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

Date: Thursday, 26th November 2026

Committee:
Pensions Committee

Date: Friday, 4 December 2026
Time: 10.00 am
Venue: 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 here 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

Richard Phillips
Director – Legal and Governance (Monitoring Officer)

Members of the Committee:
Roger Evans
Gary Groves (Chairman)
Malcolm Myles-Hook
Charles Shackerley-Bennett

Co-opted Members (Voting):
Paul Davis
Zona Hannington (Vice-Chairman)

Co-opted Members (Non-Voting):
Thomas Biggins (Pensioner Representative)
David Burton (Employee Representative Shropshire Council)
Byron Cooke (Employee Representative Telford & Wrekin Council)

Substitute Members of the Committee:
Ben Jephcott (SC)
Chris Naylor (SC)
Carl Rowley (SC)
Sam Walmsley (SC)
Fiona Doran (T&W)
Stephen Reynolds (T&W)
Sarah Sweeney (SC Employee Rep)
Vacancy (T&W Employee Rep)
Vacancy (Pensioner Rep)

Your Committee Officer is:

Sarah Townsend Committee Officer
Tel: 01743 257721
Email: sarah.townsend@shropshire.gov.uk

When attending this meeting, Members are reminded of the three principles of the Jo Cox Foundation and Compassion in Politics Civility Pledge:

1. *Use a civil and constructive tone in debate.*
2. *Act with integrity, honesty and compassion.*
3. *Behave respectfully towards others, including those I disagree with.*

* (Please note that while we strive to live stream meetings, technical issues may occasionally occur. In the event of a technical disruption, the meeting will be paused to try to resolve the issue. Should it not be possible to resume the live stream, the meeting will proceed as scheduled, and a backup recording will be made available after the meeting. Any disruption to the live stream does not affect the legality of the meeting).

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 - 8)

The minutes of the meeting held on 18th September 2026 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, 30th November 2026.

5 Climate Reporting 2026 (including TCFD Report) (Pages 9 - 68)

The report and presentation of Mr Basyar Salleh and Mr Edward Salibi, LGPS Central, is attached, marked 5.

6 Corporate Governance Monitoring (Pages 69 - 128)

The report of the Pensions Investment and Responsible Investment Manager is attached, marked 6.

Contact: Peter Chadderton (07990 086399)

7 Pensions Administration Monitoring (Pages 129 - 148)

The report of the Pensions Administration Manager is attached, marked 7.

Contact: Vicky Jenks (01743 252192)

8 **Governance** (Pages 149 - 180)

The report of the Pensions Administration Manager is attached, marked 8.

Contact: Vicky Jenks (01743 252192)

9 **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 10 to 16 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.

10 **Exempt Minutes of the Previous Meeting (Exempted by Category 3)** (Pages 181 - 186)

The exempt minutes of the meeting held on 18th September 2026 are attached for confirmation, marked 10.

Contact: Sarah Townsend (01743 257721)

11 **Ongoing Funding and Contribution Monitoring (Exempted by Category 3)** (Pages 187 - 200)

The exempt presentation of Mr Mark Wilson, Marsh, is attached, marked 11.

12 **Market Insights (Exempted by Category 3)** (Pages 201 - 214)

The exempt presentation of Mr Russell Oades, LGPS Central, is attached, marked 12.

13 **Investment Monitoring - Quarter to 30 September 2026 (Exempted by Category 3)** (Pages 215 - 258)

The exempt report of the Pensions Investment and Responsible Investment Manager is attached, marked 13.

Contact: Peter Chadderton (07990 086399)

14 **Investment Strategy Update (Exempted by Category 3)** (Pages 259 - 264)

The exempt report of the Pensions Investment and Responsible Investment

Manager is attached, marked 14.

Contact: Peter Chadderton (07990 086399)

15 Governance (Exempted by Category 3) (Pages 265 - 284)

The exempt report of the Pensions Administration Manager is attached, marked 15.

Contact: Vicky Jenks (01743 252192)

16 New Employers (Exempted by Category 3) (Pages 285 - 290)

The exempt report of the Pensions Administration Manager is attached, marked 16.

Contact: Vicky Jenks (01743 252192)

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Shropshire Council

Pensions Committee

4 December 2026

10.00 a.m.

MINUTES OF THE PENSIONS COMMITTEE MEETING HELD ON 18 SEPTEMBER 2026
10.00 A.M. - 12.35 P.M.

Responsible Officer: Sarah Townsend
Email: sarah.townsend@shropshire.gov.uk Tel: 01743 257721

Present:

Members of the Committee:
Councillors Gary Groves (Chairman), Malcolm Myles-Hook, Charles Shackerley-Bennett and Benedict Jephcott (Substitute) (substitute for Roger Evans)

Co-Opted Members (Voting):
Councillors Zona Hannington

Co-Opted Members (Non-Voting):
Thoms Biggins and Byron Cooke

Others Present:

Shropshire Council Officers:
Kath Barber – Principal Auditor (remotely via MS Teams)
Darren Bowe – Communications and Governance Team Leader (remotely via MS Teams)
Justin Bridges – Head of Pensions – LGPS Senior Officer
Peter Chadderton – Pensions Investment and Responsible Investment Manager
Jake Glover – Senior Project Officer (Governance)
Vicky Jenks – Pensions Administration Manager

Aon:
Colin Cartwright

Grant Thornton:
Elliot Baker (remotely via MS Teams) and Avtar Sohal (remotely via MS Teams)

LGPS Central:
Paddy Dowdall, Alex Jones and Russell Oades

Independent Advisor to the Committee:
Philip Hebson

Pensions Board Members:
John Hall (remotely via MS Teams) and Paul Partridge (remotely via MS Teams)

17 **Apologies and Substitutions**

Apologies for absence were received from Councillor Roger Evans (Committee Member), Councillor Paul Davis (Committee Member), David Burton (Employee Representative Shropshire Council), Councillor Fiona Doran (Substitute), Councillor Stephen Reynolds (Substitute) and Sarah Sweeney (Substitute Employee Representative).

Councillor Ben Jephcott was in attendance as Councillor Roger Evans' substitute.

18 **Disclosable Interests**

None were declared.

19 **Minutes of the Previous Meeting**

RESOLVED:
That the minutes of the meeting held on 19th June 2026 be approved and signed by the Chairman as a correct record.

20 **Public Questions**

There were no public questions.

21 **Third Line of Assurance: Internal Audit Outturn Report for Shropshire County Pension Fund 2025/26**

The Committee received the report of the Head of Policy and Governance which was presented to them by Ms Kath Barber, Principal Auditor. It provided them with a summary of the work undertaken by Internal Audit for the year ended 31 March 2026 and reported on progress against the annual audit plan agreed with the Pensions Investment and Responsible Investment Manager and the Pensions Administration Manager. It also provided 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 Global Internal Audit Standards (GIAS) in the UK Public Sector.

It was noted that 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 2025/26. This was the highest opinion that could be given.

A question was asked regarding the one advisory review that was undertaken by the Internal Audit team to support the completion of the Cyber Assessment Framework which is a framework devised by the National Cyber Security Centre (NCSC). The Pensions Administration Manager explained that this concerned a service level agreement between the Fund and the Council's ICT team, together with quarterly meetings to identify and review relevant ICT risks. The Committee were advised

that, following escalation, the service level agreement had been issued for review and quarterly meetings would shortly be arranged. It was noted that the Altair system internal audit was scheduled for review this year and would provide an opportunity to verify implementation, close completed recommendations and report the outcome in the following year's year end report.

RESOLVED:

1. That the Committee endorse performance against the Audit Plan for the year ended 31 March 2026.

2. That the Committee endorse the Chief Audit Executive's substantial year end opinion on the Fund's internal control environment for 2025/26 is based on the work undertaken, and Pension Fund management responses received.

22 External Audit - The Audit Findings for Shropshire County Pension Fund 2025/26

The Committee received the report of the External Auditor, Grant Thornton, which summarised the key findings and other matters arising from the statutory audit of Shropshire County Pension Fund and the preparation of the Pension Fund's financial statements for the year ended 31 March 2026 for the attention of those charged with governance and the Pensions Committee.

Mr Avtar Sohal, Director and Audit Signatory for the audit on behalf of Grant Thornton, and Mr Elliot Baker, External Audit Manager at Grant Thornton, were in attendance to present the report, the headlines of which were detailed on pages 27 to 28 of the agenda document pack. They confirmed that their work was substantially complete, with no major or significant findings and that the accounts were free from material misstatement. No adjustments to the financial statements above their reporting threshold, that impact upon the Pension Fund's reported financial position, had been identified and outstanding work mainly consisted of awaited receipt of audited financials, which were not due until late September. It was therefore anticipated that subject to the satisfactory completion of the outstanding matters as detailed within the report, an unqualified audit opinion would be issued.

The Committee were informed that the Letter of Representation had been shared with management and would be requested nearer the opinion date, with any necessary amendments reflecting the outstanding work.

A question was asked regarding the two significant audit risks, namely management override of controls and valuation of level 3 investments and these were explained in greater detail. It was noted that whilst they had the potential to have a significant impact, based on the testing that Grant Thornton had undertaken to date, the likelihood of their occurrence was considered low.

23 Pension Fund Annual Accounts 2025/26

The Committee received the report of the Pensions Investment and Responsible Investment Manager which provided Members with the Shropshire County Pension Fund Annual Report 2025/26 and an update on the annual audit. It was noted that

Grant Thornton had substantially completed its annual audit and it was expected that an unqualified opinion would be given.

It was reported that in the year to the end of March 2026, the Fund increased in value by £169 million to £2.795 billion.

In response to a question, officers explained that annual increases for LGPS pensions were based on the Consumer Price Index (CPI) for the preceding September. The figure would subsequently be confirmed in legislation, usually in January or February, with increases applied from the first Monday of the new tax year in April. The increase for the following April was not yet known. Officers confirmed that long term expectations regarding CPI had been incorporated into the 2026 Investment Strategy and that the 1% cash allocation was considered sufficient to provide operational flexibility and meet day to day requirements.

In response to a question about why the Fund's positive return remained approximately 2.5% below benchmark, the Pensions Investment and Responsible Investment Manager explained that this was mainly attributable to equities, which represented 55% of the Fund and had performed below their benchmark during the year to 31st March 2026.

A question was asked on the negative performance of the DRC property debt investment and its overall impact. It was explained that this was a very small legacy portfolio that would have matured eighteen months ago, but problems had been encountered exiting the final couple of property debts within that particular portfolio. However, contracts had now been exchanged on the remaining properties, with an exit expected either later in the month or early in the next quarter. The remaining holding had no material effect on the Pension Fund's year end value and it was noted that the anticipated return over the Fund's lifetime was approximately 3.5% to 4%.

RESOLVED:

1. That the Pension Fund Annual Report 2025/26 be approved and authority be delegated to officers to make any minor changes required and to add the Auditors opinion when finalised.

2. That approval be given to the Chair and Executive Director (Section 151 Officer) to sign the letter of representation (Appendix B to the report) for Grant Thornton once the audit has been finalised.

24 Corporate Governance Monitoring

The Committee received the report of the Pensions Investment and Responsible Investment Manager which informed them of corporate governance issues arising in the quarter 1st April 2026 to 30th June 2026, together with confirmation of the position in respect of the Fund's renewal of its stewardship code application and the latest correspondence with the Palestine Solidarity Campaign (PSC).

The Committee's attention was drawn to the latest position regarding conflict affected areas and it was reported that since the report had been written, the Government had announced an import ban on goods produced in the occupied territories and new sanctions targeting those supporting settler expansion, whilst stressing that this was

not a sanction or boycott of Israel itself. No definitive list of affected companies was available however, officers were working with LGPS Central to review whether eight named individuals were linked to directorships within the portfolio. Meanwhile, the Government had announced that legislation and further details were likely to be issued within six to nine months, with checks continuing using the information available.

In responding to a question regarding the responsible investment engagement process and it was explained that the Fund helped shape LGPS Central's engagement priorities through workshops, guided by its Investment Strategy Statement and responsible investment beliefs. The associated costs of this were not available in the meeting and officers advised that there were economies of scale to be gained through working with LGPS Central on this particular matter.

A question was asked concerning the evaluation of the risks and opportunities of AI, both in terms of the economic effects of the AI industry and data centre construction across the world and in Britain, as well as the potential security risks of AI with regards to investments. Mr Colin Cartwright, Aon, explained that AI could inform investment advice and investment manager decisions, while highlighting uncertainty in the market over the delivery of long term benefits, the balance between climate commitments and returns and the need for robust cyber resilience.

A question was asked regarding the impact of LGPS Central's expansion to fourteen partner funds on stewardship. The Pensions Investment and Responsible Investment Manager advised that it was too early to assess the impact, emphasising stewardship's long-term nature. LGPS Central was currently developing both core and enhanced offerings to accommodate differences between Funds under this particular area, with each fund able to choose its preferred approach.

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;
    - LAPFF Engagement Report at Appendix C;
    - The update on further contact from the PSC on investing in companies in conflict zones; and
    - The update on the renewal application for the UK Stewardship Code.

2. That the Committee delegate authority to the Chair to agree the response to the Palestine Solidarity Campaign on behalf of the Fund.

25 Pensions Administration Monitoring

The Committee received the report of the Pensions Administration Manager which provided them with an update on administration performance, team capacity, key project delivery and recent regulatory changes. Most KPI measures met the 95% target during quarter one, with targeted action underway where performance was below target. The report also summarised progress on Pension Dashboard, Annual

Benefit Statements, McCloud remedy work, Access and Fairness changes, employer performance and communications activity.

