrating sustainability across both legacy businesses. The company expects to publish new sustainability targets by the end of 2024, including a new SBTi verified climate target. The integration of sustainability data systems is ongoing, with challenges around different metrics between legacy companies. Their climate scenario analysis project commenced in 2024 across all sites, with additional climate risk modelling expected in 2025. Smurfit is working with a consultancy to combine physical risks with a Natural Catastrophe overview to quantify risk increase, and use it to understand the payback period for adaptation actions. Smurfit is also working on water risk assessment using the Aqueduct tool combined with weather research and forecasting models, with plans to extend this to all Westrock mills. They are aiming to develop TNFD disclosures in 2026 to report in 2027, with 2025 focused on combining data systems and developing company-wide sustainability targets.

Verdict

While Smurfit is making progress in integrating sustainability, some areas require continued monitoring. The company has demonstrated meaningful progress in addressing both product safety and supply chain challenges, though economic constraints continue to influence the pace of decarbonization in the US market. Their approach to sustainability reporting shows promise, with plans for combined TCFD/TNFD reporting. We will continue to monitor the development of their TNFD disclosures and the implementation of their combined sustainability targets.

Appendix





































SDG	Target	Target Summary	
SDG2	2.1	End hunger and ensure access to safe and nutritious food	
SDG2	2.2	End all forms of malnutrition, particularly for children and women	
SDG2	2.4	mplement climate-resilient and sustainable food production	
■ SDG3	3.8	Access to medicines and health-care	
SDG5	5.1	End all forms of discrimination against women and girls	
■ SDG5	5.5	Ensure full equality of opportunity for women, including at leadership levels	
SDG6	6.3	Improve water quality by reducing pollution	
■ SDG6	6.4	Increase water-use efficiency to address water scarcity	
SDG7	7.2	Substantially increase the global share of renewable energy	
SDG7	7.3	Double the global rate of improvement in energy efficiency	
■ SDG8	8.2	Achieve greater productivity through innovation.	
■ SDG8	8.5	Achieve full and productive employment for all	
■ SDG8	8.8	Protect and promote safe working environments for all workers	
SDG9	9.4	Upgrade and retrofit industries to increase sustainability	
■ SDG10	10.2	Empower and promote inclusivity for all	
SDG12	12.2	Sustainably manage and make efficient use of natural resources	
SDG12	12.4	Manage chemical usage and waste throughout their life cycle	
SDG12	12.5	Reduce waste through prevention, reduction, recycling and reuse	
SDG12	12.6	Encourage companies to adopt sustainable practices and enhance ESG reporting	
■ SDG13	13.1	Strengthen adaptive capacity to climate-related events	
■ SDG13	13.2	Integrate climate change plans into policies and strategies	
SDG15	15.2	Promote the implementation of sustainable management of forests	
■ SDG16	16.6	Develop effective, accountable and transparent institutions	

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Quarterly Engagement Report

April-June 2025



Collaboration in Asia • Water Stewardship in the Mining Sector • Energy Suppliers



Councillor Doug McMurdo meets Taiwan's Deputy Secretary-General to the President

COLLABORATION IN ASIA

LAPFF is a member of Asia Research and Engagement (ARE), an organisation that facilitates investor engagement and research on climate, governance, and sustainability in Asia. As a member of ARE, LAPFF had the opportunity to participate in the 'Taiwan in the World: Sustainability Breakthrough & Responsible Investment Dialogue' conference, hosted in Taipei, Taiwan, in April 2025. The conference facilitated engagement with some of LAPFF's most significant investee companies in the region as well as provided insights into Taiwan's sustainability landscape. The trip included direct engagements with several Taiwanese companies and organisations across the energy, semiconductor, and finance sectors.

Taiwan is undergoing a major transition towards a lower-carbon economy.

In 2023, the government passed the Climate Change Response Act, setting a legally binding 2050 net zero target and introducing measures such as a carbon fee and mandatory ESG disclosures for all listed companies by 2025. Ambitious targets have been set to phase out coal and increase renewables to 30% of the energy mix by 2030, supported by significant investment in grid resilience and energy storage. Taiwan now ranks among the global leaders in offshore wind capacity and is expanding solar and battery storage rapidly. However, challenges remain, particularly around grid bottlenecks, energy security, and ensuring sufficient renewable capacity to meet the soaring demand from Taiwan's critical high-tech sectors.

Regulatory momentum on ESG reporting and green finance is also building. The Financial Supervisory Commission has introduced climate risk disclosure guidelines for banks, and a growing sustainable bond market is helping to finance clean energy projects. However, Page 228

issues with data quality, Scope 3 emissions reporting, and capacity constraints in auditing ESG data remain common.

LAPFF had the opportunity to engage with Hon Hai Precision (aka Foxconn), and Vanguard International Semiconductor (VIS) while in Taipei.

Foxconn, one of the world's largest electronics manufacturers, is a significant employer and a critical player in global technology supply chains. The company has faced scrutiny over labour issues in its Chinese factories but remains central to Taiwan's economy.

LAPFF delegates met with Foxconn's Chief Human Resources Officer at the company's Taipei headquarters. Discussions focused on Foxconn's transformation into a technology platform provider, with strategic focuses including AI, electric vehicles, and digital health. The company shared its ESG strategy, which is overseen by a board-level committee and underpinned by 32 targets to 2035, alongside a commitment to use 100% renewable electricity and Science Based

Targets initiative (SBTi) commitments.

Delegates raised questions regarding board independence, labour standards across supply chains, and ESG-linked remuneration. Foxconn outlined ongoing governance reforms, including a rotating CEO system and enhanced board-level engagement on sustainability. Delegates also discussed the company's global production shifts and its efforts to improve supply chain transparency and labour practices.

Vanguard International Semiconductor (VIS) is a major Taiwanese semiconductor foundry, producing power management and energy-efficient technologies for sectors including consumer electronics and electric vehicles.

In the meeting with VIS, delegates questioned how the company is managing climate-related risks and driving sustainability within its operations and value chain. VIS has committed to net zero by 2050, with interim targets of a 45% reduction in GHG emissions by 2030 and full RE100 alignment by 2040.

VIS acknowledged challenges in accessing local renewable energy and managing rising energy costs but reiterated its commitments. On Scope 3 emissions, VIS shared plans to enhance supplier engagement and verification processes, while also addressing water risk through recycling and efficiency investments in response to Taiwan's growing exposure to drought events.

LAPFF's week in Taiwan laid the foundation for a meeting with Taiwan Semiconductor Manufacturing Co (TSMC) after the conclusion of the ARE conference. TSMC is Taiwan's largest listed company and the world's largest producer of semiconductors. It is also one of LAPFF's most widely held companies. Semiconductors are essential to the global economy, powering everything from smartphones and data centres to electric vehicles and renewable energy systems. They underpin modern communications, automation, and medical technologies. As digitalisation and electrification accelerate, semiconductors are increasingly critical for enabling innovation, driving economic growth, and supporting the net zero transition.

In the meeting with TSMC, the company reaffirmed its targets of sorucing 60% of its energy from renewable sources by 2030 and 100% by 2040 for global operations. It remains Taiwan's



Councillor McMurdo speaks about LAPFF's engagement with banks in Europe

largest driver of renewable energy market development and a critical advocate for accelerating national deployment.

TSMC representatives expressed confidence in the government delivering sufficient renewable energy supply but were less forthcoming on how intermittency, grid inertia, and market structure challenges will be addressed.

On Scope 3 emissions, TSMC has raised its supplier target to a 50% reduction by 2030, with 50 key suppliers now committed to RE100 (or RE85 in Taiwan). While progress is evident, LAPFF sees further engagement potential to push for deeper transparency and broader supplier coverage, given TSMC's vast supply chain footprint.

Water risk was also discussed, with TSMC targeting a 60% recycled water replacement rate by 2030 following major investments after the drought and islandwide water shortage Taiwan suffered in early 2023. Governance disclosures and ESG accountability at the board level show progress, but room remains to strengthen board ownership and transparency on ESG linked compensation.

As part of the Forum's engagement with ARE, this quarter LAPFF also joined a meeting with Bank Rakyat Indonesia (BRI). LAPFF focused questions on the bank's climate strategy, particularly its net zero by 2050 commitment. LAPFF sought midterm 2030 targets for finance emissions and requested clarification on $\begin{array}{c} Page \ 229 \end{array}$

how additional sectoral decarbonisation pathways would be prioritised beyond the existing four (pulp & paper, commercial real estate, power generation, and project

LAPFF also probed the company's oil & gas financing policy, querying whether restrictions on non-conventional oil and gas would extend to full exclusion. Additional questions addressed BRI's approach to coal financing, SME lending emissions and its engagement with highemitting clients.

LAPFF's collaborative work in Asia has proven successful. The Taiwan in the World: Sustainability Breakthrough & Responsible Investment Dialogue' conference, and the accompanying in-person meetings, have given the Forum multiple opportunities to engage key players in a variety of sectors relative to the energy transition in APAC. The finance sector has been a key area where LAPFF has seen improvements, with financial institutions across Asia broadly setting more stringent targets for their financed emissions and building out their climate strategies in more depth. Despite major advances, some companies remain limited by regulatory constrains from either local government, or the governments of the regions in which they are investing. The region represents both a sizeable share of LAPFF holdings and a strategic focus area for deeper continued engagement.

WATER STEWARDSHIP: MINING SECTOR

Objective: Water scarcity is emerging as one of the most pressing global challenges, with the World Economic Forum's Global Risks Report 2025 listing "natural resource shortages" (which includes freshwater scarcity) among the most severe risks for the next ten years. Separately, the United Nations warns that the world could face a 40% shortfall in water supply by 2030, driven by population growth, climate change, and unsustainable consumption. In this context, water stewardship has become a critical aspect of responsible business, particularly for sectors, such as mining and agriculture, which operate in water-intensive and water-stressed environments.

Effective water stewardship involves not only reducing consumption and preventing pollution, but also understanding and managing water-related risks, impacts, and dependencies. LAPFF, investor groups and stakeholders alike, are increasingly calling for companies to demonstrate robust water governance, water transparency, and alignment with global frameworks such as Sustainable Development Goal 6 (Clean Water and Sanitation) and the Valuing Water Finance Initiative (VWFI) principles, of which LAPFF is a signatory.

LAPFF encourages mining companies to integrate comprehensive water stewardship and human rights due diligence into their corporate strategies and risk management frameworks. In Q2, LAPFF engaged with mining companies, Glencore, Antofagasta and Anglo American, companies with which the Forum have a long history of dialogue. Discussions centred on each company's water stewardship practices, including the energy requirements for sustainable water management, and the prevalence of community water-related issues at mining operations.

Glencore

Achieved: LAPFF continued its engagement with Glencore on the topic of water, which was raised last in a 2023 meeting with the company's Chair,

Mr Kalidas Madhavpeddi. Since 2023, Glencore has made moderate progress in its water stewardship activities. The company has advanced its understanding and monitoring of water-related risks through the implementation of a Geographic Information System (GIS) that integrates over 50 data layers to more effectively track water quantity and quality. The company has also begun integrating external frameworks such as the Taskforce on Nature-related Financial Disclosures (TNFD)'s LEAP Approach (Locate, Evaluate, Assess, Prepare) to conduct site-specific water assessments and identify gaps in nature monitoring and maintenance across its operations. While independent water assessments are still developing, the company has introduced participatory water monitoring involving local communities in several areas. The full scope and impact of these projects is not yet clear. As such, LAPFF will be following the development and progress of these initiatives.