The employee representative for Telford and Wrekin Council shared positive feedback that he had received from members who had contacted Shropshire Pensions during career changes.

Clarification was sought regarding Appendix A's KPI chart and the Pensions Administration Manager confirmed that the percentages showed actual performance against a 95% target and agreed to improve the colour coding. A key explaining the target and colour meanings was suggested.

RESOLVED:

1. That the KPI chart and the information provided on KPI's that are not currently meeting the 95% target for completion within statutory timescales, including the actions being taken to address this (Appendix A) be noted.

2. That the progress and completion of key activities from the Fund business plan for Q1 2026-27 (Appendix B) be noted.

3. That the progress of the Pension Dashboard implementation which is provided in the separate update report (Appendix C) be noted.

26 **Governance**

The Committee received the report of the Pensions Administration Manager which provided them with information regarding regulatory breaches arising from 1st April 2026 to 30th June 2026 (Quarter One) that have been recorded in the breaches log. Also reported were any stage one or stage two appeals that had been received under the internal dispute resolution procedure (IDRP). Finally, fund policies that had been reviewed in the last quarter and required approval by Committee were also included within the report.

A question was asked regarding Section 5 of the Workforce Strategy (Value for money context (CIPFA benchmarking – administration costs)) and the Fund's below average net administration cost per full-time equivalent. In responding, it was explained that differences in structures, software, governance arrangements and service models limited direct comparisons between Funds. Comparisons were most meaningful with Funds of a similar size and officers considered the Fund efficient and providing value for money, with additional staffing or software expenditure to be driven by service needs rather than benchmarking figures alone.

Clarification was sought regarding the use of automation and system enhancements and the use of AI tools. It was explained that automation is being explored to reduce manual processing, whereas AI use requires caution as pension data is personal and should not be entered into unsuitable tools.

RESOLVED:

1. That the content of Appendix A to the report, breaches recorded from 1 April 2026 to 30 June 2026, be noted.

2. That the following fund policies be approved:

- Workforce Strategy (NEW)

3. That the extensive work for additional governance requirements that have been created from the fit for the Future legislative changes be noted.

27 **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 12 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.

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

RESOLVED:
That the exempt minutes of the meeting held on 19th June 2026 be approved and signed by the Chairman as a correct record.

29 **New Employers (Exempted by Category 3)**

The Committee received the exempt report of the Pensions Administration Manager which provided them with 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. The report also provided the Committee with details regarding new academy admissions to the Fund under Schedule 2, Part 1 (20) of the LGPS regulations 2013 as well as details regarding employers who 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 noted.

30 **Investment Portfolio Update (Exempted by Category 3)**

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

31 **Local Investments (Exempted by Category 3)**

The Committee received a presentation from Mr Paddy Dowdall and Mr Alex Jones, LGPS Central, on local investments.

32 **Investment Strategy 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 update.

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

33 **Investment Monitoring - Quarter to 30 June 2026 (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 30th June 2026 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.

Signed ..... (Chairman)

Date: .....



2026 Climate Risk Management Report

Presented by LGPS Central Limited

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SCPF Climate Timeline

2020 — First Climate Risk and TCFD report.

2021 — Introduction of Climate Stewardship Plan, and adoption of Climate Change Strategy.

2022 — Fund investment of c.£100mn in LGPSC Global Sustainable Equity Strategy.

2023 — Fund reported a 46% reduction in financed emissions and 59% reduction in WACI relative to 2020 baseline.

2024 — The Fund updated its Climate Change strategy, including interim milestones towards its net-zero commitment.

2025 — Climate scenario analysis formed part of the 2025 actuarial valuation, strengthening consideration of climate risk.

2026 — The Fund updated its Investment Strategy Statement to incorporate its climate approach

Listed Equity changes since 2020

33%
lower financed emissions

73%
lower normalised financed emissions

64%
lower WACI (listed equity)

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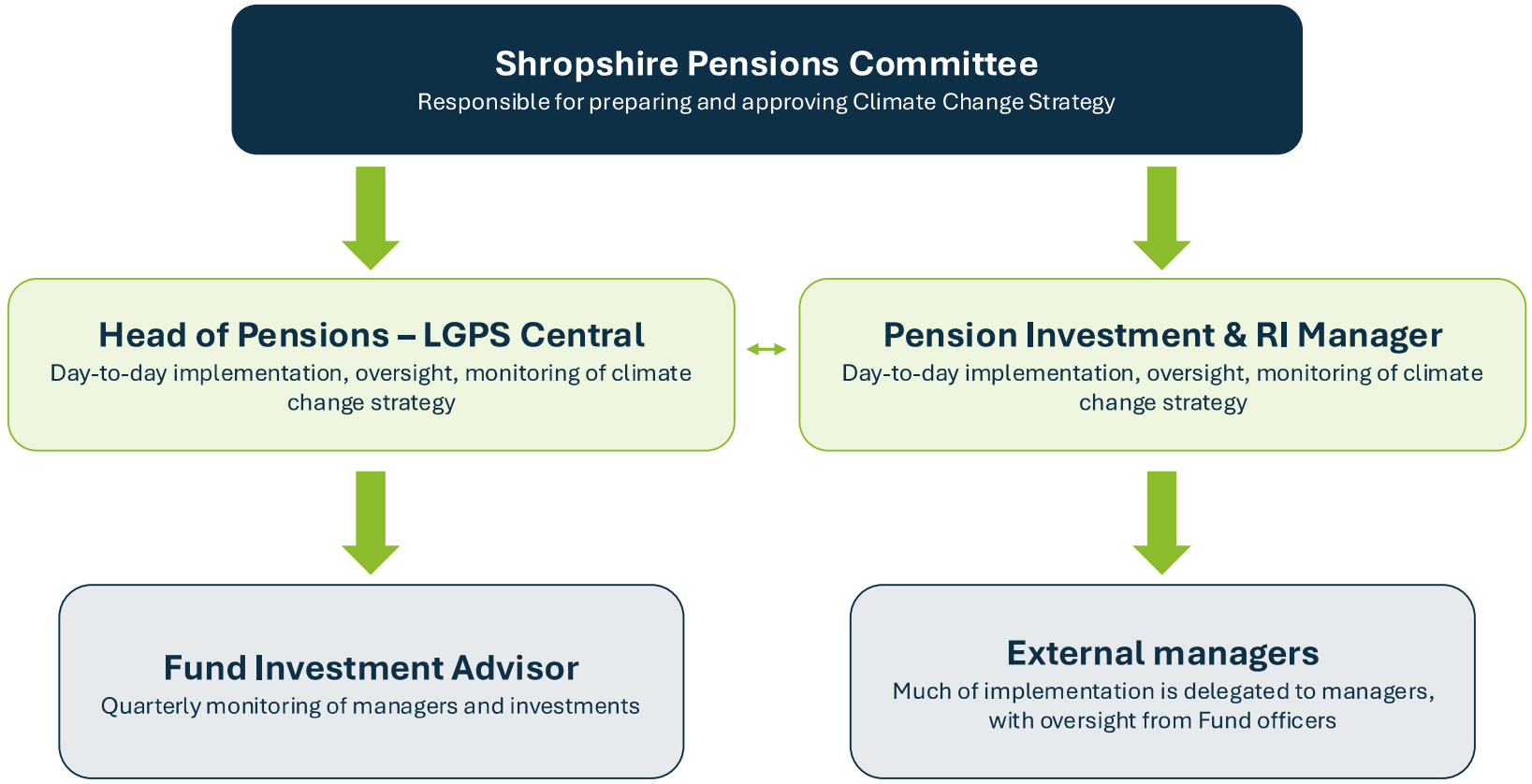
Governance


Shropshire Pensions Committee
Responsible for preparing and approving Climate Change Strategy
Head of Pensions – LGPS Central
Day-to-day implementation, oversight, monitoring of climate change strategy
Pension Investment & RI Manager
Day-to-day implementation, oversight, monitoring of climate change strategy
Fund Investment Advisor
Quarterly monitoring of managers and investments
External managers
Much of implementation is delegated to managers, with oversight from Fund officers

How Climate Considerations Inform Strategy

Risks and Opportunities

- Climate change is a financially material risk with the potential to affect investments.
- Transition risks from policy, technology, markets and consumer behaviour
- Physical risks from acute and chronic climate impacts.
- Opportunities associated with the lower-carbon transition.

Investment Strategy

- The Fund seeks to generate long-term sustainable returns.
- RI is integrated into investment decision-making through:
- Strategic asset allocation and mandate design
- Manager selection, due diligence and monitoring
- Stewardship, voting and escalation

Climate Resilience

- Analysis undertaken on the impact of future climate scenarios
- Four climate scenarios considered in the 2025 valuation, including:
- Rapid Transition: initial funding pressure followed by recovery.
- Failed Transition: progressively weaker long-term funding outcomes

Climate Metrics

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Carbon Emissions Metrics

Financed Emissions

- This shows the total carbon emissions linked to the fund's investments
  - **Question answered:** What is the fund's total carbon footprint?
  - **Comparability:** Doesn't adjust for fund size, so bigger funds will naturally have higher emissions.

Normalised Financed Emissions

- This shows the emissions apportioned to every £1 million invested.
  - **Question answered:** What are the emissions associated with the fund's holdings.
  - **Comparability:** Adjusts for fund size, making it easier to compare across different funds.

Weighted Average Carbon Intensity (WACI)

- This measures exposure to carbon intensive companies.
  - **Question answered:** How carbon intensive are companies in the fund?
  - **Comparability:** Allows comparability regarding company carbon emissions efficiency.

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Progress Against Climate Targets

Target	Progress as of 31 March 2026
Net zero - scope 1 & 2 carbon equivalent (tCO_2e) - financed emissions by 2050 or sooner for listed equities, corporate bonds, sovereign debt, and property.	
50% reduction of (scope 1 & 2 CO2e) financed emissions by 2030 for listed equities and corporate bonds from 2020.	Listed equities: 33% reduction in financed emissions from 2020. Fixed income: new fund allocation has limited comparability with prior years.
Carbon foot printing and reporting against all public and private market assets.	Carbon footprinting of private market assets has progressively developed as reported data have become available, with estimated data continuing to be required where underlying companies do not report emissions.

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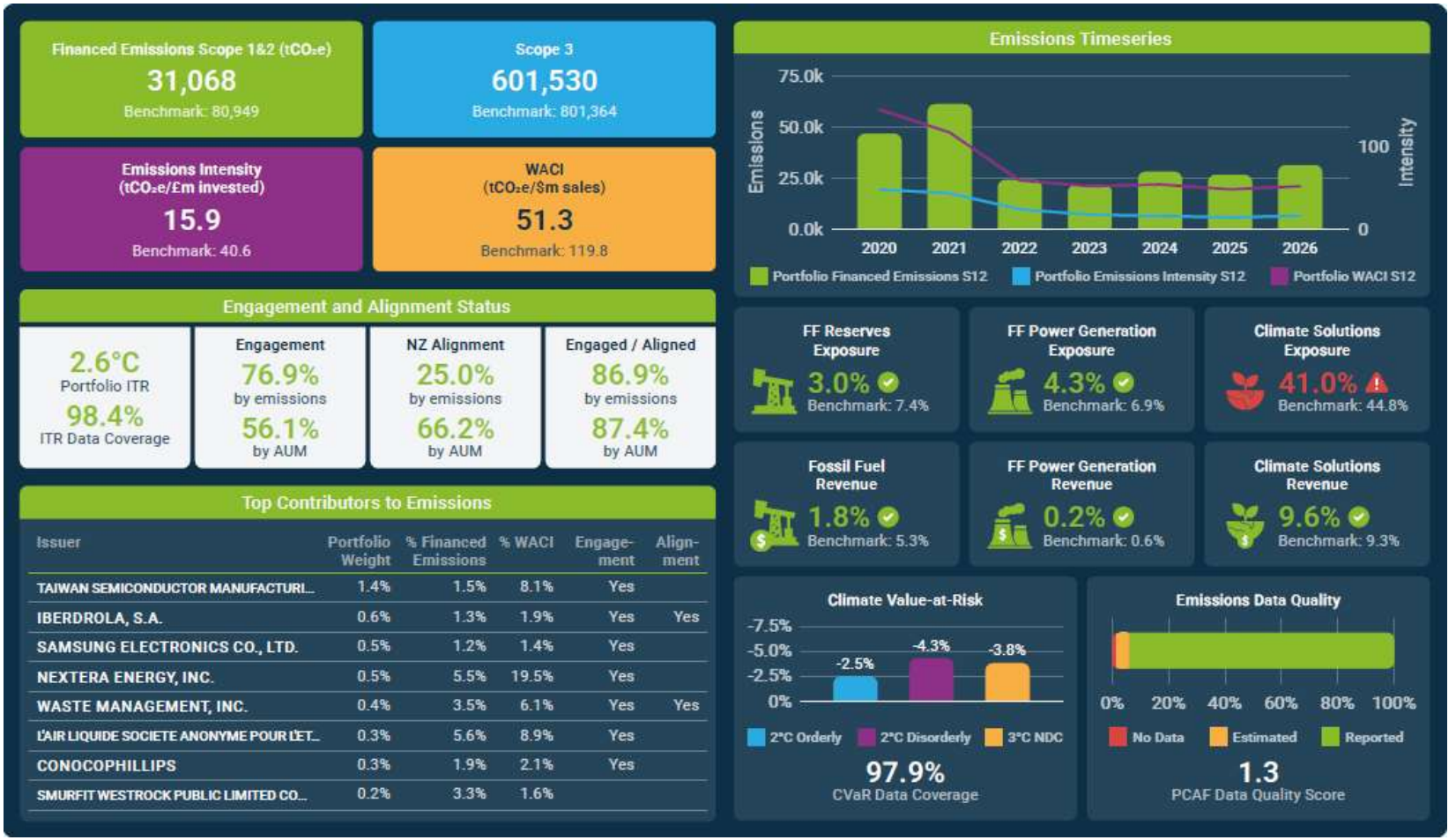
Listed Equity Overview



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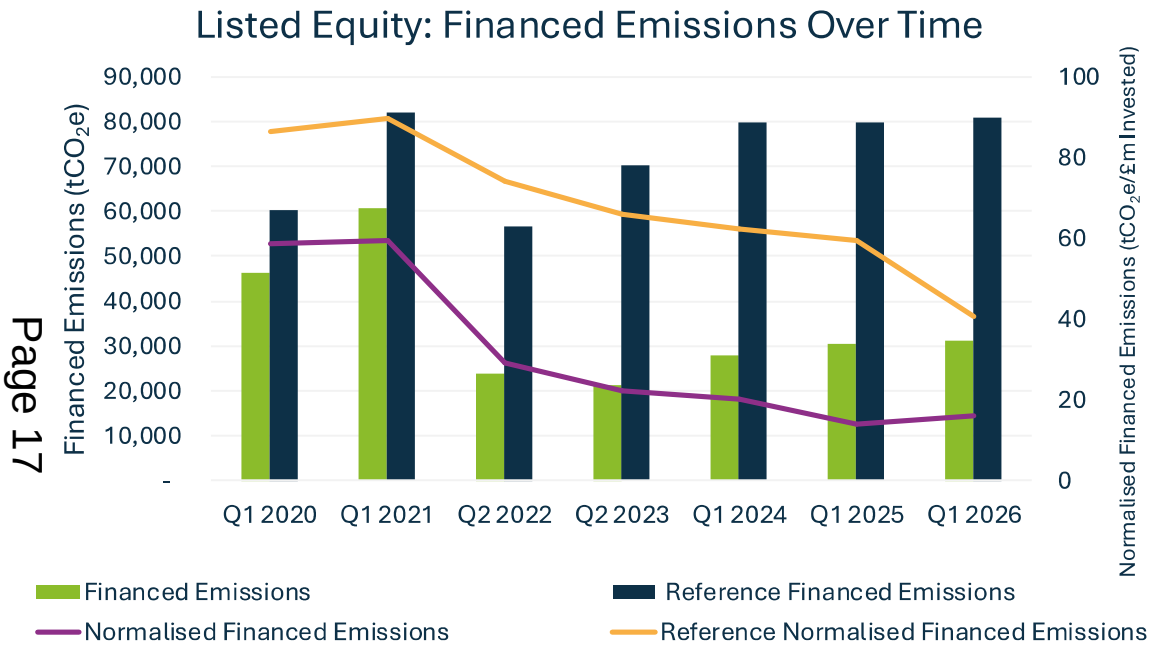
Listed Equities: Financed Emissions



Financed emissions

- 33% vs 2020
- 62% vs Reference Index

Normalised financed emissions

- 73% vs 2020
- 61% vs Reference index

Financed emissions increased due to stock selection effects, with Materials being the largest contributor. This rise should be viewed in context of a large emissions reduction since 2020.

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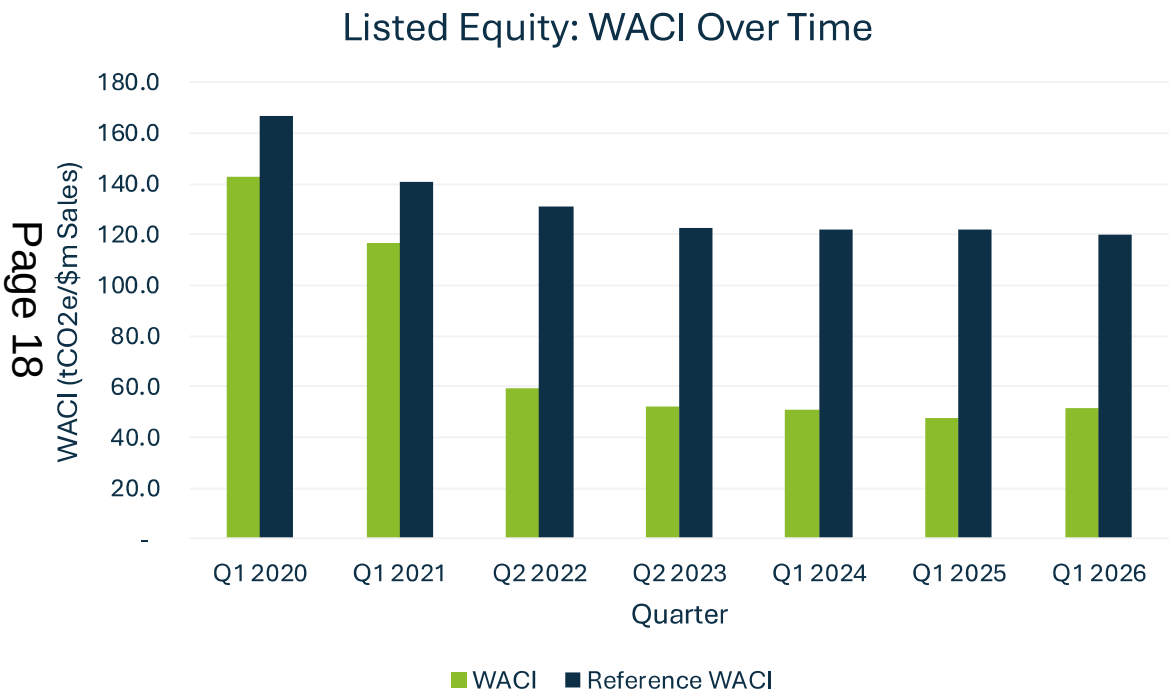
Listed Equity: Weighted Average Carbon Intensity



Weighted Average Carbon Intensity

- 64% vs 2020
- 57% vs Reference index

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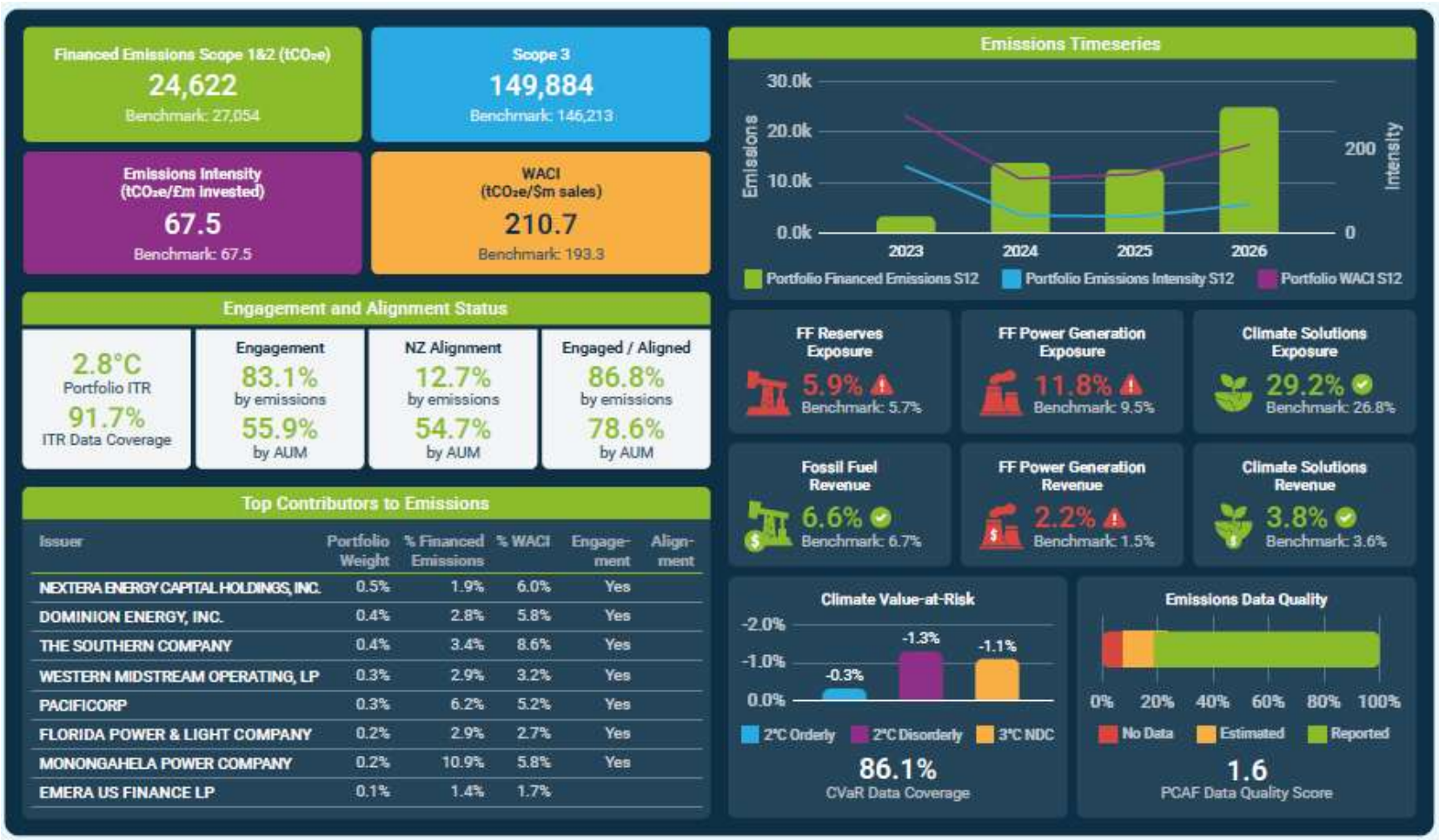
Corporate Fixed Income: Overview



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Corporate Fixed Income: Emissions Profile

Due to change in allocation from Sterling and Global Investment Grade to LGSPC ACS Global Active Investment Grade Credit, results should not be interpreted like-for-like with prior years

Measure	Previous Strategy	Previous Benchmark	Current Strategy	Current Benchmark
Normalised Financed Emissions (tCO_2e / £m invested	37.2	43.8	67.5	64.1
WACI (tCO_2e per $m sales)	133.4	129.4	210.7	194.8

Normalised Financed Emissions and WACI are both greater than benchmark due to both sector allocation and stock selection, with Utilities being a particularly significant contributor.

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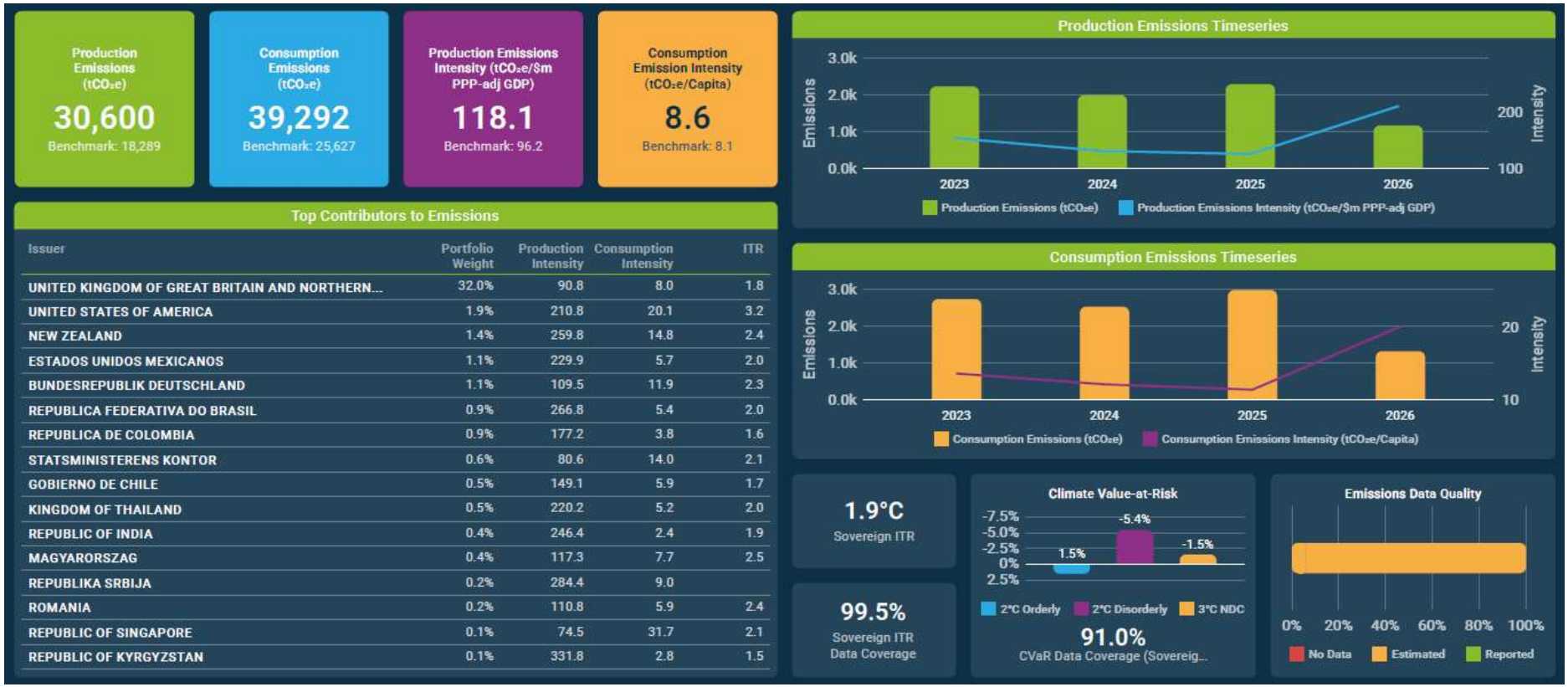
Sovereign Debt: Overview



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Sovereign Debt: Summary

Sovereign exposures is held principally through L&G All Stocks UK Gilts Index Fund, L&G All Stocks UK Index-Linked Gilts Index Fund and sovereign holdings within the T. Rowe Price Dynamic Global Bond Fund.