Engagement with Glencore highlighted that the company is improving its understanding of climate and nature-related risks, aided by technologies and tools like Google Earth and permit mapping. Yet,



Sora Molino area, in the vicinity of Porco, Bolivia. This area is deserted by its inhabitants because of the lack of water and the environmental contamination linked to the mining activities to the mining activities of Work in cooperative mining in Cerro de Porco, PotosÃ-, dependent on the company Illapa, the same supervision of the Glencore group

problems including legacy issues, shifting mine boundaries, and overlapping with sensitive areas continue to pose significant risks. The company highlighted its internal audits and whistleblower mechanisms that help enforce nature policy compliance. They noted the company is also making long-term investments, such as a joint desalination project with Anglo American, to ensure water availability in stressed regions. It is important to note, however, that these initiatives are still in early stages.

In Progress: Despite many advances, several key aspects of the company's water stewardship approach remain under development. LAPFF notes that group-level water targets and consistent historical data are still lacking. Both are essential for consistent benchmarking and accountability across its global operations. While Glencore's decentralised approach allows for context-specific water strategies, the lack of a global standard across jurisdictions may hinder consistent implementation, particularly in aligning with global frameworks such as Sustainable Development Goal (SDG) 6 - Clean Water and Sanitation, and the Valuing Water Finance Initiative (VWFI) principles and expectations. and the Valuing Water Finance Initiative principles.

While the adoption of the TNFD LEAP framework and participatory community monitoring represent positive steps, comprehensive and independent water assessments at mine sites are still evolving and not yet implemented universally. Through the engagement, the company acknowledged an increase in fines related to water issues in 2024, although it attributes this increase primarily to historic problems and incidents which have since been rectified.

LAPFF will continue to engage with Glencore on these issues and welcomes the scheduled meeting with Chair, Kalidas Madhavpeddi in London in October to further discuss governance and sustainability oversight.

Antofagasta

Achieved: LAPFF met with Iván Arriagada, CEO of Chilean mining company Antofagasta, who outlined the steps the group has taken to

incorporate water sustainability into its operations. The discussion highlighted the critical role of copper (Antofagasta's primary mined raw material) in the global energy transition, as well as the group's awareness of the environmental challenges associated with operating in Chile's desert regions, some of the driest areas on Earth.

A key development has been the increased use of seawater (as opposed to freshwater) in its mining processes, the result of increased desalination capacity. Some of Antofagasta's operations now report using up to 90% seawater, reducing reliance on freshwater sources. At its Zaldívar mine, Antofagasta has stated its intention to fully transition to seawater or recycled water by 2028. The company is also investing in infrastructure to support this shift, including the expansion of a desalination plant at its Los Pelambres mine. This is expected to meet 90% of the site's water requirements.

Given the energy intensity of desalination processes associated with seawater use, LAPFF questioned the impact of increasing desalination on the company's decarbonisation strategy. Antofagasta detailed that while Chile's national grid is approximately 67% powered by renewable energy, the company's own operations run on 99% renewable energy. This higher percentage is the result of Antofagasta's energy procurement strategy, which involves securing long-term power purchase agreements specifically tied to renewable energy sources. These contracts effectively ensure that the electricity supplied to its operations comes predominantly from renewable generation, even though the overall grid mix includes non-renewable sources. Mr Arriagada highlighted that Chile's strong renewables market puts Antofagasta in an advantageous position to secure cheap clean power and avoid fossil fuel risks.

Antofagasta has also adopted the use of thickened tailings (meaning tailings that are made up of up to 65% solids) which supports water recovery efforts and helps to reduce evaporation.

In Progress: While Antofagasta has made certain advancements in its water stewardship practices, LAPFF identified areas where further development and clarity would be beneficial. In the meeting, the company referred to a dedicated water stewardship unit which Page 231 oversees group-wide water efficiency and recirculation efforts. However, there is limited publicly available information detailing this units structure, scope of responsibilities, or reported outcomes. LAPFF would like to see greater transparency in this area as a means of supporting a more complete assessment of governance and accountability practices. In relation to water impact assessments, Antofagasta has not yet provided detailed disclosures outlining the methodology of its evaluations. LAPFF will continue to engage with Antofagasta as it continues to develop its water management approach and move towards its targets.

Anglo American

Achieved: LAPFF has engaged extensively with Anglo American since 2019, particularly concerning human rights and the company's environmental performance. Anglo American has made tangible progress in managing its freshwater use, notably through the development of desalination infrastructure at its Los Bronces mine in Chile. Engagement with the company highlighted this initiative as central to the company's target to reduce freshwater extraction by 50% by 2030, using a 2015 baseline. LAPFF notes the company has currently achieved a 27% reduction.

In response to LAPFF's concerns about the absence of short-term targets, Anglo American confirmed that interim water-related goals are embedded within executive remuneration structures and disclosed through remuneration reporting, reflecting a degree of internal accountability. LAPFF also raised questions regarding regulatory findings at Los Bronces, where seepage from the Donoso waste-rock dump and the Las Tórtolas tailings facility triggered contamination concerns. Anglo American acknowledged this as a common issue in mining operations. It was explained that although the company had agreed to implement dilution wells to mitigate the impact of seepage, it missed key milestones in the system's rollout. This resulted in a notification of non-compliance by the regulatory body in Chile. The company must now file a revised remediation plan or face fines of up to CLP 17 billion (about US \$17 million/£13 million). It notes that at another tailing dam, the El Torito

tailings dam in Chile, it is already using hydrogeological modelling and a seepage interception system. It also has additional measures to dilute residual sulphate to keep downstream concentrations within limits.

Anglo American highlighted its commitment to nature and its goal to achieve a net-positive impact on nature by 2030. However, the company acknowledged and spoke at length about the challenges in measuring nature-related impacts and noted that its reporting in this area remains largely narrative rather than quantitative to capture the full extent of the work being done. Similar to peers such as Glencore and Antofagasta, Anglo American is adopting the TNFD LEAP framework and was one of the pilot companies for the framework through its Kumba Iron Ore subsidiary.

In Progress: LAPFF continues to urge Anglo American to provide clearer disclosure of its water-risk mapping and assessment methods. The Forum will watch closely as the company revises and implements the Los Bronces seepage-remediation plan, with the key aim of preventing further pollution and avoiding the potential £13 million fine. LAPFF will also be reviewing the future freshwater-reduction milestones within remuneration reports to assess progress toward the 50% target. It will also monitor the rollout of qualitative and quantitative nature-related metrics.

Freeport-McMoRan

Achieved: In its meeting with Freeport-McMoRan (FCX), LAPFF raised concerns around target-setting, environmental practices, and executive governance.

While the Forum welcomed FCX's detailed reporting, it questioned the lack of clear, global metrics, particularly on water stewardship, environmental impact, and human rights. LAPFF stressed the need for consistent, measurable targets at the corporate level to enable accountability and alignment with long-term investor expectations. FCX acknowledged the importance of such metrics but highlighted challenges in setting global targets due to the diversity of operational contexts, emphasising instead the use of site-specific objectives. The company noted it is actively exploring how to develop meaningful and achievable global targets.

The meeting also focused on environmental concerns surrounding tailings management at the Grasberg mine in Papua, Indonesia. This mine is operated by PT Freeport Indonesia (PTFI), which is a joint venture between FCX and the Indonesian government. At this mine, the company uses riverine tailings disposal, discharging waste minerals directly into the Ajkwa River system. This is an internationally controversial tailing management practice which dumps as much as 200,000 tonnes of mine waste in the river daily, impacting downstream ecosystems and raising serious concerns from environmental groups, local communities, and human rights observers. The Forum raised questions about the environmental and human rights implications of this method. FCX responded that site-specific factors such as heavy rainfall, seismic risk, and terrain make conventional storage unsafe, and outlined ongoing community engagement, daily stakeholder interaction, and restoration efforts including mangrove replanting. The company also noted it has conducted a Human Rights Saliency Assessment and follows the Voluntary Principles.

On governance, LAPFF welcomed the formal separation of the CEO and Chair roles in 2024, with Kathleen Quirk appointed CEO and Richard Adkerson transitioning to a non-executive role. The Forum questioned the independence of a board member with 19 years of service, but FCX defended its approach, citing sector norms and the value of institutional knowledge and continuity.

The Forum also explored FCX's approach to water efficiency innovation, where the company is investing in metal leaching from existing stockpiles. This process significantly reduces water use compared to traditional mining and allows for the recovery of metals from already-extracted material, presenting a more sustainable operational model.

In Progress: The Forum encouraged FCX to consider how setting global targets that are adaptable to local contexts, could strengthen stakeholder confidence and enhance the credibility of its sustainability commitments. While FCX reiterated its preference for site-specific objectives, it acknowledged that the development of meaningful global targets remains under active consideration

remains under active consideration. Page 232

On environmental concerns, LAPFF and FCX have initiated dialogue on the use of riverine tailings disposal at its Grasberg mine in Indonesia. FCX explained that site-specific constraints make conventional tailings storage methods unsafe and unfeasible. LAPFF urged the company to continue exploring alternative disposal methods that better protect water systems and affected communities. FCX highlighted its ongoing local community engagement, regular environmental monitoring, and reforestation initiatives, including mangrove restoration.

The Forum also discussed FCX's investment in water-efficient innovation, particularly its use of metal leaching from existing stockpiles. This process allows for the recovery of metals from previously mined material while significantly reducing water usage compared to traditional mining. LAPFF recognised the potential of this operational model and will continue monitoring the company's progress across these key focus areas.

The Forum values continued transparency and meaningful action and will maintain ongoing engagement with FCX on the issues discussed.

ENERGY SUPPLIERS

Drax Group plc

Objective: Drax's Selby power station, in North Yorkshire is the UK's largest single emitter of carbon dioxide emissions. The plant generates electricity by burning wood pellets, called "biomass", sourced mainly from forests in North America.

LAPFF has monitored Drax for several years. Drawing on its own research and public reporting, the Forum believes the company's business model faces significant challenges. The main challenges among these are the company's reliance on renewable-energy subsidies worth over £500 million a year (more than the group's total pre-tax profit) which are due to expire in 2027. Government policy on any replacement support beyond 2027 has yet to be finalised, leaving a material uncertainty over future revenues.

The UK government's current position, which was set out during the 2 June 2025



Ruhr Oel petroleum refineries in Gelsenkirchen, Scholven, NRW, Germany

committee debate that approved new subsidy regulations, centres on an agreement under which Drax would generate only when the grid, and therefore consumers, genuinely need it. When renewable power is abundant, Drax will not generate, and consumers will benefit from cheaper wind and solar instead. That means that Drax will only be supported to operate less than half as often as it currently does.

The new deal would cut Drax's subsidy payments by half, trimming almost £6 from the average household bill and saving consumers about £170 million a year versus securing the same capacity from gas fired plants. It also imposes stricter sustainability requirements and establishes an independent adviser to keep biomass standards aligned with emerging science.