Metric	Fund	Sovereign Proxy
Production Emissions Intensity (tCO2e /$m PPP-adjusted GDP)	118.1	96.2
Consumption Emissions Intensity (tCO2e / capita)	8.6	8.1
Sovereign Implied Temperature Rise	1.9 °C	-
ITR data coverage	99.5%	-

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LGPS Central Limited

Thank you for listening

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All information is prepared as of 30/03/2026.

This document is intended for PROFESSIONAL CLIENTS only.

Registered address: 2nd Floor, i10 Railway Drive, Wolverhampton, WV1 1LH

Appendix

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Listed Equity: Fund by Fund Analysis

Mandate	Normalised Financed Emissions	WACI
L&G Low Carbon Transition	8.4	33.5
Global Equity Active Multi Manager	27.1	58.1
Global Sustainable Equity Broad	22.2	121.5
Global Sustainable Equity Targeted	5.2	31.9

Corporate Fixed Income: Metrics

Metric	Fund	Benchmark
Scope 1 & 2 financed emissions (tCO2e)	24,622	27,054
Emissions intensity (tCO2e/£m invested)	67.5	67.5
WACI (tCO2e/$m sales)	210.7	193.3
Scope 3 emissions (tCO2e)	149,884	146,213
Fossil fuel revenue	6.6%	6.7%
Fossil fuel reserves exposure	5.9%	5.7%
Climate solutions exposure	29.2%	26.8%
Climate solutions revenue	3.8%	3.6%

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Climate Metrics Definition

Metric	What it tells us
Financed emissions	The Fund's attributable share of issuer Scope 1 and 2 emissions.
Normalised financed emissions	Financed emissions per £1 million invested, supporting comparison over time.
WACI	Exposure to carbon-intensive issuers relative to revenue.
Implied temperature rise	The temperature pathway associated with issuer emissions and targets.
Climate Value at Risk	Potential portfolio-value effects under climate scenarios.
Net-zero alignment	Whether issuers have credible targets and pathways consistent with net zero.
Engagement coverage	The share of financed emissions subject to active engagement.

CLASSIFIED AS CONFIDENTIAL

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Shropshire County Pension Fund

Climate-Related Disclosures

Report prepared in alignment with the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD)

FOR THE YEAR ENDED 31 MARCH 2026

PREPARED BY LGPS CENTRAL LIMITED

LGPS Central Limited



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Front Cover: Ironbridge, Shropshire
Images (Clockwise): Ellesmere, Shropshire
Wenlock Priory, Much Wenlock, Shropshire
Telford, Shropshire

Key Highlights

LISTED EQUITY

The Fund's listed equity portfolio remains materially less carbon intensive than its benchmark. As at 31 March 2026, Scope 1 and 2 financed emissions were 31,068 tCO_2e, compared with 80,949 tCO_2e for the benchmark.

FINANCED EMISSIONS

31,068 tCO_2e

↓ 32.7%
vs restated 2020 baseline

↓ 61.6%
vs benchmark

Accounting for portfolio size, emissions intensity remains substantially below both the Fund's 2020 position and the current benchmark.

NORMALISED FINANCED EMISSIONS / EMISSIONS INTENSITY

15.9 tCO_2e/ £m invested

↓ 73.2%
vs 2020

↓ 60.8%
vs benchmark

The Fund's Weighted Average Carbon Intensity, which measures exposure to carbon-intensive companies relative to revenues, also remains materially below the benchmark.

WEIGHTED AVERAGE CARBON INTENSITY (WACI)

51.3 tCO_2e/$m sales

↓ 64.1%
vs 2020

↓ 57.2%
vs benchmark

The portfolio's comparatively low carbon profile reflects both sector allocation and stock selection. Lower exposure to Energy and Utilities contributes to the difference relative to benchmark, while stock selection within Energy, Materials and Utilities also reduces carbon intensity.

At mandate level, the **L&G Low Carbon Transition Developed Markets Equity Index Fund** and **LGPS Central Global Sustainable Equity Active Targeted Fund** have particularly low emissions intensity, while the **LGPS Central Global Equity Active Multi Manager Fund** is the largest absolute contributor to the Fund's listed equity financed emissions.

More detailed analysis later in this report considers recent changes in portfolio positioning, the drivers of movements in carbon intensity and the Fund's forward-looking climate and stewardship indicators.

Introduction

This report presents the Shropshire County Pension Fund's climate-related disclosures for the year ended 31 March 2026.

Prepared in conjunction with LGPS Central Limited, it describes how the Fund identifies, assesses and manages climate-related risks and opportunities across its investment, stewardship, risk management and funding activities.

Climate change is recognised as a financially material issue that may affect investment outcomes and the Fund's long-term funding position, and is therefore embedded within the Fund's decision-making and oversight processes. The report is structured around the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).



Badger, Shropshire

Governance

The Fund's approach to climate governance has developed progressively since its first climate-related reporting in 2020. Key milestones are summarised below.

FIGURE 1: THE FUND'S CLIMATE PROGRESS

2020

First Climate Risk and TCFD reporting

The Fund received its first Climate Risk Report, including climate metrics and scenario analysis, and published its first TCFD Report.

2021

Climate Stewardship Plan

The Fund introduced a Climate Stewardship Plan, establishing priority companies for focused climate engagement and monitoring which is renewed annually.

Climate Change Strategy

The Fund adopted its Climate Change Strategy, formally setting out its approach to climate-related risks and committing to net-zero financed emissions by 2050.

2022

Sustainable Investment

The Fund invested approximately £100 million in LGPS Central's Global Sustainable Equity strategy, supporting the integration of climate considerations within its listed equity allocation and switched its passive equity investments with Legal and General to a low carbon index fund.

2023

Decarbonisation Progress

The Fund reported a 46% reduction in financed emissions and a 59% reduction in WACI relative to its 2020 baseline as a result of the changes and continues to report progress annually.

Governance *(continued)*

FIGURE 1: THE FUND'S CLIMATE PROGRESS (CONTINUED)

2024

Updated Climate Change Strategy

The Fund updated its Climate Change Strategy, including interim milestones towards its long-term net-zero objective.

2025

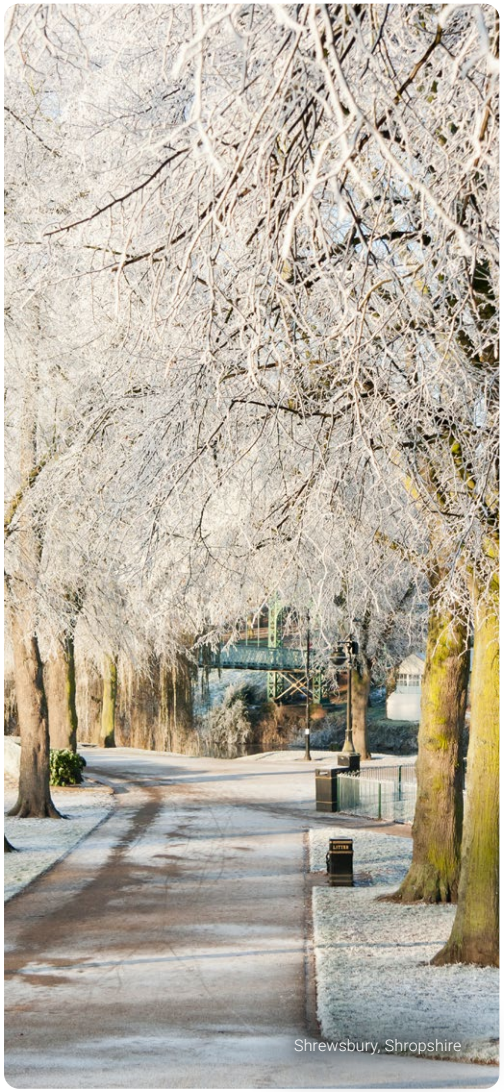
Climate in Funding Strategy

Climate scenario analysis formed part of the 2025 actuarial valuation, strengthening consideration of climate risk across the Fund's investment and funding arrangements.

2026

Enhanced Investment and Stewardship Arrangements

The Fund updated its Investment Strategy Statement and Climate Stewardship Plan, alongside the transition to revised investment implementation arrangements through LGPS Central.



Shrewsbury, Shropshire

Governance *(continued)*

Board Oversight

Shropshire Council is the administering authority for the Fund, with responsibility for the management of the Fund delegated to the Pensions Committee. The Committee is supported by Fund officers and external professional advisers, including the Scheme Actuary, Investment Consultant and Independent Adviser. The Local Pension Board supports the Fund in complying with LGPS regulations, pensions legislation and relevant regulatory guidance.[1]

The Pensions Committee is responsible for preparing and approving the Fund's Investment Strategy Statement and Climate Change Strategy. The Climate Change Strategy is reviewed annually by officers, with proposed changes referred to the Committee where required. Progress is reviewed every 12 months, while updates on responsible investment, including climate change, are provided to the Committee quarterly.[2]

The Local Pension Board assists the administering authority in securing compliance with applicable legislation and supports the effective governance and administration of the Fund. The Board provides oversight and support to the administering authority rather than exercising the decision-making responsibilities delegated to the Pensions Committee.

Under the Investment Strategy Statement, responsibility for implementing, overseeing and monitoring the investment strategy is delegated to the Head of Pensions – LGPS Senior Officer, supported by other suitably qualified senior officers and advisers.[3]



Shropshire Countryside

[1] Shropshire County Pension Fund, Governance (accessed 26 October 2026).
[2] Climate Change Strategy, September 2024. Available on the Fund's website.
[3] Investment Strategy Statement, September 2026. Available on the Fund's website.

Governance *(continued)*

Management's Roles and Responsibilities

Responsibility for implementing the Climate Change Strategy is held by the Head of Pensions – LGPS Senior Officer and the Pension Investment & Responsible Investment Manager. In conjunction with the Fund's investment adviser, these officers have primary day-to-day responsibility for the management of climate-related investment risks and provide updates to the Pensions Committee. The Head of Pensions – LGPS Senior Officer is accountable to the Committee for delivery of the strategy.[4]

Officers review the Climate Change Strategy annually and report to the Committee where changes are required. Climate considerations are included in investment papers, helping to embed climate-related risks and opportunities within the Fund's investment decision-making and oversight arrangements.

As the Fund is primarily externally managed, much of the implementation of climate-risk management is delegated to portfolio managers, with oversight from Fund officers and investment consultants. External managers are monitored regularly by officers and the Pensions Committee. The Fund's investment adviser undertakes quarterly monitoring of investments held outside LGPS Central Limited, including ESG ratings where applicable, and material developments are reported to the Committee for consideration.

From April 2026, LGPS Central Limited became responsible for implementing and managing all the Fund's investments in accordance with the Investment Strategy Statement. The Fund continues to set its overall investment objectives, strategic asset allocation and operational cash-flow requirements. Senior officers liaise with LGPS Central Limited on implementation, monitor its activities and the performance of the Fund's assets, and report to the Pensions Committee.[5]



Shropshire Union Canal

[4] Climate Change Strategy, September 2024. Available on the Fund's website.

[5] Investment Strategy Statement, September 2026. Available on the Fund's website.

Governance *(continued)*

Ongoing Education and Training

The Fund's Training Policy applies to officers involved in its management and administration, members of the Pensions Committee and members of the Local Pension Board. Its purpose is to ensure that those responsible for decision-making, scrutiny, operations and oversight have the knowledge and skills needed to fulfil their responsibilities and evaluate and challenge the advice they receive. The Head of Pensions – LGPS Senior Officer is responsible for ensuring the policy is implemented.[6]

The Fund maintains a rolling training plan informed by relevant knowledge and skills frameworks, its forward work programme and current or emerging issues. Training needs are assessed regularly for Committee members, Board members and officers, with refresher training provided where required.

Training is delivered through several channels, including internal sessions, external providers, webinars, online learning, seminars, conferences, reading materials and meetings with the Fund's investment pool, managers and advisers. The Fund also provides training during Committee and Board meetings on topical issues, including climate change, responsible investment, investment asset classes and actuarial valuations.

Both the Pensions Committee and Local Pension Board receive regular training on responsible investment topics. The Committee receives training on responsible investment, including climate change, every quarter, and the Fund sets aside time each year for presentations on responsible investment and environmental, social and governance matters.

The Fund maintains training records and monitors participation against its training plan. Training attended by Committee and Board members is reported through the Fund's annual report and accounts. For pension fund officers, training is recorded and a gap analysis is undertaken as part of individual personal development plans.



Dinham Bridge, Ludlow, Shropshire

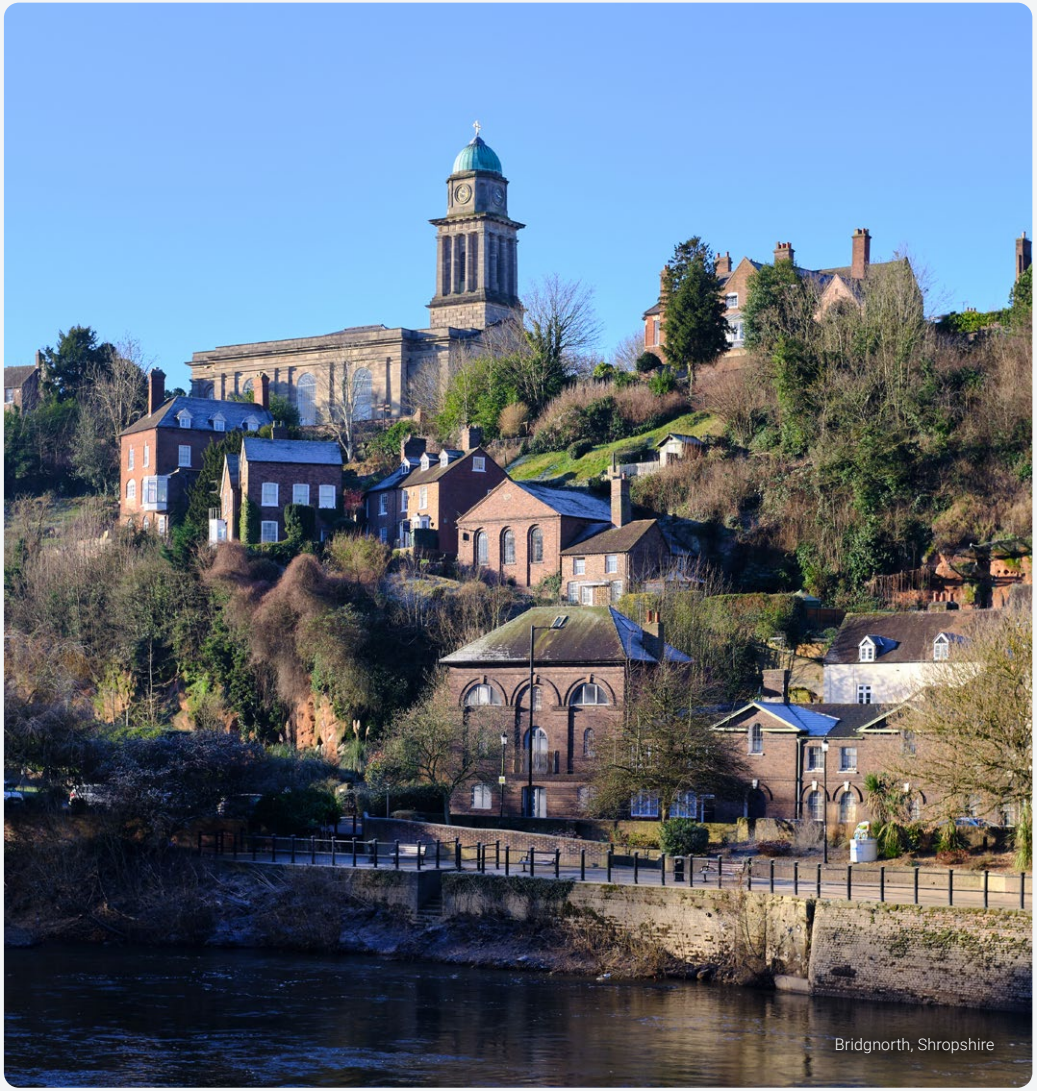
[6] Training Policy, December 2024. Available on the Fund's website.

Strategy

Climate-Related Risks and Opportunities

The Fund recognises climate change as a financially material risk with the potential to affect its investments, funding position and ability to meet its long-term objectives. The Fund's Climate Change Strategy identifies both transition and physical risks, including changes in policy, technology and consumer behaviour, and longer-term impacts on real assets and resource availability. Climate change may also affect the Fund's funding position through its impact on employer covenant, credit risk, asset pricing, inflation, interest rates and demographic risk.[7]

The Fund seeks to identify, understand and assess material climate-related risks and opportunities across regions, sectors and asset classes. Its approach is reflected across the Climate Change Strategy, Investment Strategy Statement and Funding Strategy Statement, linking climate considerations with investment, funding and risk management.[7][8][9]



Bridgnorth, Shropshire

[7] Climate Change Strategy, September 2024. Available on the Fund's website.
[8] Investment Strategy Statement, September 2026. Available on the Fund's website.
[9] Funding Strategy Statement, March 2026. Available on the Fund's website.

Strategy *(continued)*

Climate-Related Considerations within the Investment Strategy

The Fund's investment strategy seeks to generate sustainable long-term returns which, together with employer contributions, support the payment of member benefits as they fall due. Responsible investment is integrated into investment decision-making, including asset allocation, manager selection, due diligence and monitoring.[8]

Diversification across asset classes, regions and sectors is recognised as an important means of managing investment and climate-related risk. The Fund's Climate Change Strategy also provides for climate factors to be incorporated into reviews of the strategic asset allocation where supported by a credible evidence base.[7]

From April 2026, LGPS Central Limited assumed responsibility for the implementation and management of the Fund's investments in line with the Investment Strategy Statement. The Fund continues to set its overall investment objectives and strategic asset allocation, while LGPS Central implements the strategy through mandate design, manager appointment and monitoring, risk management and stewardship.[8]



Shrewsbury, Shropshire

[7] Climate Change Strategy, September 2024. Available on the Fund's website.
[8] Investment Strategy Statement, September 2026. Available on the Fund's website.

Strategy *(continued)*

Climate Resilience

The Fund considers climate resilience across its investment and funding arrangements. Climate change is recognised as a systemic risk capable of affecting funding, investment and employer covenant simultaneously, requiring an integrated approach across these areas.[9]

As part of the 2025 actuarial valuation, the Fund considered four climate scenarios covering different combinations of transition and physical risk. The analysis assessed the potential impact on the Fund's funding level over time, including effects through financial markets and employer covenant. The scenarios are intended to illustrate a range of potential outcomes rather than predict future climate pathways.[9] [10]

The analysis showed materially different outcomes between scenarios. Under the Rapid Transition scenario, the funding level initially falls by around 10% relative to the baseline before recovering and moving above it from 2037. By contrast, under the Failed Transition scenario, the funding level falls progressively relative to the baseline, with a gap of over 40% by 2065 alongside potential pressure on employer affordability and covenant.[9] [10]

The analysis informed consideration of the prudence incorporated within the actuarial assumptions and the Fund's approach to retaining an appropriate funding surplus.[9] [10]


Shropshire Hills

[9] Funding Strategy Statement, March 2026. Available on the Fund's website.

[10] Report on the Actuarial Valuation as at 31 March 2025, March 2026. Available on the Fund's website.

Strategy *(continued)*

Stewardship and Engagement

Stewardship forms part of the Fund's response to climate-related risks and opportunities. The Fund uses engagement and voting, alongside manager oversight, to influence investee companies and encourage the management of financially material climate risks. Its Climate Stewardship Plan 2026 identifies priority companies and investment managers where stewardship can be used to understand and manage climate-related risks.[8] [11]

The Fund monitors engagements undertaken through LGPS Central Limited and its wider stewardship arrangements, while officers meet investment managers quarterly to challenge them on relevant holdings and climate integration. Engagement and voting activity is reported quarterly to the Pensions Committee, with progress against the Climate Stewardship Plan reported annually.[11]

The Fund's Climate Stewardship Plan 2026 identifies a focused group of companies for climate-related engagement: **Holcim**, **Shell**, **BP**, **Glencore**, **RWE** and **ArcelorMittal**. The Plan establishes company-specific engagement objectives, providing a structured basis for monitoring progress and informing escalation where appropriate.[11]



Shrewsbury, Shropshire

[8] Investment Strategy Statement, September 2026. Available on the Fund's website.
[11] Climate Stewardship Plan, March 2026. Available on the Fund's website.

Risk Management

Identifying Climate-Related Risks and Opportunities

Climate-related risks are considered within the Fund's wider risk management framework. The Fund maintains risk registers covering pension fund investment, investment pooling and pension administration, with climate change and responsible investment identified among its key investment risks.[12]

The Climate Change Strategy supports the identification of material transition and physical risks across regions, sectors and asset classes. The Fund uses climate data and analysis, manager and adviser input, climate metrics, stewardship activity and scenario analysis to develop its understanding of these risks and how they may affect the portfolio.[13]

The Fund recognises limitations in the availability, consistency and comparability of climate data, particularly across some asset classes and Scope 3 emissions. Its approach is therefore to use the best available information while developing its assessment as data quality and coverage improve.[13]


Shropshire Hills

[12] Shropshire County Pension Fund, Risk management (accessed 26 October 2026).
[13] Climate Change Strategy, September 2024. Available on the Fund's website.

Risk Management *(continued)*

Assessing and Managing Climate-Related Risks and Opportunities

The Fund's published risk framework identifies a range of controls for managing climate and responsible investment risks. These include climate-risk assessment, responsible investment policies, engagement and collaboration, and integration of responsible investment considerations within the investment process.[12]

Climate considerations are also incorporated into asset allocation, manager selection, due diligence and ongoing monitoring. Implementation of the investment strategy is undertaken by LGPS Central Limited, including mandate design, manager appointment and monitoring, risk management and stewardship, while the Fund retains responsibility for its strategic objectives and asset allocation.[13] [14]

Stewardship is used alongside investment oversight to manage identified climate risks. The Climate Stewardship Plan focuses engagement on priority companies and investment managers and provides a framework for monitoring engagement and escalation.[13] [14]



Shropshire Countryside

[12] Shropshire County Pension Fund, Risk management (accessed 26 October 2026).
[13] Climate Change Strategy, September 2024. Available on the Fund's website.
[14] Investment Strategy Statement, September 2026. Available on the Fund's website.

Risk Management *(continued)*

Monitoring and Reporting

Climate-related risks are monitored through portfolio and manager oversight, climate metrics, stewardship activity and periodic scenario analysis. The Investment Strategy Statement identifies failure to appropriately identify, manage and respond to financially material ESG risks and opportunities, including climate change, as a risk to long-term investment returns and the Fund's objectives.[14]

The Fund reports annually on climate-related risks and opportunities and monitors stewardship through its engagement and voting arrangements. Progress against the Climate Stewardship Plan is reported annually to the Pensions Committee, supporting ongoing oversight of identified climate-related risks.[13] [15]



Clun Castle, Shropshire

[13] Climate Change Strategy, September 2024. Available on the Fund's website.

[14] Investment Strategy Statement, September 2026. Available on the Fund's website.

[15] Climate Stewardship Plan, March 2026. Available on the Fund's website.

Metrics and Targets

What We Measure

The Fund uses a range of complementary climate metrics to assess different dimensions of climate-related risk and opportunity across its investments. These include measures of financed emissions and carbon intensity, alongside indicators of fossil fuel and climate-solutions exposure, net-zero alignment, implied temperature rise, Climate Value-at-Risk (CVaR) and stewardship coverage. No single metric provides a complete measure of climate risk and the Fund therefore considers these measures collectively and in the context of portfolio composition, investment strategy and benchmark characteristics.

Climate analysis is undertaken at both portfolio and underlying mandate level. This enables the Fund to identify where emissions and climate-related exposures are concentrated, understand the factors influencing changes over time and assess how individual investment strategies compare with their respective benchmarks.

The Fund seeks to use reputable data sources and recognised methodologies where available. Climate metrics should nevertheless be regarded as indicators rather than precise measures of risk. Data availability and methodologies continue to evolve, and reported results may change as coverage improves, estimated data are replaced by reported information and underlying issuer disclosures are updated.

The analysis that follows considers listed equity and fixed income separately, reflecting differences in their underlying investments and climate-risk characteristics. Where appropriate, portfolio-level results are supplemented by mandate-level analysis to provide greater insight into the sources and drivers of climate-related exposure.



Ironbridge, Shropshire

Metrics and Targets *(continued)*

The Fund's Climate Targets

The Fund's **Climate Change Strategy** establishes a series of emissions-reduction, measurement and reporting targets. Progress against these targets is summarised below.

Target	Progress
Listed equity and corporate bonds: Reduce Scope 1 & 2 financed emissions by 50% by 2030 or sooner compared with 2020.	Listed equity financed emissions are 31,068 tCO_2e, approximately 32.7% below the restated 2020 listed-equity baseline of 46,142 tCO_2e. Normalised financed emissions are approximately 73.2% below the restated 2020 baseline at 15.9 tCO_2e per £m invested. Changes to the Fund's corporate bond arrangements during the year affect comparability of the fixed-income metrics and are considered separately below.
Listed equity and corporate bonds: Track relevant categories of scope 3 emissions for the top 10 emitters from 2024.	Scope 3 emissions continue to be included within the Fund's listed equity and corporate fixed income climate analysis.
Private markets: Establish carbon footprinting for all pooled private market assets using estimated data by 2024, developing this to incorporate actual and estimated data during 2025.	Carbon footprinting of private market assets has progressively developed as reported data have become available, with estimated data continuing to be required where underlying companies do not report emissions.
All pooled assets: Report the carbon footprint across all pooled assets by 2026.	Carbon footprints are reported for all LGPS Central Limited public market assets using reported and estimated data. Work is ongoing for legacy assets now under the pool's stewardship.
Private markets: Establish carbon footprinting for all pooled private market assets and legacy managers using actual data by 2030.	This remains a longer-term objective and is dependent on the continued development and availability of reported private-market emissions data.
Long-term decarbonisation: Achieve net-zero financed emissions by 2050 or sooner, in accordance with the scope set out in the Climate Change Strategy.	Progress is monitored through the Fund's climate metrics, investment monitoring and stewardship activities.