However, the government recognises the remaining concerns about the use of unabated biomass. The current proposed solution is not a long-term solution. The next time these decisions are made, in four years' time, there is the impression that the government does not want to be

left to face the same challenging circumstances. They therefore plan to carry out the necessary work to build strong and credible low-carbon alternatives, so that the government has improved options.

The question of "unabated" biomass remains critical. The government has not approved Drax's proposal to add bio-energy carbon capture and storage (BECCS), which would entail a fresh, 25-year subsidy and significant extra cost. Also, beyond carbon, other environmental concerns persist, notably the security of imported wood pellet supply and potential biodiversity impacts of pellet use.

Achieved: Since meeting with the Drax Senior Non-Executive Director in December 2024, LAPFF attended the Annual General Meeting on 1 May. The following question was asked by the LAPFF vice-chair Cllr Chapman:

"I note that the expenditure on carbon capture and storage has been halted. Also, Drax's role as a base load operator will change to dispatchable supply. My question is whether CCS can work on a dispatchable power plant, given the CCS Page 233

process will lag demand. i.e. CCS would need to still run when the plant is off."

The Chair answered that the agreement with the government for the subsidy extension to 2031 does not cover CCS. If CCS comes to fruition, it will be a different deal, and he stressed the need for capital discipline. The meeting was halted shortly afterwards due to internal demonstrators.

In Progress: Further to the AGM, LAPFF has been offered a follow-up meeting with the company. The issues concerning the post-2027 subsidy arrangements (which have been passed as secondary legislation) include transparency in sourcing and will be raised in the forthcoming meeting with the company

BP & Shell

Objective: Both BP and Shell have retreated from transition towards renewables. During continued engagement with Shell and BP, LAPFF's approach has remained to test oil and gas companies beyond claims of

decarbonisation based on existing business models, to challenge the viability of the current business. This expectation, based on LAPFF policy, is that the demand for hydrocarbons will be reduced in aggregate terms; and that demand will be met by the lowest cost producers.

Renewable power generation (especially solar) can operate on a decentralised and localised basis. Scale is not a necessity. Oil and gas production and distribution in contrast is highly centralised, and scale has been a necessity.

With there being no shortage of investment in renewables into, and then from, the power generation sector then there is arguably no need for capital gathering and investment to be intermediated by the large-scale oil and gas sector.

Renewable power is now a disruptive technology (capable of being delivered without subsidy). Russia's invasion of Ukraine has further sharpened the focus of governments and energy dependent businesses on renewables, reducing reliance on fossil fuels based on energy security and price volatility concerns. Decarbonisation incentives align with the established power generation sector, which is expanding renewable capacity and promoting electrification, through heat pumps, EVs and similar technologies, to lift electricity demand. These moves position renewables to compete even more effectively against fossil fuel power. The same cannot be said for the oil and gas sector, where investment in renewables means competing with itself the fossil fuel business.

There now seems to be inevitable shrinkage and consolidation in the oil and gas sector, not matched by growth from elsewhere. That supports the argument for rigorous Paris Aligned capital discipline and more cash returns - not buybacks - to shareholders instead. LAPFF has previously questioned the benefit of holding a larger proportion (the effect of buybacks) in an ex-growth sector that is in long-term retreat.

The "reset" of strategy by BP was more marked than that of Shell which didn't have a clear Paris aligned approach in its strategy to start with. The BP reset has not improved the share price of BP. Indeed, the relative performance of BP to Shell has got worse since the departure of the former CEO, Bernard Looney, and then again after the "reset".

There is now speculation in the

financial press that BP may be a takeover target for Shell.

Achieved Shell: LAPFF engaged with the Australasian Centre for Corporate Responsibility (ACCR) which tabled a shareholder resolution for the 2025 Shell AGM in conjunction with Brunel Pension Partnership, Greater Manchester Pension Fund and Merseyside Pension Fund. The resolution focused on the expansion of LNG as the implied demand/supply exceeds International Energy Authority (IEA) projections.

LAPFF issued an alert recommending support for the shareholder resolution. The resolution achieved more than 20% votes in support, which is significant for a shareholder led resolution.

Given that Shells response to the shareholder resolution referred to Liquid Natural Gas (which is methane, the most basic hydrocarbon), the LAPFF Chair attended the company's 2025 AGM to ask, "[if] each member of the board concur with the statement in the Notice of Annual Meeting that LNG, methane is a low-carbon fuel?" The answer given was not convincing, and LAPFF will explore this low-carbon claim with the company

In Progress Shell: LAPFF continues to challenge whether Carbon Capture and Storage (CCS) can be made to work as a line of business, given that the costs involved make it a last resort if cheaper substitute energy sources are not possible.

A closer look at aviation-fuel initiatives is warranted, particularly as Shell's preferred synthetic route captures CO2 from an external industrial source and, using a highly energy-intensive process, combines it with hydrogen to make a new hydrocarbon. Because carbon originates from fossil combustion and the process demands considerable energy, this pathway does little to advance a genuine net zero goal. That is merely using the same emission twice, whilst still resulting in an emission.

CCS has been given prominence for, among other things, gas (methane) for power, hydrogen for home heating, hydrogen for ammonia production and hydrogen for steel making. All of these have non-fossil hydrogen alternatives. It should be noted that CCS for coal was heavily promoted as a way of maintaining coal demand but never materialised with the phase out of coal on economic as well $\begin{array}{c} Page\ 234 \end{array}$ as emissions grounds. There is the same risk with gas.

Achieved BP: BP had been regarded as at the better end of the sector in recognising climate change as an issue but faces the same competitive and structural pressures set out above.

However, in February 2025 BP announced a "reset" which meant that it was abandoning key parts of its strategy of being an integrated energy company. BP announced it will be increasing production in oil and gas to between 2.3 million and 2.5 million barrels of oil equivalent a day by 2030 and raise spending to \$10 billion a year, about 20 per cent higher than previous levels.

LAPFF's policy of managed decline is all the more relevant given that engagement to date has not achieved positive outcomes. The issues with BP are now governance matters. LAPFF issued an alert which recommended a vote against the Chair, Helge Lund. As with Shell, the LAPFF alert was in line with a significant number of shareholders, and the result of the AGM was 24% of votes cast against the re-appointment of the Chair.

In Progress BP: The board's position now warrants scrutiny, given the significant departure from its previously adopted strategy. A request, in line with the Governance Code, has been made for a meeting with the BP Senior Non-Executive Director.

In progress both BP and Shell: LAPFF's policy has not been that all oil and gas companies should necessarily transition towards renewables, but that the sector needs to be in managed decline from fossil fuels. The managed decline is all the more relevant now as that is the only route to Paris Alignment.

Some investor approaches have been based on the assumption of a transition to renewables. It is becoming harder to see how that will be achieved at BP and Shell, LAPFF has offered that consolidation may be inevitable and that issue is now relevant in the case of BP and Shell. Some demand issues are also covered later in this report through the commentary on ArcelorMittal and steelmaking. Attention is also being given to executive remuneration, as both BP and Shell have been poor performers when financials are reviewed on a 20-year basis.



Italian fashion retailer Moncler

LUXURY GOODS

Moncler & LVMH Moët **Hennessy Louis Vuitton**

Objective: In 2024, LAPFF raised concerns that the luxury goods sector receives less scrutiny on human rights and supply chain management than high street apparel. A common misconception persists that higher prices guarantee better conditions and pay for workers, and therefore limited exposure to human rights risks for investors. Following initial engagements in 2024, LAPFF has pursued further dialogue to promote stronger risk management and proactive action. Prior to the European Commission's proposed Omnibus Package (announced 26 February 2025), LAPFF wrote to companies to underline the importance of maintaining high standards. The Forum remains committed to ensuring that regulatory changes do not weaken oversight of human rights in the luxury

sector. It continues to engage with brands as they adapt to an uncertain regulatory environment, pressing them to maintain robust human rights and supply chain standards and practices.

Achieved: During Q2 LAPFF met with LVMH Moët Hennessy Louis Vuitton (LVMH) and Moncler to discuss human rights risks in the respective supply chains.

LVMH has made notable improvements in both its practices and disclosures since LAPFF last met with the company in March 2024. This year marks the first time that LVMH has produced a Corporate Sustainability Reporting Directive (CSRD) compliant report, which it appeared keen to promote despite the current uncertainties surrounding the regulation amidst the EU's Omnibus Directive. The company significantly increased the number of audits it conducted over the past year. This appeared to follow the group's Dior subsidiary being placed under court administration in June 2024 following the uncovering of illegal working conditions at suppliers, $\begin{array}{c} \text{including staff lacking contracts and} \\ \text{Page 235} \end{array}$

proper accommodation.

Moncler had also made notable progress in its disclosures since LAPFF met the company in 2024. It too has published its first CSRD-aligned report alongside a first iteration of its key raw materials risk report, providing valuable insight into how Moncler is assessing risks for certain materials.

Both companies outlined the challenges associated with the CSRD. However, a key message from both engagements was that in undertaking the process, sustainability teams had gained wider benefits from working more closely with colleagues in different parts of the business, which had been necessary to complete the reports.

In Progress: LAPFF is continuing to monitor regulatory developments globally as uncertainty unfolds around specific pieces of legislation like the CSRD, and Corporate Sustainability Due Diligence Directive (CSDDD).

LAPFF was invited to provide feedback and insight into pieces of LVMH and Moncler's reporting, providing some

key information that the Forum would like to see in LVMH's standalone human rights policy. LAPFF recommended that LVMH's human rights policy include clear governance responsibilities signed by senior leadership, explicit commitments to international human rights frameworks including the UN Guiding Principles on Business and Human Rights (UNGPs) and International Labour Organisation (ILO) standards, and robust implementation processes, covering detail on risk identification, access to remedy, and meaningful engagement with affected stakeholders. LAPFF also emphasised transparency, urging the company to report openly on audit outcomes and how breaches in more detail than it currently does.

CAHRAS

Banks, Lockheed Martin, Safran and Leonardo, and the Oil & Gas Sector

Objective: LAPFF aims to drive improved corporate practices in conflictaffected and high-risk areas (CAHRAs), recognising these contexts pose acute human rights, legal, and reputational risks for companies and investors alike. Against a backdrop of rising global conflict, LAPFF seeks to engage companies to encourage heightened human rights due diligence (hHRDD), informed by the UN Guiding Principles on Business and Human Rights, and additional OECD guidance related to CAHRAs. The Forum also seeks greater transparency on how companies make decisions about operating in these areas, how they provide or contribute to remedy when harm occurs, and whether the company is undertaking a conflict analysis or not.

Achieved: The finance industry has particular exposure to CAHRAs but can also play a positive role. By providing capital, insurance, and financial services, the sector can help mitigate human rights abuse and the financing of conflict, directly or otherwise. LAPFF looked for a selection of financial institutions this quarter with the Forum's expectations for investee companies to conduct hHRDD to identify and manage risks linked to clients operating in CAHRAs.

LAPFF wrote to six banks ANZ (Australia & New Zealand Bank), Commonwealth Bank of Australia, Westpac, National Australia Bank, Bank of American Corporation, and BNP Paribas LAPFF sought to engage on how they were embedding conflict-sensitivity and hHRDD across their operations.

During the quarter, LAPFF met with Phoenix Group following letters sent to the FTSE100. The meeting stemmed from a letter that went to the FTSE100 in December 2024, requesting information on how companies were addressing risks associated with CAHRAs. Phoenix provided a detailed written response shortly after this and suggested that LAPFF meet with the company following the publication of its Sustainability and Stewardship reports. During the meeting with Phoenix, representatives laid out the Group's approach to human rights and stewardship, touching on how it was assessing conflict-related risks in its portfolio. Company representatives provided an overview of how new risks were assessed and gave details on the governance structures in place around these processes. Representatives also spoke about how the Group engages with its asset managers. LAPFF emphasised that given its position as a fellow asset owner, the Forum was looking for Phoenix to formally recognise CAHRAs as part of its stewardship strategy, policy direction, and in conversation with its asset managers.

Lockheed Martin

During the quarter LAPFF met with Lockheed Martin. The company faced shareholder resolutions regarding the alignment of political activities with its Human Rights Policy. The resolutions specifically focused on the impact of such activities on CAHRAs. During the engagement, the company discussed its relationship with the US government and other foreign governments, how sales are vetted and the company's position on lobbying. Representatives shared that the company had also undertaken a double materiality assessment over the past year, which LAPFF encouraged the company to publish in future reporting.

Safran & Leonardo

An investigation undertaken by FRANCE 24's Observers team in May 2025 raised concerns about a number of European defense companies' links to weapons transfers. These transfers came via the Emirati state-backed International Golden Group (ICG) with the potential for weapons to be re-exported in breach of arms embargoes. Among the five companies cited in the article are Safran and Leonardo, which are both widely held by LAPFF. LAPFF wrote to these companies seeking engagement to discuss the allegations, and the companies' due diligence processes, particularly around third-party end-users.

Written responses were received from Leonardo and Safran with both companies outlining their approaches to compliance with international trade laws, human rights standards, and national export controls. They emphasised the role of internal compliance programmes, risk assessments, and audit processes in mitigating these risks.

OIL & GAS SECTOR

The oil & gas sector faces significant human rights risks in CAHRAs including land rights violations, community displacement, complicity in violence, and potential indirect funding of armed militia groups amongst a host of other issues. Recognising these issues, LAPFF wrote to TotalEnergies, Eni, and Chevron. LAPFF has engaged TotalEnergies in the past on its presence in Myanmar and its exit from the country in 2022, where the military junta remain in power and civil unrest continues. TotalEnergies faces issues on current plans for an LNG project in Mozambique, which has been on hold since 2021 due to unrest and waves of violence, although has announced plans to restart the project in summer 2025. Chevron has exposure in the Niger Delta whilst Eni has business activities in Libya. LAPFF hopes to secure meetings with these companies in Q3.Tech Voting Alerts - Amazon, Alphabet & Meta

LAPFF has issued voting alerts on US technology companies since 2018, highlighting concerns across governance, climate, human rights, and broader ESG practices. These companies face a wide array of shareholder resolutions

each year, spanning one-share one-vote rights, content governance, public health impacts, and increasingly, artificial intelligence and data ethics. LAPFF issued alerts for three key tech companies, recommending support for the vast majority of shareholder proposals, and shared these alerts with the companies, which did not provide substantive responses. Looking ahead, LAPFF will continue to issue voting alerts and seek further engagement.

STEELMAKING

ArcelorMittal

Objective: ArcelorMittal is a Luxembourg headquartered steelmaker and is the second largest globally. Conventional steel production is a significant emitter of carbon dioxide. Steel (iron) requires removing oxygen (reduction) from the ore, iron oxide. Blast furnaces use coke (a coal-derived fuel) as the reducing agent, which causes CO2 emissions.

There is no commercial-scale model for capturing CO₂ emissions from a steel blast furnace. But there is an alternative reducing agent, hydrogen, which releases the oxygen of the oxide as water. The issue regarding net zero and steelmaking is the source of hydrogen. Hydrogen is often classified by "colour" to indicate its carbon footprint. "Grey" is hydrogen from methane without capture of CO₂ emissions. "Blue" is hydrogen from methane with capture of CO₂ emissions. "Green" is hydrogen from the electrolysis of water, using electricity from renewable sources.

Steel can also be made by recycling scrap, such as rail lines, ships, pipes and demolished buildings, using electric-arc furnaces (EAFs). In this route, the main variable is the carbon intensity of electricity that powers the furnaces. There is also variance in the quality of the steel that is produced.

LAPFF's approach to decarbonisation has been to deal with other disadvantages with fossil fuels, such as price volatility and geopolitical risk.

Achieved: LAPFF has engaged with ArcelorMittal for several years and most recently met with the Arcelor in June 2025. The Forum noted a significant

change in approach. There is now less emphasis on carbon-dependent processes and more on disruptive technologies. A reason given was the high cost of gas prices since the invasion of Ukraine. Also, there is demand for low-carbon products in supply chains, such as for railways.

LAPFF heard that there is pressure for fast progress on short-term 2030 targets. LAPFF is increasingly of the view that decarbonisation of the steel industry can be achieved by changes with an appropriate long-term view. Hence, a short-term approach, which is appropriate for different industries, may not apply for steel. What is apparent is that cheaper electricity costs are required and desired. In France/Belgium, a deal has been struck with EDF for French nuclear-powered electricity.

In Progress: ArcelorMittal outlined its decarbonisation pathway, but critical timing gaps remain. CA100+ recently flagged the absence of a published Just Transition plan. The company says internal workforce roadmaps are in place, at Dunkirk, for example, every employee is slated either for an EAF role or retirement, and local consultations have begun. However, it still offers no public timetable for releasing a Just Transition strategy or for replacing blast furnaces with EAFs. LAPFF will continue to press for clear timelines, fuller disclosure of community-engagement outcomes, and transparency on electricity sourcing and costs. At the July LAPFF business meeting, a report will be presented on electricity costs related to the transition.

Executive Pay

Objective: In response to recent disclosures of significant increases in CEO and top executive pay among widely held LAPFF companies, the Forum initiated a series of engagements to scrutinise the basis for high levels of executive compensation. These dialogues were aimed at better understanding how the revised executive pay structures of these companies align with long-term corporate performance goals and the treatment of the broader workforce, particularly in light of the ongoing cost of living crisis.

LAPFF also sought clarity on how companies are addressing shareholder concerns surrounding pay fairness, value Page 237 creation, and transparency. Consistent with its approach to promoting long-term shareholder value and predictable cost structures, LAPFF advocates for executive remuneration models that emphasise fair and appropriate base salaries, restrict variable pay to instances of exceptional performance, and phase out complex long-term incentive plans in favour of simplified, profit-linked bonus pools.

Standard Chartered

Achieved: LAPFF met with Standard Chartered to discuss the proposed boost to its chief executive's pay. The proposed package could reward the CEO £13.1m. The company is seeking to overhaul its compensation plan following the UK regulator scrapping a long-standing cap on bonuses. Since 2014, an EU bonus cap for bankers has been in place which had limited bonus pay to twice fixed salary, this was in response to the 2008 global financial crisis.

Standard Chartered defended the increase in executive payouts by citing the broader peer group, a limited pool of leaders with appropriate expertise, and a deliberate shift towards performancelinked remuneration. While acknowledging the lack of a perfect benchmark, the bank stated it had consulted over half of its shareholder register, including proxy advisers, and received broad support. Company representatives pointed to two scorecard (short- and long-term) used to govern awards and emphasised that full payouts are rare. They also noted that the compensation package included malus and clawback provisions, substantial shareholding requirements, and target related to Scope 1-3 emissions and sustainable finance.

LAPFF expressed its reservations and raised concerns over quantum of award, an over-reliance on relative LTIP metrics, and the widening of the CEO-to-employee pay ratio. The Forum also cautioned that Standard Chartered's incentive package might set a new benchmark and push executive pay higher across the sector.

In Progress: LAPFF continues to express reservations and will continue to engage a monitor Standard Chartered's approach to executive conversation.

Intercontinental Hotels Group (IHG)

Achieved: InterContinental Hotels Group (IHG) proposed a new pay plan that could almost triple its CEO's total remuneration to £20.6 million in 2025. Company representatives told LAPFF, the Remuneration Committee's proposal won unanimous board approval after months of shareholder consultation and now reflects roughly 85% of the original proposal. The revised scheme significantly increases both fixed and variable pay for the CEO.

IHG explained that these increases are designed to bring executive pay in line with global competitors, noting that while IHG ranks among the top three hotel groups globally in terms of scale, it sits around eighth when benchmarked on executive compensation. The company framed this shift as a "catch-up" measure rather than a forward leap, positioning itself closer to the mid-market in terms of branding but acknowledging the need to compete globally for senior talent.

Although the pay review in question centred on the CEO and CFO, IHG explained that broader considerations, such as succession planning and executive pipeline development are also part of the long-term vision. Internally, the company has implemented mechanisms such as "Voice of the Employee" meetings to discuss sensitive topics, including pay, and has stated its commitment to paying the Real Living Wage at properties it manages directly.

In Progress: LAPFF expressed it scepticism about the effectiveness of variable pay and shareholding requirements as tools for retention in isolation. This particularly the case in the US market, which IHG positions itself within, where buy-out offers are common and can undermine retention incentives. Although IHG claims a long-term approach is built into the plan through vesting and holding periods, the timing and magnitude of the changes may be perceived by some stakeholders as abrupt. The company has acknowledged the difficulty of retaining high-performing executives in a global market, but whether this justifies the scale of proposed compensation is subject to debate. Regarding the consultation with employees and shareholders, it is unclear how much influence these channels have on top-level pay decisions. While IHG points to broader rewards including pensions, bonuses and wellbeing programmes, the relevance of these to the growing disparity in executive pay remains uncertain.

LAPFF will continue to scrutinise and question whether abruptly revamped pay package, such as IHGs and Standard Chartered, truly matches long-term company strategy or stakeholder expectations.

HOUSEBUILDERS

Taylor Wimpey

Objective: This quarter, LAPFF furthered its engagement with the UK's largest housebuilders on climate-transition planning. The Forum's dialogue with housebuilders aims to encourage the adoption of Paris-aligned targets, the publication of credible roadmaps to net zero homes, collaboration with suppliers to reduce embodied carbon, and the advancement of low-carbon innovation.

LAPFF has maintained regular dialogue with housebuilders in recent years and notes growing frustration across the sector over the lack of clarity surrounding the forthcoming Future Homes Standard, which is still expected to be released later this year. Following the Q1 meeting with Persimmon, Barratt Developments, and Vistry. In Q2, the Forum met with Taylor Wimpey.

Achieved: LAPFF met with Robert Noel, Chair of Taylor Wimpey who outlined the company's decarbonisation and just transition developments. The company has cut its absolute emissions by 47% since 2019 and is the only UK housebuilder to reach the Carbon Trust's "Route to Net Zero - Advancing Level" in

The company has introduced new water protocols, developed low-carbon construction methods, particularly in foundations, it has eliminated diesel use in operations and is supporting supply chain partners, particularly SMEs, to adopt sustainable practices. The company reaffirmed its commitment to reaching net zero operational emissions by 2035. Page~238

Taylor Wimpey has embedded this decarbonisation strategy across its governance structures, with full board alignment and engagement via employee forums. The company's just transition plan is outlined in its annual report, with an emphasis on supplier support and upskilling, particularly among SMEs. The company also demonstrated a willingness to reflect on stakeholder input, including a cautious approach to bringing its sustainability plan to a shareholder vote, due to the evolving political and investor landscape.