Changes in financed emissions can reflect several factors, including portfolio composition, asset values and changes in underlying issuer emissions. Progress against the Fund's targets is therefore considered alongside complementary climate metrics and analysis of the underlying investment mandates.

Metrics and Targets *(continued)*

Listed Equity

The Fund's listed equity portfolio remains materially less carbon intensive than its benchmark. As at 31 March 2026, Scope 1 and 2 financed emissions were **31,068 tCO_2e**, compared with **80,949 tCO_2e** for the benchmark. Emissions intensity was **15.9 tCO_2e per £m invested**, compared with **40.6**, while WACI was **51.3 tCO_2e per $m sales**, compared with **119.8**.

Metric	Fund	Benchmark
Scope 1 & 2 financed emissions (tCO_2e)	31,068	80,949
Emissions intensity (tCO_2e/£m invested)	15.9	40.6
WACI (tCO_2e/$m sales)	51.3	119.8
Scope 3 emissions (tCO_2e)	601,530	801,364
Fossil fuel revenue	1.8%	5.3%
Fossil fuel reserves exposure	3.0%	7.4%
Climate solutions exposure	41.0%	44.8%
Climate solutions revenue	9.6%	9.3%


Shropshire Hills

Metrics and Targets *(continued)*

Listed Equity

Financed Emissions Scope 1&2 (tCO_2e)	Scope 3
31,068	601,530
Benchmark: 80,949	Benchmark: 801,364

Emissions Intensity (tCO_2e/£m invested)	WACI (tCO_2e/$m sales)
15.9	51.3
Benchmark: 40.6	Benchmark: 119.8

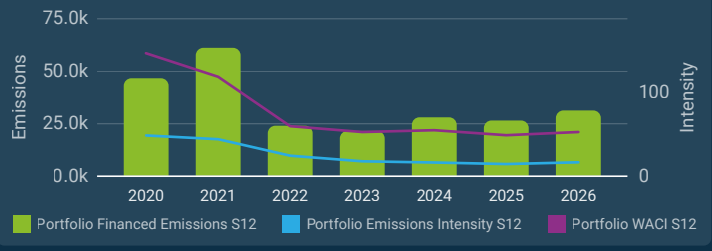
Engagement and Alignment Status

2.6°C Portfolio ITR	Engagement	NZ Alignment	Engaged / Aligned
98.4% ITR Data Coverage	76.9% by emissions	25.0% by emissions	86.9% by emissions
	56.1% by AUM	66.2% by AUM	87.4% by AUM

Top Contributors to Emissions

Issuer	Portfolio Weight	% Financed Emissions	% WACI	Engage-ment	Align-ment
TAIWAN SEMICONDUCTOR MANUFACTURI...	1.4%	1.5%	8.1%	Yes	
IBERDROLA, S.A.	0.6%	1.3%	1.9%	Yes	Yes
SAMSUNG ELECTRONICS CO., LTD.	0.5%	1.2%	1.4%	Yes	
NEXTERA ENERGY, INC.	0.5%	5.5%	19.5%	Yes	
WASTE MANAGEMENT, INC.	0.4%	3.5%	6.1%	Yes	Yes
L'AIR LIQUIDE SOCIETE ANONYME POUR L'ET...	0.3%	5.6%	8.9%	Yes	
CONOCOPHILLIPS	0.3%	1.9%	2.1%	Yes	
SMURFIT WESTROCK PUBLIC LIMITED CO...	0.2%	3.3%	1.6%		

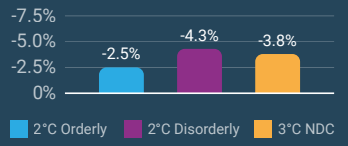
Emissions Timeseries



FF Reserves Exposure	FF Power Generation Exposure	Climate Solutions Exposure
3.0% Benchmark: 7.4%	4.3% Benchmark: 6.9%	41.0% Benchmark: 44.8%

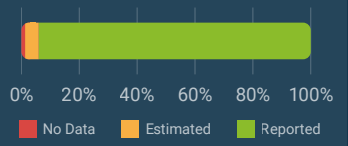
Fossil Fuel Revenue	FF Power Generation Revenue	Climate Solutions Revenue
1.8% Benchmark: 5.3%	0.2% Benchmark: 0.6%	9.6% Benchmark: 9.3%

Climate Value-at-Risk



97.9%
CVaR Data Coverage

Emissions Data Quality



1.3
PCAF Data Quality Score

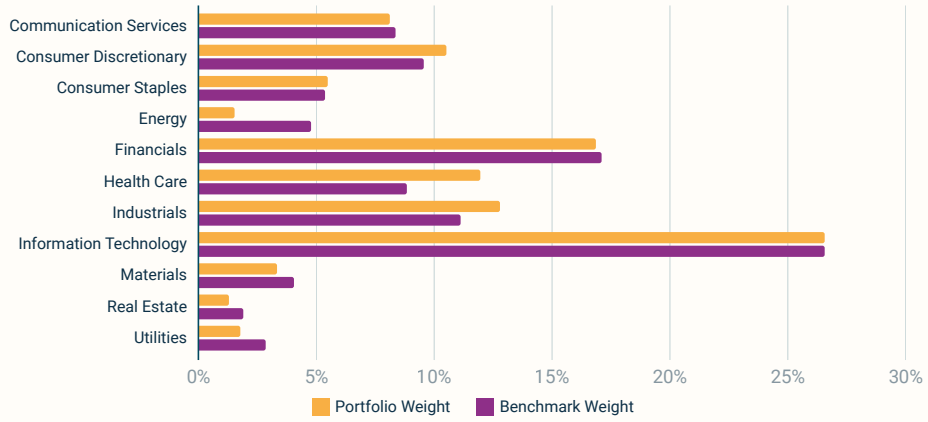

The Wrekin, Shropshire

Metrics and Targets *(continued)*

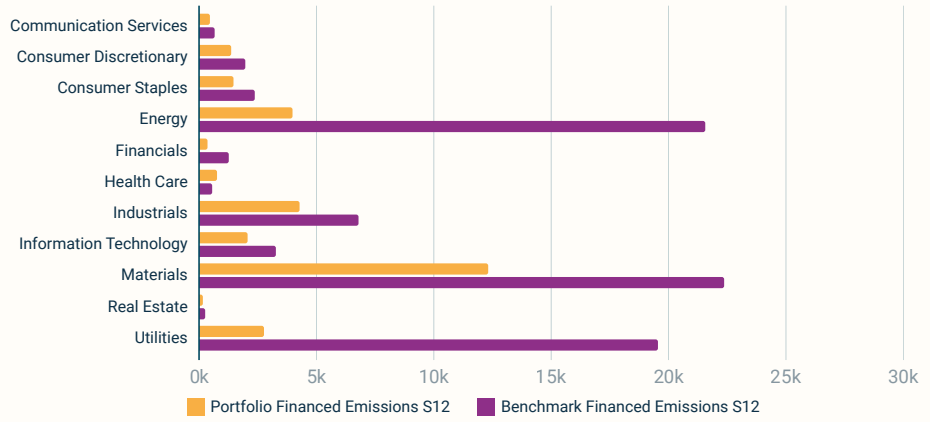
Listed Equity

Sources of Emissions

WEIGHT: PORTFOLIO VS BM



FINANCED EMISSIONS: PORTFOLIO VS BM



The lower carbon profile reflects both **sector allocation and stock selection**. Attribution analysis shows that lower exposure to Energy and Utilities reduces emissions intensity and WACI relative to benchmark, while stock selection also makes a substantial contribution, particularly within Energy, Materials and Utilities. This indicates that the difference is not solely the result of holding less in carbon-intensive sectors, but also reflects the carbon characteristics of companies held within those sectors.

Metrics and Targets *(continued)*

Listed Equity

Change Over The Year

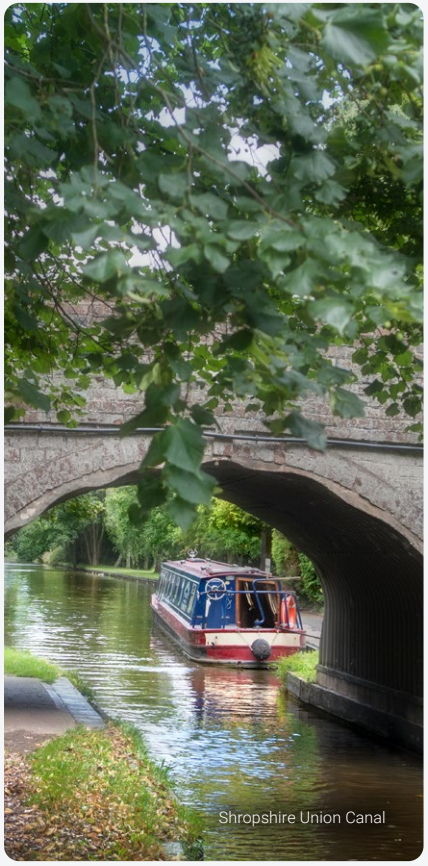
The Fund has historically monitored changes in normalised financed emissions and WACI through its headline climate metrics. This year, the analysis has been supplemented with **attribution analysis**, providing additional insight into how changes in sector allocation and stock selection have influenced these measures.

For the most recent year, the attribution analysis reflects **portfolio movements only**. The latest consistently available underlying company emissions data relate to **2025**, as 2026 emissions data are not yet available. The analysis therefore shows how changes in portfolio holdings affected emissions intensity and WACI using the latest available issuer data, but does not yet capture subsequent changes in company emissions.

Historical figures have also been **restated using the latest available underlying emissions data**. As company disclosures and data quality improve, historical estimates may be replaced or updated. Consequently, historical figures presented in this report may differ from those published in previous reports.

On this basis, portfolio movements placed upward pressure on both measures during the year. Emissions intensity increased from **13.8 to 15.9 tCO_2e per £m invested**, while WACI increased from **47.7 to 51.3 tCO_2e per $m sales**. The increase was driven principally by stock-selection effects, with the Materials sector being the largest contributor to emissions intensity.

The underlying mandate analysis provides further context. Carbon intensity declined within the **L&G Low Carbon Transition Developed Markets Equity Index Fund**, while portfolio movements increased carbon intensity across the Fund's three active equity strategies. The largest increase occurred within the **LGPS Central Global Equity Active Multi Manager Fund**, driven principally by stock-selection effects, particularly within Materials.


Shropshire Union Canal

Metrics and Targets *(continued)*

Listed Equity

Climate-Related Exposures

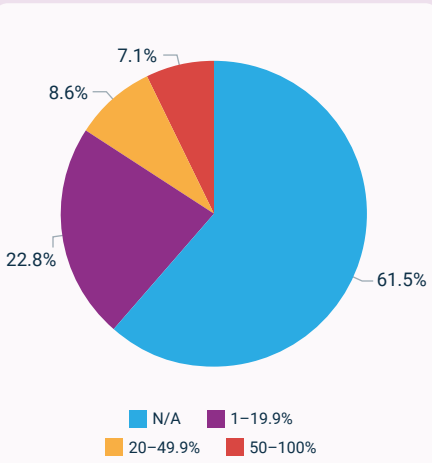
The portfolio's exposure to fossil fuel-related activities remains substantially below the benchmark. Fossil fuel revenue represents **1.8%** of the portfolio compared with **5.3%** for the benchmark, while fossil fuel reserves exposure is **3.0%**, compared with **7.4%**.

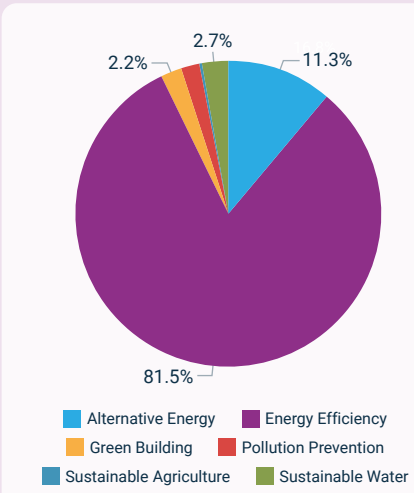
Climate-solutions exposure presents a more balanced picture. **41.0%** of the portfolio is exposed to companies providing climate solutions, compared with **44.8%** of the benchmark. However, climate-solutions revenue is marginally higher at **9.6%**, compared with **9.3%**. The underlying strategies vary considerably, illustrating the importance of considering individual mandates alongside the aggregate portfolio.