"At Taylor Wimpey it is our priority to run a business that is sustainable over the long-term. To remain sustainable, we need to operate in the interests of all of our stakeholders including Customers, Shareholders, Suppliers, Employees, and the Communities in which we operate." -Robert Noel, Chair of Taylor Wimpey.

In Progress: Despite this progress, key challenges remain. Taylor Wimpey, along with other housebuilders LAPFF engages with, continue to express frustration with the lack of clarity surrounding the forthcoming Future Homes Standard. It cites the lack of clarity is hampering the pace of target-setting and long-term planning.

Additionally, while Taylor Wimpey has made internal advances, including technology trials and community consultation, the company acknowledged that it is still testing solutions and has not yet identified a definitive pathway to zero-carbon homes. The company highlighted various factors including the energy grid that housebuilders are reliant on and noted that the industry is still learning. The offsetting strategy required for its 2035 net zero target also remains under development. Further scrutiny is needed on how performance indicators are tracked and disclosed, and how the strategy is communicated to investors.

LAPFF will also continue to monitor and follow how Taylor Wimpey advances its decarbonisation and just transition plans in practice, including homes and technology testing, contractor training, supply chain resilience, and equitable workforce adaptation, especially in the face of broader sectoral pressures such as skills shortages and energy-grid limitations.

COLLABORATIVE ENGAGEMENTS

COLLABORATIVE INVESTOR MEETINGS

Nature Action 100 – AbbVie & Pfizer

LAPFF continues to support Nature Action 100 (NA100), a global investor initiative that drives corporate action on nature-related risks and biodiversity loss. LAPFF has engaged multiple companies through the initiative since its inception in 2023.

During the quarter, LAPFF attended AbbVie's virtual AGM to ask the company to commit to assessing and disclosing its impacts and dependencies on nature. The business of the AGM was concluded in 13 minutes, with a further six minutes being

allocated for questions, in which time the one that LAPFF posed was not answered. AbbVie have followed up subsequently detailing briefly information found in its most recent ESG Action Report. LAPFF is currently undertaking an assessment of the company's latest report and will be following up to seek further engagement.

Pfizer is a company that has not yet been engaged through the initiative other than the initial letter that was sent by NA100 in 2023 laying out ambitions. LAPFF coordinated a letter, co-signed by other investors, that went to Pfizer. The letter sought a meeting to engage on the company's strategy around nature and biodiversity.

PRI Advance - Vale

In Q2, LAPFF led a quarterly investor call as part of the PRI Advance initiative to discuss ongoing engagement with mining company Vale. The call focused on clarifying responsibilities within the group and planning the next phase of engagement, including a letter to Vale to request a meeting on how the

company is collecting, managing and integrating employee and community feedback on its operations. Specifically, the group seeks further disclosure on the findings of Vale's latest Community Perception Survey (the second iteration of this community survey), disclosures on employee feedback channels and findings, and more information on how this feedback data is shaping board level insight and long-term stakeholder engagement strategies.

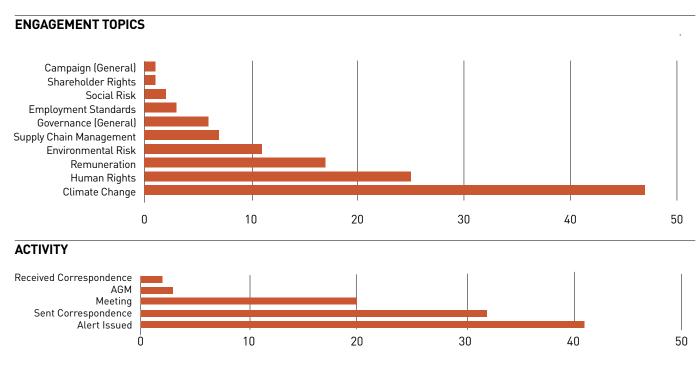
According to Vale's website, the 2024 Community Perception Survey engaged 1,500 more respondents than its first iteration and covered a broader range of communities. Public disclosures state that a total of 6,683 respondents across five Brazilian states participated, representing 221 communities; 168 classified as local and 53 as traditional (including quilombolas, coconut breakers, artisanal fishers, and geraizeiras). The PRI Advance group is particularly interested in further details on these findings and how the insights are being integrated into Vale's broader social strategy.

COMPANY PROGRESS REPORT

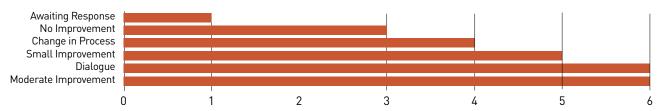
This dataset represents data taken from 'Meetings', 'AGMs' and 'Received Correspondence' only.

Company/Index	Activity	Торіс	Outcome
ABBVIE INC	AGM	Environmental Risk	No Improvement
ANGLO AMERICAN PLC	Meeting	Climate Change	Dialogue
ANTOFAGASTA PLC	Meeting	Climate Change	Moderate Improvement
ARCELORMITTAL SA	Meeting	Climate Change	Moderate Improvement
COMPAGNIE FINANCIERE RICHEMONT SA	Received Correspondence	Human Rights	Small Improvement
DANONE	Meeting	Social Risk	Small Improvement
DRAX GROUP PLC	AGM	Climate Change	Dialogue
FREEPORT-MCMORAN INC.	Meeting	Environmental Risk	Dialogue
GLENCORE PLC	Meeting	Climate Change	Moderate Improvement
HON HAI PRECISION INDUSTRY CO LTD	Meeting	Climate Change	Change in Process
INFINEON TECHNOLOGIES AG	Meeting	Remuneration	Awaiting Response
INTERCONTINENTAL HOTELS GROUP PLC	Meeting	Remuneration	Dialogue
LOCKHEED MARTIN CORPORATION	Meeting	Human Rights	Change in Process
LVMH (MOET HENNESSY - LOUIS VUITTON) SE	Meeting	Human Rights	Moderate Improvement
MARKS & SPENCER GROUP PLC	Meeting	Employment Standards	No Improvement
MONCLER SPA	Meeting	Human Rights	Moderate Improvement
PHOENIX GROUP HOLDINGS	Meeting	Human Rights	Small Improvement
PT BANK RAKYAT INDONESIA	Meeting	Climate Change	Change in Process
SHELL PLC	AGM	Climate Change	No Improvement
SHELL PLC	Meeting	Climate Change	Dialogue
STANDARD CHARTERED PLC	Meeting	Remuneration	Dialogue
TAIWAN SEMICONDUCTOR MFG CO	Meeting	Climate Change	Change in Process
TAYLOR WIMPEY PLC	Meeting	Climate Change	Moderate Improvement
VANGUARD INTL SEMICONDUCTOR	Meeting	Climate Change	Small Improvement
WESTPAC BANKING	Received Correspondence Page 239	Human Rights	Small Improvement

ENGAGEMENT DATA

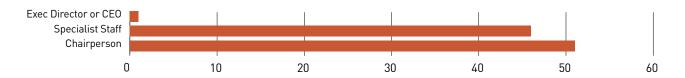


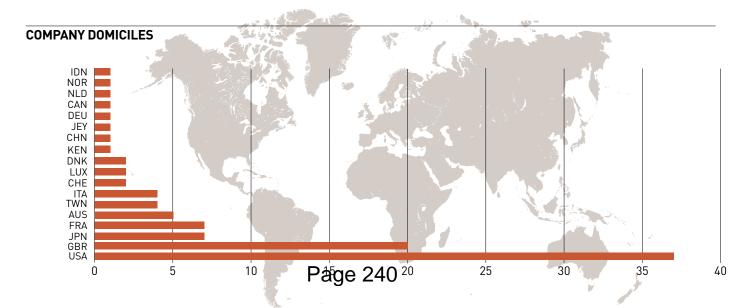
MEETING ENGAGEMENT OUTCOMES*



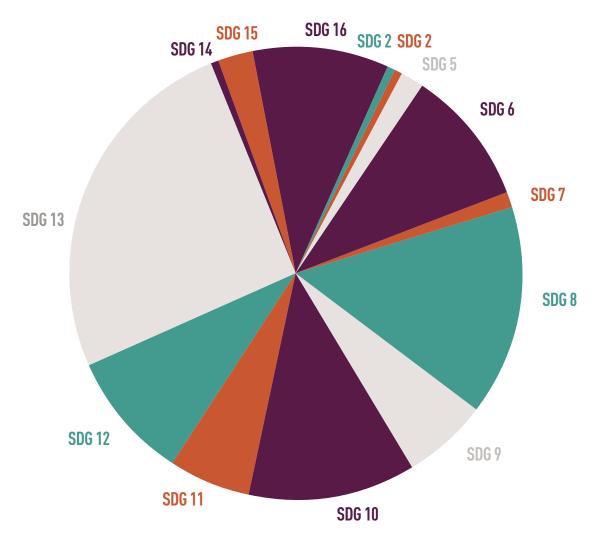
^{*}Outcomes data is taken from 'Meetings', 'AGMs' and 'Received Correspondence' only

POSITION ENGAGED





ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS	
SDG 1: No Poverty	0
SDG 2: Zero Hunger	1
SDG 3: Good Health and Well-Being	1
SDG 4: Quality Education	0
SDG 5: Gender Equality	3
SDG 6: Clean Water and Sanitation	16
SDG 7: Affordable and Clean Energy	2
SDG 8: Decent Work and Economic Growth	25
SDG 9: Industry, Innovation, and Infrastructure	10
SDG 10: Reduced Inequalities	20
SDG 11: Sustainable Cities and Communities	10
SDG12: Responsible Production and Consumption	15
SDG 13: Climate Action	43
SDG 14: Life Below Water	1
SDG 15: Life on Land	4
SDG 16: Peace, Justice, and Strong Institutions	16
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Avon Pension Fund

Barking and Dagenham Pension Fund

Barnet Pension Fund

Bedfordshire Pension Fund

Berkshire Pension Fund

Bexley (London Borough of)

Brent (London Borough of)

Cambridgeshire Pension Fund

Camden Pension Fund

Cardiff & Glamorgan Pension Fund

Cheshire Pension Fund

City of London Corporation Pension Fund

Clwyd Pension Fund (Flintshire CC)

Cornwall Pension Fund

Croydon Pension Fund

Cumbria Pension Fund

Derbyshire Pension Fund

Devon Pension Fund

Dorset Pension Fund

Durham Pension Fund

Dyfed Pension Fund

Ealing Pension Fund

East Riding Pension Fund

East Sussex Pension Fund

Enfield Pension Fund

Environment Agency Pension Fund

Essex Pension Fund

Falkirk Pension Fund

Gloucestershire Pension Fund

Greater Gwent Pension Fund

Greater Manchester Pension Fund

Greenwich Pension Fund

Gwynedd Pension Fund

Hackney Pension Fund

Hammersmith and Fulham Pension Fund

Haringey Pension Fund

Harrow Pension Fund

Havering Pension Fund

Hertfordshire Pension Fund

Hillingdon Pension Fund

Hounslow Pension Fund Isle of Wight Pension Fund

Islington Pension Fund

Kensington and Chelsea (Royal Borough of)

Kent Pension Fund

Kingston upon Thames Pension Fund

Lambeth Pension Fund

Lancashire County Pension Fund Leicestershire Pension Fund

Lewisham Pension Fund

Lincolnshire Pension Fund

London Pension Fund Authority

Lothian Pension Fund

Merseyside Pension Fund

Merton Pension Fund

Newham Pension Fund

Norfolk Pension Fund

North East Scotland Pension Fund

North Yorkshire Pension Fund

Northamptonshire Pension Fund

Nottinghamshire Pension Fund

Oxfordshire Pension Fund

Powys Pension Fund

Redbridge Pension Fund

Rhondda Cynon Taf Pension Fund

Scottish Borders Pension Fund

Shropshire Pension Fund

Somerset Pension Fund

South Yorkshire Pension Authority

Southwark Pension Fund

Staffordshire Pension Fund

Strathclyde Pension Fund

Suffolk Pension Fund

Surrey Pension Fund

Sutton Pension Fund

Swansea Pension Fund

Teesside Pension Fund

Tower Hamlets Pension Fund

Tyne and Wear Pension Fund

Waltham Forest Pension Fund

Wandsworth Borough Council Pension

Fund

Warwickshire Pension Fund

West Midlands Pension Fund

West Yorkshire Pension Fund

Westminster Pension Fund

Wiltshire Pension Fund

Worcestershire Pension Fund

Pool Company Members

ACCESS Pool

Border to Coast Pensions Partnership

LGPS Central

Local Pensions Partnership

London CIV

Northern LGPS

Wales Pension Partnership

Statement on Investments in Companies Operating in Conflict Affected High Risk Areas (CAHRAs)

Shropshire County Pension Fund ("the Fund") recognises its role as one of promoting best practice in responsible investment and stewardship (RI&S), which is consistent with seeking improved long-term investment returns. The Fund believes that responsible investment and the integration of environmental, social, and corporate governance (ESG) considerations into the investment process, accompanied by the effective stewardship of assets, provides the best long-term outcomes for the Fund's stakeholders and wider society. The Fund has produced an Annual Stewardship Report which goes into further detail on the work in this area. Shropshire County Pension Fund 2023.24 Annual Stewardship Report

LGPS Central Ltd (LGPSC) manage the majority of the Fund's assets (c74% at 31 March 2025) and work on behalf of the Fund to regularly scrutinise portfolios from a responsible investment, ESG, and risk management perspective. This begins during the investment manager selection process and continues through regular monitoring processes. All the investment managers appointed by LGPSC are required to integrate all relevant and material ESG considerations into their investment processes and are expected to make ESG risk informed investment decisions. LGPSC monitor and manage ESG risks further by engaging directly with portfolio companies that fall into one of their 4 key stewardship themes, which includes human rights.

From a human rights perspective, LGPSC expect all investee companies to comply with the United Nations Guiding Principles on Human Rights (UNGPs). The UNGPs prescribe human rights due diligence processes to identify, address and mitigate human rights including companies operating in conflict zones. This expectation is communicated in LGPSC's Responsible Investment & Stewardship Framework and Voting Principles, (LGPS-Central-RI&E-Framework-2024.pdf). In addition, LGPSC expects all companies which operate in any conflict zone to undertake heightened due diligence in the form of a human rights assessment.

LGPSC is a member of Investor Alliance for Human Rights and a signatory of the investor statement calling for Responsible Corporate Policy and Practices on Human Rights in Conflict-Affected and High-Risk Areas (Call for Responsible Corporate Policy and Practices on Human Rights in Conflict-Affected and High Risk Areas (CAHRA).

Shropshire Pension Fund and LGPSC are also members of the Local Authority Pension Fund Forum (LAPFF), which actively engages with companies on human rights risks that stem from operating in conflict zones, again expecting heightened human rights due diligence processes from those companies. LAPFF's has produced a public statement on the expectations it has of companies operating in conflict affected and high-risk areas (CAHRAs) Conflict-Affected and High-Risk Areas: LAPFF Engagement.

The Fund receives quarterly reports on stewardship activities carried out by LGPSC and LAPFF, including those with companies operating in CAHRAs. These are reported to the Pensions Committee quarterly in a Corporate Governance Monitoring Report. Browse meetings - Pensions Committee - Shropshire County Council.

To support the legality of the Fund's position, Nigel Giffin KC, has produced two recent opinions regarding LGPS investments. One covering the consideration of non-financial factors into LGPS investments in general (Updated legal opinion on fiduciary duty in the LGPS Jan 2025) and a

further one specifically covering the legality of investments around the Gaza conflict (<u>Counsel opinion on the LGPS and current events concerning Gaza Nov 24</u>).

The position regarding the LGPS remaining invested in companies operating in CAHRAs has been called into question in recent years. Whilst recognising the hardship for people living in these areas, for the reasons outlined above, the Fund believes that the effective stewardship of assets, provides the best long-term outcomes for stakeholders and society.



Pensions Committee Date 19 September 2025

Item

Public

Pensions Administration Monitoring Report

Responsible Officer:		Vicky Jenks		
email: <u>Vicky.jenks@shropshire.gov.u</u>		<u>ık</u> T	el:	01743 252192
Cabinet Member (Portfolio Holder):				

1. Synopsis

The report provides members with monitoring information on the performance of and issues affecting the pensions administration team.

2. Executive Summary

- 2.1. Detail is provided on team workloads and performance, and projects currently being undertaken, including valuation 2025, Annual Benefit Statements and Pension Dashboards.
- 2.2. Information is also included regarding regulatory changes and the work undertaken by the Scheme Advisory Board.

3. Recommendations

- 3.1. Members are asked to note the progress and completion of key activities from the business plan 2024-25 (Appendix B)
- 3.2. To note the progress of the Pension Dashboard implementation which is provided in the update report (Appendix C).

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Contact: Vicky Jenks 01743 252192

Report

4. Risk Assessment and Opportunities Appraisal

4.1. Risk Management

Performance is considered and monitored to ensure regulatory timescales and key performance indicators are adhered to. Administration risks are identified and managed and are reported to committee on an annual basis.

4.2. Human Rights Act Appraisal

The recommendations contained in this report are compatible with the Human Rights Act 1998.

4.3. Environmental Appraisal

There is no direct environmental, equalities or climate change consequences of this report.

5. Financial Implications

5.1. Managing team performance, collaborating with other administering authorities, and making best use of the technology that is available to use ensures costs to scheme employers for scheme administration are kept to a minimum.

6. Climate Change Appraisal

6.1. Energy and fuel consumption: No effect Renewable energy generation: No effect Carbon offsetting or mitigation: No effect Climate Change adaptation: No effect

7. Performance and Team Update

- 7.1. The team's output and performance level for the period 1 April 2025 to 30 June 2025 (Q1) is attached at **Appendix A**. The chart shows that **9** of the 16 KPIs are achieving at least 95% of cases being completed by the legal timeframes.
- 7.2. Through the summer the team have been extremely busy working through several projects, this can impact on the business-as-usual work as we must prioritise certain areas of work that need to be completed for the projects to succeed.
- 7.3. However, from the KPI chart you will see that the team will always prioritise retirement and death cases so that members do not see any delay in receiving payment of their benefits.

- 7.4. We are currently not achieving the KPI target for early leavers—members leaving before retirement. To address this, we expanded our team earlier in the year, as new staff complete their training, we can see that is improving processing speed. We have also implemented bulk workflows to manage multiple cases simultaneously.
- 7.5. We are also not quite meeting the target for member estimates (93.6%); to help with these, members have access to process estimates through 'my pensions online' and the team will signpost members to process their own estimates where appropriate.

8. Communications

8.1. The following chart shows statistics on the work undertaken by the helpdesk team not covered by the workflow system or reported with the wider team statistics in Appendix A.

	April 2025	May 2025	June 2025
Telephone calls received to helpdesk team	696	618	552
% of calls answered	94%	96%	97%
Contact us forms/Emails received to pensions@shropshire.gov.uk	681	814	680
% responded to within 10 working days	681	814	680
My Pension Online activation keys issued	70	102	67
Incoming post received and indexed to	103 pieces per	102 pieces per	109 pieces per
the pensions administration system	day	day	day
1-2-1 video appointments held with scheme members	11	5	4
Users visiting the website*	3,759	758	797

^{*} We have recently updated the analytical reports for the use of the website. The numbers being reported from May 2025 will be where a person has accessed information on the site, previously the numbers being reported were for where a person had landed on the website home page but then not moved around the site.

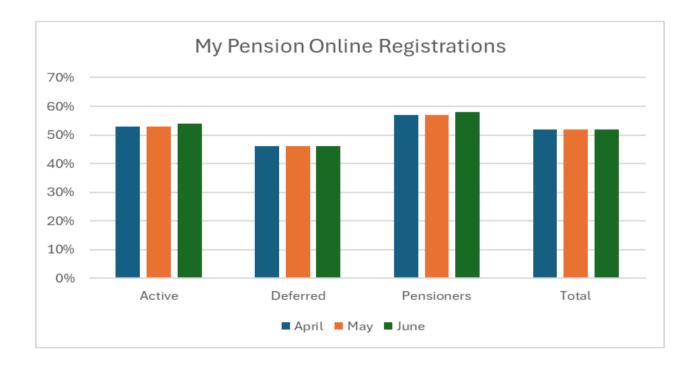
- 8.2. The team is working to streamline how the helpdesk receives and triages member queries. The new 'contact us' form helps reduce unnecessary emails by collecting all required information upfront. We are removing the email address from member communications and the website so that we can channel more enquiries via the contact us form.
- 8.3. We are also implementing a process where members are asked to upload documents to the 'my pension online' portal instead of emailing them to the helpdesk, as this method is more secure and efficient. A long side this we will be publishing information to members to their online account and sending an email notification when there is something available for them to read and forms to be completed.

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8.4. Penny the Pensions Bot which can be accessed via our website, continues to support members by answering questions, the chart below shows the accuracy rate for the responses provided. We continue to review the knowledge bank and add information to this to support members using this tool.

	Apr 2025	May 2025	June 2025
Questions submitted	96	99	116
Asked an expert	6	5	10
Accuracy %	83%	79%	83%

8.5. The table below shows the percentage of members who have registered for 'My Pensions online' by the different member types in the fund.



8.6. We are implementing a rolling schedule of communications to promote the online portal with pension scheme members. The timing of these messages will align with projects we are working on, for example from June to August we send out annual benefit statements and so members will receive communications to remind them to create their account or log on if they have not logged on recently so that they can see their statement.

- 8.7. We are also analysing information that tells us if our contact information for members may be out of date, for example email bounce backs where an email address is no longer used. We can then look to contact that member to request that the details are updated.
- 8.8. From 15-18 September a national Pensions Awareness campaign is held, this year the fund have collaborated with Oxfordshire and Clwyd pension funds to deliver information sessions for members.

9. Employer Performance

- 9.1. In line with the Shropshire County Pension Fund administration strategy, employers must pay their contributions and lump sum deficit payment by the 19th of the month. Accompanying data must also be submitted via i-Connect by this date. The below table shows the percentage of employers who have made payments by the deadline over this quarter.
- 9.2. This table also includes information about employers who make monthly deficit lump sum payments. Information about employers who did not meet these deadlines is covered in the governance update under Breaches.
- 9.3. The low percentage in June for the lump sum deficit payments was due to one Multi Academy Trust with several schools who make separate payments. The 19th fell at a weekend which makes the due date the Friday, but payment was made on the Monday after the due date.