ENVIRONMENTAL IMPACT REVENUE

10.1%

Share of revenue from environmental solutions






Shrewsbury, Shropshire

Metrics and Targets *(continued)*

Listed Equity

Forward-Looking Indicators and Stewardship

Forward-looking indicators suggest that transition risk remains relevant despite the portfolio's relatively low current carbon intensity. The portfolio has an implied temperature rise of **2.6°C**, with **98.4%** data coverage. CVaR is estimated at **-2.5%** under a 2°C orderly transition scenario, **-4.3%** under a 2°C disorderly scenario and **-3.8%** under a 3°C Nationally Determined Contributions scenario.

Net-zero alignment also remains mixed. **25.0% of financed emissions** are classified as net-zero aligned, while **76.9%** are covered by engagement. Overall, **86.9% of financed emissions are either aligned or subject to engagement**.

A relatively low current carbon footprint does not, in isolation, demonstrate alignment with the transition to net-zero. Alignment, engagement and forward-looking transition-risk measures therefore provide complementary information on how the portfolio may evolve over time.



The Wrekin, Shropshire

Metrics and Targets *(continued)*

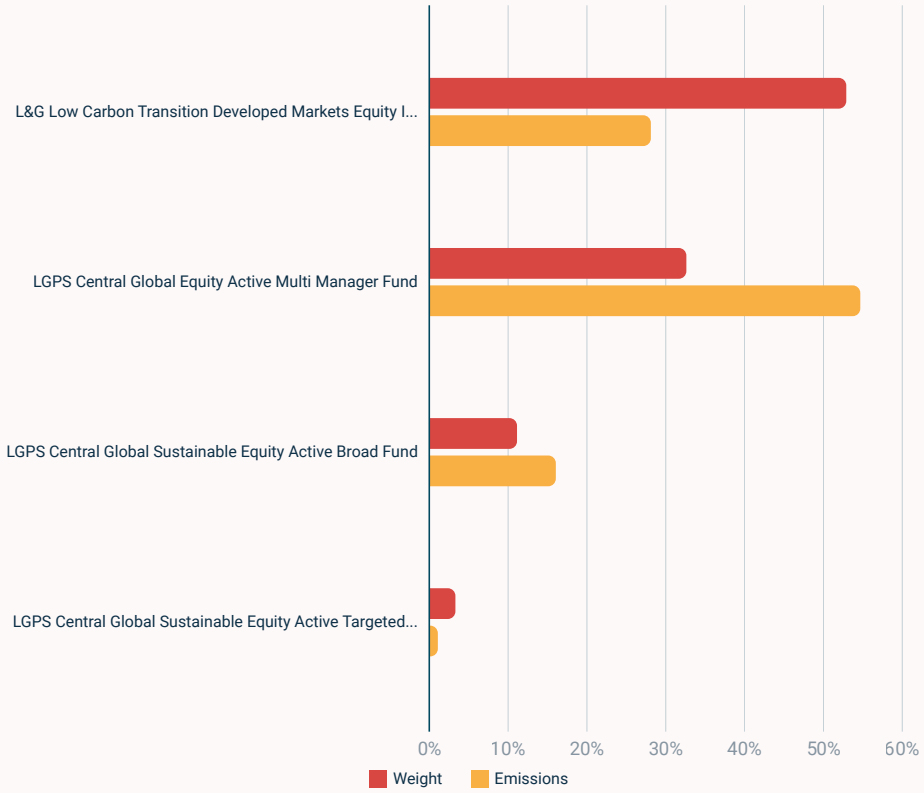
Listed Equity

Fund-by-Fund Analysis

The Fund's listed equity allocation comprises investment strategies with different objectives and portfolio characteristics. The resulting climate profiles vary materially between mandates, reinforcing the importance of considering fund-level results alongside the aggregate portfolio.

Fund	FE Intensity	WACI	ITR	Climate Solutions	Fossil Fuel Revenue	NZ Aligned	Engaged / Aligned
L&G Low Carbon Transition Developed Markets Equity Index Fund	8.4	33.5	2.5°C	41.2%	1.9%	43.3%	85.4%
LGPS Central Global Equity Active Multi Manager Fund	27.1	58.1	2.6°C	38.7%	2.3%	12.2%	88.6%
LGPS Central Global Sustainable Equity Active Broad Fund	22.2	121.5	2.7°C	48.1%	0.9%	37.2%	83.2%
LGPS Central Global Sustainable Equity Active Targeted Fund	5.2	31.9	2.8°C	37.1%	0.2%	33.0%	84.7%

WEIGHT VS FINANCED EMISSIONS



Metrics and Targets *(continued)*

Listed Equity

The **L&G Low Carbon Transition Developed Markets Equity Index Fund** has a distinctly low-carbon profile. Emissions intensity and WACI are substantially below the aggregate benchmark, alongside lower fossil fuel exposure. It also has the highest net-zero alignment of the four mandates at **43.3% of financed emissions**. Both emissions intensity and WACI declined over the latest year.

The **LGPS Central Global Equity Active Multi Manager Fund** has the highest emissions intensity of the four mandates at **27.1**, although this remains substantially below the aggregate benchmark. It is also the largest absolute contributor to listed equity financed emissions. Emissions intensity increased over the year, driven principally by stock selection, with Materials the largest contributor. Net-zero alignment is relatively low at **12.2%**, although engagement coverage is considerably higher.

The **LGPS Central Global Sustainable Equity Active Broad Fund** has emissions intensity below the aggregate benchmark at **22.2**, but WACI is marginally higher at **121.5**. This illustrates the effect of portfolio construction: stock selection reduces WACI relative to benchmark, while sector positioning has the opposite effect. The strategy has the highest climate-solutions exposure of the four mandates at **48.1%**, alongside climate-solutions revenue of **14.1%**.

The **LGPS Central Global Sustainable Equity Active Targeted Fund** has the lowest emissions intensity of the four strategies at **5.2**, alongside WACI of **31.9**. Fossil fuel exposure is also limited. However, emissions intensity and WACI both increased over the latest year, predominantly through stock-selection effects, while its implied temperature rise of **2.8°C** illustrates that low current carbon intensity does not necessarily translate directly into stronger forward-looking alignment.

Overall, the fund-level analysis shows that the Fund's relatively low aggregate equity carbon intensity reflects different contributions from its underlying strategies rather than a uniform climate profile.


Shropshire Countryside

Metrics and Targets *(continued)*

Corporate Fixed Income

The Fund's corporate fixed income portfolio has a more mixed carbon profile relative to benchmark than listed equity. As at 31 March 2026, Scope 1 and 2 financed emissions were **24,622 tCO_2e**, below the benchmark at **27,054 tCO_2e**. Emissions intensity was **67.5 tCO_2e per £m invested**, in line with benchmark, while WACI was higher at **210.7 tCO_2e per $m sales**, compared with **193.3**.

Metric	Fund	Benchmark
Scope 1 & 2 financed emissions (tCO_2e)	24,622	27,054
Emissions intensity (tCO_2e/£m invested)	67.5	67.5
WACI (tCO_2e/$m sales)	210.7	193.3
Scope 3 emissions (tCO_2e)	149,884	146,213
Fossil fuel revenue	6.6%	6.7%
Fossil fuel reserves exposure	5.9%	5.7%
Climate solutions exposure	29.2%	26.8%
Climate solutions revenue	3.8%	3.6%


Hawkstone Park, Shropshire

Metrics and Targets *(continued)*

Corporate Fixed Income

Financed Emissions Scope 1&2 (tCO_2e)
24,622
Benchmark: 27,054

Scope 3
149,884
Benchmark: 146,213

Emissions Intensity (tCO_2e/£m invested)
67.5
Benchmark: 67.5

WACI (tCO_2e/$m sales)
210.7
Benchmark: 193.3

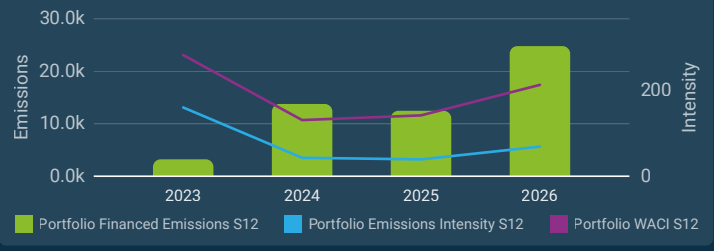
Engagement and Alignment Status

	Engagement	NZ Alignment	Engaged / Aligned
2.8°C Portfolio ITR	83.1% by emissions	12.7% by emissions	86.8% by emissions
91.7% ITR Data Coverage	55.9% by AUM	54.7% by AUM	78.6% by AUM

Top Contributors to Emissions

Issuer	Portfolio Weight	% Financed Emissions	% WACI	Engage-ment	Align-ment
NEXTERA ENERGY CAPITAL HOLDINGS, INC.	0.5%	1.9%	6.0%	Yes	
DOMINION ENERGY, INC.	0.4%	2.8%	5.8%	Yes	
THE SOUTHERN COMPANY	0.4%	3.4%	8.6%	Yes	
WESTERN MIDSTREAM OPERATING, LP	0.3%	2.9%	3.2%	Yes	
PACIFICORP	0.3%	6.2%	5.2%	Yes	
FLORIDA POWER & LIGHT COMPANY	0.2%	2.9%	2.7%	Yes	
MONONGAHELA POWER COMPANY	0.2%	10.9%	5.8%	Yes	
EMERA US FINANCE LP	0.1%	1.4%	1.7%		

Emissions Timeseries



FF Reserves Exposure
5.9% ⚠
Benchmark: 5.7%

FF Power Generation Exposure
11.8% ⚠
Benchmark: 9.5%

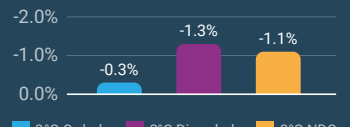
Climate Solutions Exposure
29.2% ✓
Benchmark: 26.8%

Fossil Fuel Revenue
6.6% ✓
Benchmark: 6.7%

FF Power Generation Revenue
2.2% ⚠
Benchmark: 1.5%

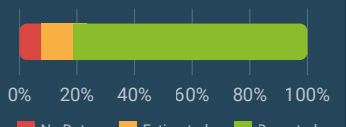
Climate Solutions Revenue
3.8% ✓
Benchmark: 3.6%

Climate Value-at-Risk



86.1%
CVaR Data Coverage

Emissions Data Quality



1.6
PCAF Data Quality Score

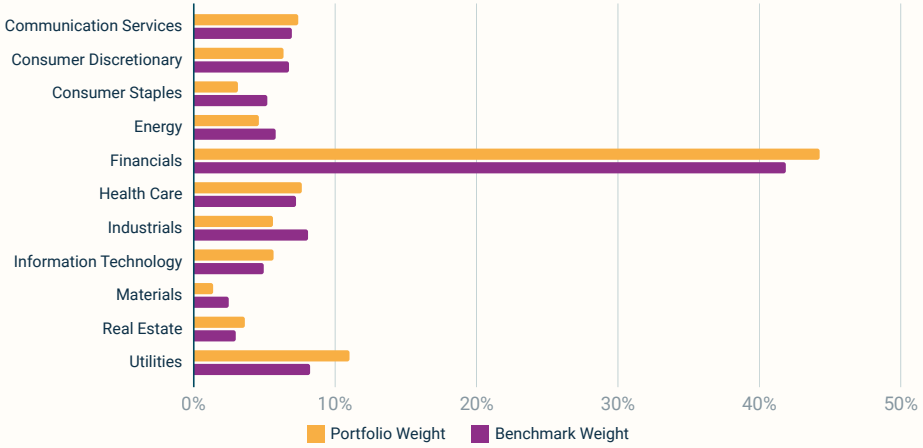


Metrics and Targets *(continued)*

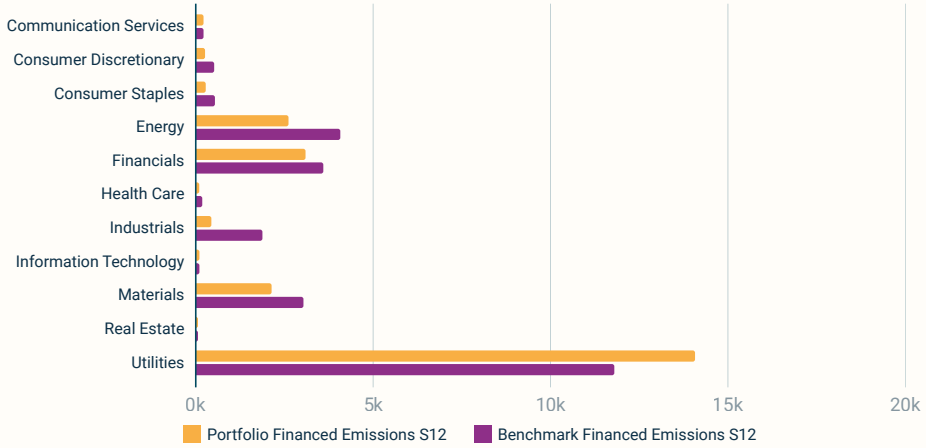
Corporate Fixed Income

Sources of Emissions

WEIGHT: PORTFOLIO VS BM



FINANCED EMISSIONS: PORTFOLIO VS BM



Stock selection reduces both emissions intensity and WACI relative to benchmark. For WACI, however, this is offset by sector allocation and interaction effects, leaving the portfolio modestly above benchmark overall. Utilities are particularly influential, reflecting both portfolio exposure to the sector and its relatively high carbon intensity.

Metrics and Targets *(continued)*

Corporate Fixed Income

Change Over The Year

As explained in the listed equity analysis, the most recent attribution analysis reflects **portfolio movements using the latest consistently available issuer emissions data**, which currently relate to 2025. It does not therefore capture subsequent changes in underlying company emissions.