	April 2025	May 2025	June 2025
i-Connect data received on time	99%	97%	99%
Monthly contributions received on time	99%	100%	99%
Monthly deficit lump sum payments received on time	96%	98%	80%

10. Projects

- 10.1. The fund's business plan for 2025/26 with comments on activities undertaken in Q1 is available at Appendix B. Good progress is being made on planned work and further details are provided below on specific projects we have on the plan.
- 10.2. **Valuation -** Fund officers have now collated all membership and cashflow data and provided this to the fund's actuary so that they can calculate the funding levels and employer contribution rates that will be payable from 1st April 2026.
- 10.3. There are also several fund policies that will be reviewed and updated as part of the valuation process, these include the funding strategy statement, investment strategy and employer events policy which will be presented to committee for approval later in the year.

Contact: Vicky Jenks 01743 252192

- 10.4. A training session for committee is scheduled in October which will provide information on the valuation process and the fund's results.
- 10.5. The individual employer results will be shared with employers towards the end of October and a meeting for employers will be held on 24 November with the fund's actuary where information will be shared on updates to the funding and investment strategies.
- 10.6. Annual Benefit Statements Each year the team must produce a statement for all active and deferred pension scheme members by 31 August; this provides information on the value of benefits as of 31 March and projections for active members to their normal retirement age.
- 10.7. This year we have produced 16,167 active statements and 18,466 deferred statements. Most statements are made available to members via 'my pensions online.' However, we do also send out a small number of statements to members who have requested to receive a paper statement.
- 10.8. Pension Dashboards The latest project report is available at Appendix C. We have now completed the second phase of implementation and will be testing this to ensure we are fully connected, and the correct data is available for our members.
- 10.9. As part of the next steps to prepare for dashboards we will need to consider the need for additional resources within the team to help manage member enquiries that may come via the Dashboards. There are strict timescales for responding to confirm that a pension is held in the fund when a member submits a request for further information. Currently it is difficult to gauge how much work this may create for the team. However, pension awareness and engagement is becoming increasingly important for individuals in general and funds must be able to produce and manage communications that help members to make good decisions about their pension benefits.

11. Regulatory updates

- 11.1. On 21 July 2025, HM Treasury (HMT) published its response to the consultation on inheritance tax (IHT) changes.
- 11.2. At the Autumn Budget 2024, the Government announced that for deaths after 5 April 2027:
 - most unused pension funds and death benefits will be included in the value of a person's estate for IHT purposes
 - pension scheme administrators (PSA) will be responsible for reporting and paying any IHT due on pensions to HMRC.
- 11.3. HMT consulted on the processes for these changes between 30 October 2024 and 22 January 2025. Following significant concerns raised by the LGA and the pensions industry, HMT has amended its proposals. The key changes are:
 - all death-in-service benefits from registered pension schemes will be excluded from the value of an individual's estate for IHT purposes,

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regardless of whether the scheme is discretionary or non-discretionary – currently non-discretionary death-in-service benefits are included in the value of an individual's estate for IHT purposes

- personal representatives (PRs), and not PSAs, will be responsible for reporting and paying any IHT due on pension benefits
- PSAs will have new duties to support PRs in paying IHT on pension benefits
- to support PRs and beneficiaries who may struggle to pay IHT on pensions, the Government will offer multiple payment options. These include allowing pension beneficiaries to instruct PSAs to pay IHT in respect of pensions on their behalf though the pension beneficiaries remain liable for the IHT.
- 11.4. On 21 July 2025, the Government revived the Pensions Commission to address a growing retirement crisis.

The original Commission was established in 2002 and made several recommendations, including individuals being automatically enrolled into workplace pension schemes.

The new Commission aims to build on the work done by the original Commission. It will take a broader view – reviewing the UK pension system, along with the outcomes it delivers and the barriers stopping people from saving enough for retirement.

It will consider outcomes and risks for future cohorts of pensioners on current trajectories through to 2050 and beyond and how to improve retirement outcomes, especially for those on the lowest incomes and at the greatest risk of poverty or under saving.

11.5. The Government launched the third review of the State Pension Age (Spa). This review will consider whether the rules around SPa remain appropriate, using the latest life expectancy data and other evidence. Under the Pensions Act 2014, the Government must regularly review the SPa. The first review concluded in 2017, and the second in 2023. The report for the third review must be published before 30 March 2029.

12. Scheme Advisory Board (SAB)

12.1. SAB issued a statement following the Government's response to Fit for Future consultation:

"The Government's response to the fit for the future consultation provides welcome clarity on the direction of reform and the commitment to implementing the Good Governance recommendations made by the Board in 2021. However, as the Board highlighted in its earlier letter to the Minister, the scale and pace of the proposed changes carry significant risks if not managed with care. The current timetable places considerable pressure on funds to balance these reforms with other critical

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responsibilities, including the development and approval of key policies that require thoughtful planning and robust governance"

- 12.2. The full response to the Pensions Minister can been seen here: May 2025 letter on pooling.pdf
- 12.3. Further information on the impact of this is included in the Investment update report.
- 12.4. Scheme Advisory Board Annual Assembly: The Board Chair, Cllr Roger Phillips, is holding an in-person Board Annual Assembly on Wednesday 22 October 2025 for all Pension Committee and Pension Board Chairs. The event will be in-person only, held in Bevin Hall at the Local Government Association's offices in 18 Smith Square.

Both the Committee Chair and Pension Board Chair are planning to attend this event.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Pensions Committee: Administration and Regulatory Update June 2025

Local Member:

Appendices [Please list the titles of Appendices]

Appendix A - KPI tables Q1 2025

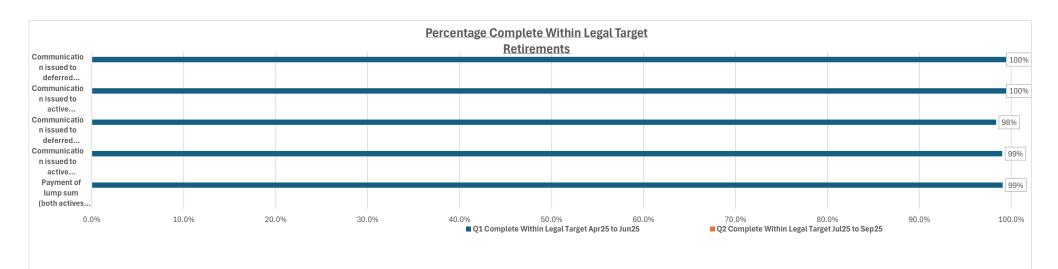
Appendix B - Business Plan

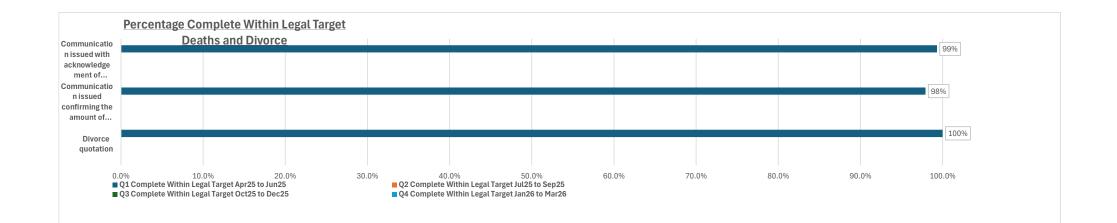
Appendix C - Dashboard Project update

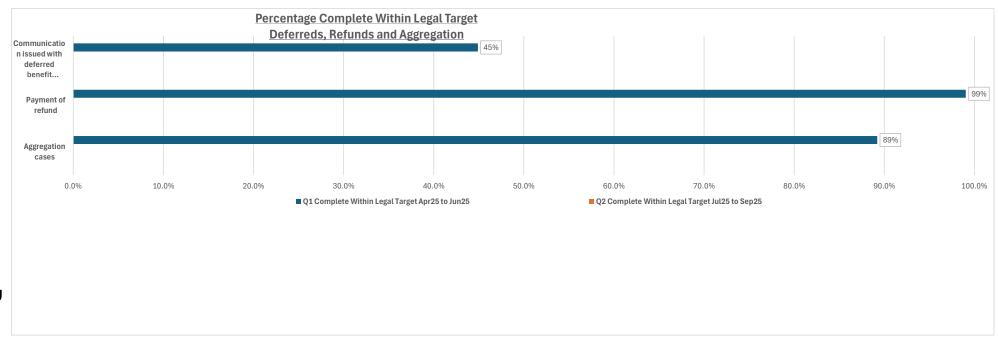
Contact: Vicky Jenks 01743 252192 8

	Appendix A	KPI table for the	period April 2	025 to June 2025
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Category	Q1 Complete at End of Period Apr 25 to Jun25	at End of		Q4 Complete at		Q1 Complete Within Legal Target Apr25 to Jun25	Q2 Complete Within Legal Target Jul25 to Sep25	Q3 Complete Within Legal Target Oct25 to Dec25	Q4 Complete Within Legal Target Jan26 to Mar26
Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	-								
	145				2 months	99.3%			
communication issued confirming the amount of dependents pension	96				2 months	97.9%			
Communication issued to deferred member with pension and lump sum options (quotation)	34				2 months	100.0%			
Communication issued to active member with pension and lump sum options (quotation)	48				2 months	100.0%			
Communication issued to deferred member with confirmation of pension and lump sum options (actual)	243				2 months	98.4%			
Communication issued to active member with confirmation of pension and lump sum options (actual)	102				2 months	99.0%			
Payment of lump sum (both actives and deferreds)	322				2 months	99.1%			
Communication issued with deferred benefit options	392				2 months	44.9%			
Communication issued to scheme member with completion of transfer in	96				2 months	66.7%			
Communication issued to scheme member with completion of transfer out	69				2 months	78.3%			
Payment of refund	105				2 months	99.0%			
Divorce quotation	22				2 months	100.0%			
ember estimates requested by scheme member and employer	157				2 months	93.6%			
Aggregation cases	269				2 months	89.2%			
Grand Total	2100	0	0	0					







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Pensions Administration & Investment Business Plan Update 25/26

Project Name	Context	Actions	June 2025 Update Q1	
Administration			Progress	Status
Year-end 2024/2025	All records to be checked from postings. All employer forms to be reconciled to total of monthly postings	Data cleansing to be undertaken following last i-Connect submission for March 2024. Reconciliation forms and communication to employers to be issued February 2024. Forms reconciled to accounts. Project to completed by 30th June 2025.		Complete
Annual Benefit Statements (Active and Deferred)	All Annual Benefit Statements issued by 31 August	Project plan to be put in place by 31st March 2025. Statement preparation to commence following completion of year end processes.	Plan completed in Q1 and project completion will be Q2	G - On Track
Preparation of Pension Fund Annual Report	To produce annual report by statutory deadline of 1st December 2025	Project plan to be put in place by March 2025. Review new guidance when available. This will be compulsory from 2025. Draft version available to be signed off by September 2025 pension committee.	Majority of content gathered and formatted in Q1 and final version will be completed in Q2	G - On Track
SAB Good Governance Review Outcome	To demonstrate compliance with any recommendations/regulation changes put in place	Review guidance when available. Some of the recommendations were part of the Fit for the Future consultation and will be taken forward following the Government's response to this.	Having done a light touch review on recommendations , the Fund already has a number of these in place and will create an action plan.	Ongoing
McCloud Remedy	To implement the 1st October 2023 McCloud legislation and to ensure any guaranteed amounts are paid to protected members.	Ensure the system is configured to allow all calculations to perform the underpin calculation. All relevant documentation to be amended. Disclosure requirements to be met by 31st December 2023 due to the change in legislation. Rectification cases of past cases during the remedy period to be	McCloud now forms part of business as usual for all future cases and the team are working through rectification cases to clear these by the end of March 2026. There is still ongoing system development and guidance for some of the rectification cases. Officers requested delegation from the Committee to extend the timeframe for these cases which was approved in June Committee.	G - On Track
Review of Bonds (Employer guarantor)	For certain types of admitted bodies a Bond is required to provide an assurance that contributions can be collected in the event of an employer having financial difficulties	undertaken. As part of the valuation process Bond values are reviewed. The administration team need to liaise with employers to ensure bonds are put in place and reviewed before they expire	All outstanding bonds prior to 01/04/25 have been put in place however, the review of bonds will form part of the valuation process.	G - On Track
External Audit of Pension Fund	Annual requirement	Providing information required within the agreed timescales.	Preparation work for the external audit began January 2025. The actual audit commenced first week of July and actions for this will be completed in Q2.	Ongoing
Production of Pension Savings Statements	Comply with HMRC regulations	Identify the members who have breached the annual allowance. Provide a pension saving statement by the 5th October 2025 deadline.	Preparation and production of PSS commences in Q2.	Not Started
Pensions Increase 2025	To ensure pensioners and deferred are uprated with annual increase amount	Bulk process to update the system with the confirmed CPI increase on 8th April 2025.	to Pensioners' records.	Complete
Pensions Dashboard Implementation	Implement in line with national guidelines by October 2026.	Implementation of the ISP in order to connect to Dashboards. Implementation of address tracing, mortality and bank account verification included as part of this project.	Phase 1 completed and Phase 2 being implemented. Mortality screening has been implemented. Address tracing and bank account verification is scheduled for Q2/3.	G - On Track

Pensions Administration & Investment Business Plan Update 25/26 June 2025 Update Q1 **Project Name** Context Actions Bulk process to be run after year end postings are complete in May/June **Bulk Revaluation** Annual CARE uprating to be applied to active records Complete Following year end 2024/25 payroll processes run P60 production in end P60 to Pensioners To produce a P60 for pensioner members by 31st May Complete March/April 2025. Investment Stewardship is the responsible allocation, management and ESG monitoring is in place as part of business as usual. Work has commenced on Stewardship application for oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the Resources have been allocated to review positions with Investment economy, the environment and society. Managers annually to address any points. The UK Stewardship Code 2020 comprises a set of 12 Lead Officer: Pensions Investment and Responsible Investment Manager 'apply and explain' Principles for asset owners. As part of the Fund's desire to demonstrate its good governance and stewardship of its assets, the Fund submitted its first report in October 2022. The Fund was successful in its submission and is now a signatory to the UK Stewardship **G** - On Track **UK Stewardship Code** Code. The Fund has received feedback from the FRC on its submission and the Fund will develop its submission following this feedback. The Fund will submit a report annually to the Financial Reporting Council ("FRC") to maintain its status as signatory to the Code. As part of the work on the Stewardship Code the Fund will review its approach to stewardship and engagement to ensure that it continues to meet the requirements of the Committee. Regular update meetings are held with the Actuary. Regular meetings with Mercer and plan in place. Communications will be issued to scheme employers in 2024/25 in respect of the valuation process. Work with Actuary to prepare and consider the Actuarial Triannual Valuation Results valuation results. The next valuation date is the 31st March **G** - On Track The Funding Strategy Statement has been updated as part of the 2022 2025 alongside the Fund's Funding Strategy Statement. valuation and will be reviewed and issued for consultation following the 2025 valuation. Lead Officer: Head of Pensions – LGPS Senior Officer Information to be requested from employers as at the Meetings have been held with Actuary to discuss employers subject to review and the terms and reference of the reviews. end of July. Work with Actuary to review Employer covenants on an G - On Track **Covenant Review** annual basis to monitor risk to fund. Lead Officer: Pensions Investment and Responsible Investment Manager Climate Risk reports and TCFD reports have been commissioned with LGPS Provisional dates have been agreed with LGPS Central for data provision. The Fund issues an annual climate risk report and TCFD Alternative Investment managers ESG policies and progress on Climate report as part of its commitment to net zero. In addition, Climate Change Risk Risk monitoring are reviewed periodically with a view to establishing full G - On Track the Fund supports these reports by undertaking Climate scenario analysis on a bi-annual basis to ensure that portfolio monitoring. developments in this field are fed into ongoing analysis. Lead Officer: Pensions Investment and Responsible Investment Manager

Pensions Administration & Investment Business Plan Update 25/26 June 2025 Update Q1 **Project Name** Actions Context Discuss the format of TNFD reports with LGPS Central to establish what Still awaiting guidance on TNFD reporting within the can be accurately reported. The Government is currently consulting on TNFD (Taskforce Consider integration of Biodiversity risk into climate change strategy as for Nature related Financial Disclosures). The Fund is whilst different risks there is an underlying fundamental link. monitoring the position and discussing potential data Y - On Hold **Biodiversity Risk** sources with investment managers and other Funds with a Liaise with Investment Managers with a view to establishing full portfolio view to be able to report in a similar context to TCFD on climate. Lead Officer: Pensions Investment and Responsible Investment Manager Reports on the Investment transition to meet the new ISS were presented | Quarterly update taken to June Committee and will The Fund sets a triannual investment strategy which was to Pensions Committee in September 2023. continue to be monitored quarterly pending the last reviewed in June 2023 and the Fund is currently valuation results. working on transition plans to meet the new strategic asset The transition will take approx. 18 to 24 months to fully implement given allocation. The investment strategy review took place some of the illiquid asset classes involved. concurrently with the review of the Funding Strategy **G** - On Track **Investment Strategy Statement** Statement in 2022/23. The outstanding actions now are A full timetable is in place and Pensions Committee will be updated on a implementing the agreed changes to the investment quarterly basis of major changes. strategy. The implementation of the revised investment strategy will occur over a period to manage transition risks. Lead Officer: Head of Pensions – LGPS Senior Officer The Fund Continues to work with LGPS Central to ensure that appropriate | Fit for the Future consultation results have been The Fund works directly with LGPS Central to ensure that investment vehicles are available to allow the transfer of the Funds received and reported to Committee. Fund will work appropriate products are available to meet future uncommitted assets. with LGPS Central in Q2 to establish position and investment requirements and allow transition from legacy requirements. managers as investments mature. The transition of illiquid assets will continue to be reviewed based on **G** - On Track maturity profiles and investment opportunities available. Pooling Following the General Election, the new Pensions Minister has instigated a pensions review with phase 1 including the The Fund has responded to the consolation on moving pooling forward. Local Government Pension Scheme, in particular the pooling of investments. The recommendations to this will Lead Officer: Head of Pensions – LGPS Senior Officer be know towards the end of 2024

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Project Highlight Report

Pensions Committee



Project Name:	Pensions Dashboard	Report Number:	005
Period	June to August 2025	Date Completed:	01/09/2025
Completed By:	Jake Glover Senior Pensions Project Officer		

TREND SINCE LAST REPORT	On Track
CURRENT STATUS	Green
EXPECTED STATUS AT NEXT REVIEW	Green

Progress so far The following activities have taken place:

- An ISP (Integrated Service Provider) has been procured and signed off by Legal.
- Monthly meetings are in place for the Pensions Admin Manager, Team Leaders, and Senior Pensions Project Officer.
- Vicky and Jake have completed all the required invitations to tender documentation, and this has been released to providers.
- Risks, Issues and Decisions reviewed at November project catch-up.
- Member Data Tools Invitation to Further Competition to run until 28th November for providers to submit bids for each lot.
- Review provider bids for Member Data Tools and carry out scoring. Contract to be awarded on 18/12/24.
- Contract awarded to Heywood Pension Technologies for the data tools software.
- ISP DPIA reviewed and signed off by Information Governance.
- Complete User Acceptance Testing (UAT) for phase 1 implementation of the ISP.
- · UAT acceptance issued and signed off.
- Project kick-off call booked for 6th March for the Data Tools implementation project.
- Implementation study issued for Mortality Screening, signed and returned.
- Mortality Screening testing is completed, and a meeting to be booked with Heywood to discuss the next steps for the project.

Planned work for next month and beyond Activities planned for June are:

- Next data upload for Mortality Tracing will be carried out post 25.3 Release but ahead of the 31/10/25 connection date.
- Address tracing will be the next project to look at around September/October.
- Bank Account Verification to be looked at implementing in September. Meeting with Team Leaders 13/08/25 to discuss. Will request that Heywood switch this on in Test and M&B team will carry out some testing. Procedure notes will need to be amended.
- Decide on Find Data and document this in a policy following the first address tracing exercise.

Project Highlight Report

Pensions Committee



- Mortality Tracing go live was delayed on the Heywood side and some extra workflow needed to be put in place for Status 9 records. Went live on 04/06/25.
- ISP Phase 2 kick-off call booked in for 16/07/25. The questionnaire and connection template completed and sent back to Heywood ahead of the call.
- ISP Phase 2 implementation completed, and connection confirmation signed and returned. Project closure call held 07/08/25.
- AVC template has been shared with Heywood, awaiting a response re costings.

Slippage and Remedial Action

- Mortality screening delayed due to staff shortages at Heywood; this has delayed implementation of address tracing as we have now hit the valuation project which the team need to focus on.
- After escalating this with CRM eventually went live 4 June 2025.
- N/A no project slippage this month

	Key Risks and Issues				
R/I	Detail	Rating	Open / Closed		
R	Suitable ISP is not obtained and so can not connect to dashboard	Very Low	Closed		
R	Data quality is low, leading to poor matching criteria and members having to contact the fund to find their pension (rather than finding it directly through the dashboards)	Low	Open		
R	Procurement of new tracing and mortality screening provider (gap in service as current provider current ends in September)	Very Low	Closed		
I	Decide on implementation dates	N/A	Closed		
I	How do we resource queries from Dashboard to reduce the team being overwhelmed and to meet required timescales	N/A	Open		
I	What to use for Find Data and how AVC information will be accessed	Medium	Open		
R	ISP connection deadline not met	Low	Closed		
R	Having adequate resource to deal with any additional work created	Medium	Open		

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Project Highlight ReportPensions Committee



High Level Milestones

Action	Date Completed / Target Date	Status	Comments
Procure ISP	19/08/2024	Complete	ISP procured and approved.
Data Tools Procurement	February 2025	Complete	Procurement complete and contract awarded
ISP UAT	March 2025	Complete	UAT acceptance issued and signed off
Mortality Screening	June 2025	Complete	Module went live following a delay on the Heywood side
Data Tools Implementation	April/May 2025	On Track	Address Tracing to commence from Sept/Oct
ISP Phase 2	July/August 2025	Complete	



Agenda Item 11

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.



Agenda Item 12

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.











Agenda Item 13

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.



Agenda Item 14

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.







By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.





By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.