For fixed income, comparability is further affected by a change in investment strategy. During the period, the Fund moved from its previous Sterling and Global investment-grade strategy to the Global Active Investment Grade Corporate Bond Multi Manager Fund. The two strategies have different investment universes and benchmarks, with the current Global IG benchmark itself having a materially higher carbon intensity.

On a combined basis, normalised financed emissions increased from **37.9 to 67.5 tCO_2e per £m invested**, while WACI increased from **139.9 to 210.7 tCO_2e per $m sales**. Attribution analysis indicates that both sector allocation and stock selection contributed to the increase, with Utilities particularly significant.

The previous Sterling and Global investment-grade strategy reported normalised financed emissions of **37.2** and WACI of **133.4**, compared with **67.2** and **213.2**, respectively, for the current Global Active Investment Grade Corporate Bond Multi Manager Fund. The increase should therefore not be interpreted as a like-for-like deterioration in an unchanged portfolio. It reflects, in part, the transition to a different investment strategy and benchmark with a different underlying carbon profile.


Ludlow Castle, Shropshire

Metrics and Targets *(continued)*

Corporate Fixed Income

Climate-Related Exposures

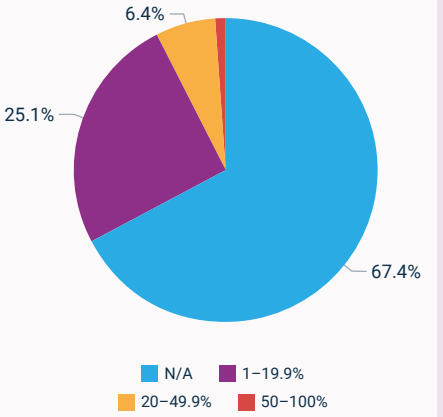
Fossil fuel exposure is broadly comparable with benchmark. Fossil fuel revenue represents **6.6%** of the portfolio compared with **6.7%** for the benchmark, while fossil fuel reserves exposure is **5.9%**, compared with **5.7%**. Exposure to fossil fuel power generation is higher at **11.8%**, compared with **9.5%**.

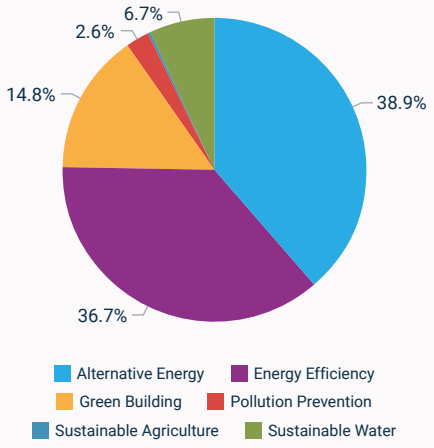
Climate-solutions exposure is modestly higher than benchmark at **29.2%**, compared with **26.8%**, while climate-solutions revenue is **3.8%**, compared with **3.6%**.

ENVIRONMENTAL IMPACT REVENUE

4.2%

Share of revenue from environmental solutions






Ironbridge, Shropshire

Metrics and Targets *(continued)*

Corporate Fixed Income

Forward-Looking Indicators and Stewardship

The corporate fixed income portfolio has an implied temperature rise of **2.8°C**, with **91.7%** data coverage. CVaR ranges from **-0.3%** under a 2°C orderly transition scenario to **-1.3%** under a 2°C disorderly transition scenario, with coverage of **86.1%**.

Net-zero alignment is relatively limited at **12.7% of financed emissions**. However, **83.1% of financed emissions are covered by engagement**, resulting in **86.8% being either aligned or subject to engagement**.

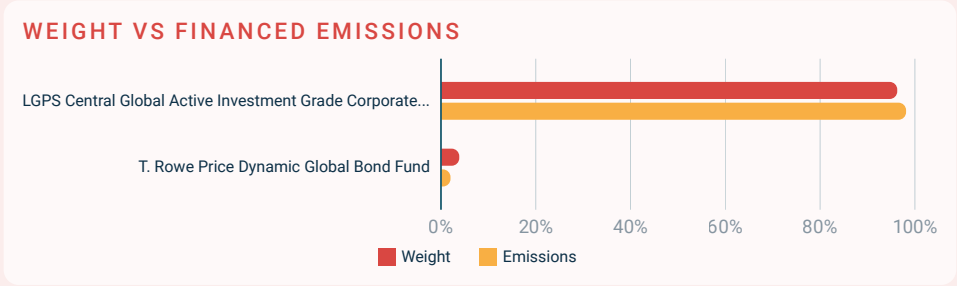


Oswestry, Shropshire

Metrics and Targets *(continued)*

Corporate Fixed Income

Fund-by-Fund Analysis



The Fund's fixed income allocation comprises two strategies with materially different investment characteristics. The Global Active Investment Grade Corporate Bond Multi Manager Fund is predominantly corporate credit, while the T. Rowe Price Dynamic Global Bond Fund combines corporate and sovereign exposures. The differences between the strategies therefore need to be considered when comparing their climate metrics.

Fund	FE Intensity	WACI	ITR	Climate Solutions	Fossil Fuel Revenue	NZ Aligned	Engaged / Aligned
LGPS Central Global Active Investment Grade Corporate Bond Multi Manager Fund	67.2	213.2	2.7°C	31.1%	6.8%	13.3%	87.3%
T. Rowe Price Dynamic Global Bond Fund – Corporate Exposure	74.2	149.0	3.3°C	9.3%	3.8%	1.6%	75.5%

The **LGPS Central Global Active Investment Grade Corporate Bond Multi Manager Fund** has corporate emissions intensity of **67.2**, slightly above its benchmark, and WACI of **213.2**, also above benchmark. Fossil fuel revenue and reserves exposure are below the benchmark, although fossil fuel power-generation exposure is higher. Climate-solutions exposure is modestly higher at **31.1%**. Its implied temperature rise is **2.7°C**, while **13.3% of financed emissions are net-zero aligned** and 83.4% are covered by engagement.

The **T. Rowe Price Dynamic Global Bond Fund's corporate exposure** has a different profile. Emissions intensity of **74.2** and WACI of **149.0** are both below their respective benchmarks. Fossil fuel reserves exposure is higher than benchmark, while climate-solutions exposure is lower at **9.3%**.

Forward-looking metrics for the T. Rowe Price corporate exposure should be interpreted cautiously because coverage is materially lower. Its implied temperature rise is **3.3°C**, but covers only **41.5%** of the relevant portfolio, while CVaR coverage is **24.7%**. Net-zero alignment is also low at **1.6% of financed emissions**, although 75.4% of financed emissions are covered by engagement.

The fund-level results again illustrate why climate exposure cannot be assessed from carbon intensity alone. The T. Rowe Price corporate exposure has lower WACI than the Global Investment Grade strategy, but also lower climate-solutions exposure and net-zero alignment and substantially lower coverage for forward-looking climate measures.

Metrics and Targets *(continued)*

Sovereign Debt

Sovereign debt is assessed separately from corporate fixed income, reflecting the different nature of sovereign issuers and the methodologies used to measure their emissions. The Fund considers both production- and consumption-based emissions intensity, alongside forward-looking measures including implied temperature rise and Climate Value at Risk.

The Fund's sovereign exposure is held principally through the **L&G All Stocks UK Gilts Index Fund, L&G All Stocks UK Index-Linked Gilts Index Fund** and sovereign holdings within the **T. Rowe Price Dynamic Global Bond Fund**. The L&G mandates provide dedicated UK government bond exposure, while the T. Rowe Price strategy invests more flexibly across global fixed income markets.

For climate-analysis purposes, **US Treasuries and UK Gilts are used as a sovereign proxy**. This provides a reference point for assessing sovereign emissions but should not be interpreted as a like-for-like investment benchmark for each underlying mandate.

Metric	Fund	Sovereign Proxy
Production emissions intensity (tCO_2e/$m PPP-adjusted GDP)	118.1	96.2
Consumption emissions intensity (tCO_2e/capita)	8.6	8.1
Sovereign implied temperature rise	1.9°C	–
ITR data coverage	99.5%	–


Church Stretton, Shropshire

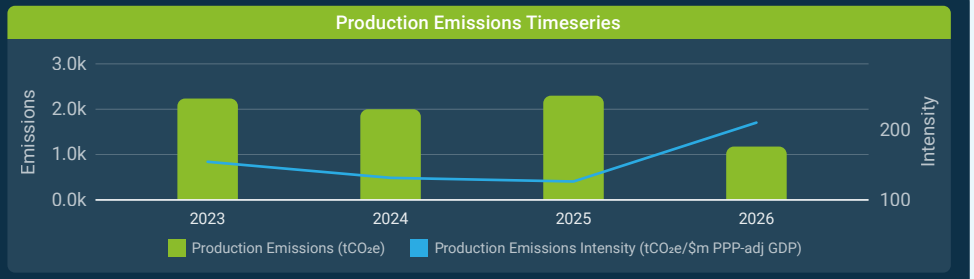
Metrics and Targets *(continued)*

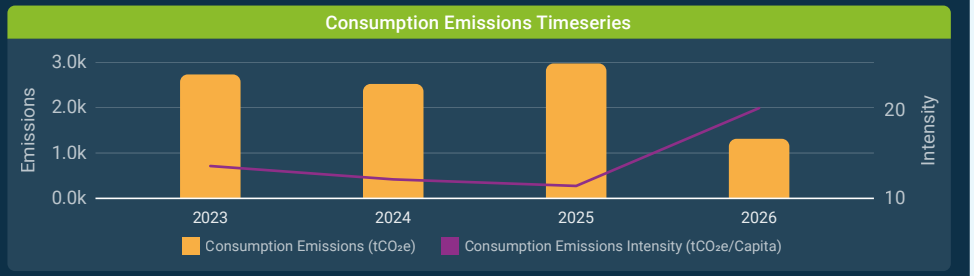
Sovereign Debt

Production Emissions (tCO_2e)	Consumption Emissions (tCO_2e)	Production Emissions Intensity (tCO_2e/$m PPP-adj GDP)	Consumption Emission Intensity (tCO_2e/Capita)
30,600	39,292	118.1	8.6
Benchmark: 18,289	Benchmark: 25,627	Benchmark: 96.2	Benchmark: 8.1

Top Contributors to Emissions

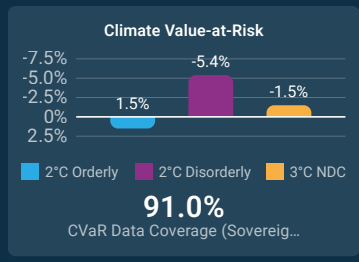
Issuer	Portfolio Weight	Production Intensity	Consumption Intensity	ITR
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN...	32.0%	90.8	8.0	1.8
UNITED STATES OF AMERICA	1.9%	210.8	20.1	3.2
NEW ZEALAND	1.4%	259.8	14.8	2.4
ESTADOS UNIDOS MEXICANOS	1.1%	229.9	5.7	2.0
BUNDESREPUBLIK DEUTSCHLAND	1.1%	109.5	11.9	2.3
REPUBLICA FEDERATIVA DO BRASIL	0.9%	266.8	5.4	2.0
REPUBLICA DE COLOMBIA	0.9%	177.2	3.8	1.6
STATSMINISTERENS KONTOR	0.6%	80.6	14.0	2.1
GOBIERNO DE CHILE	0.5%	149.1	5.9	1.7
KINGDOM OF THAILAND	0.5%	220.2	5.2	2.0
REPUBLIC OF INDIA	0.4%	246.4	2.4	1.9
MAGYARORSZAG	0.4%	117.3	7.7	2.5
REPUBLIKA SRBIJA	0.2%	284.4	9.0	
ROMANIA	0.2%	110.8	5.9	2.4
REPUBLIC OF SINGAPORE	0.1%	74.5	31.7	2.1
REPUBLIC OF KYRGYZSTAN	0.1%	331.8	2.8	1.5



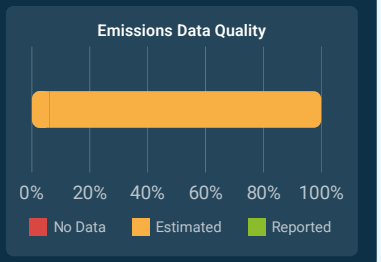


1.9°C
Sovereign ITR

99.5%
Sovereign ITR Data Coverage



91.0%
CVaR Data Coverage (Sovereig...



Metrics and Targets *(continued)*

Sovereign Debt

Production and consumption emissions intensity are moderately higher than the sovereign proxy. These comparisons should nevertheless be interpreted with care, particularly for the **T. Rowe Price Dynamic Global Bond Fund**, which can invest flexibly across global sovereign markets. The US Treasury and UK Gilt proxy does not replicate the country allocation of this strategy and is used as an analytical reference rather than a like-for-like benchmark. The Fund therefore considers the proxy comparison alongside underlying country exposures when assessing sovereign climate risk.

UK government bonds represent the largest component of the Fund's sovereign allocation. The United Kingdom accounts for approximately **32.0%** of the overall fixed income portfolio and has production emissions intensity of **90.8 tCO_2e per $m PPP-adjusted GDP**, consumption emissions intensity of **8.0 tCO_2e per capita** and an implied temperature rise of **1.8°C**.

The **T. Rowe Price Dynamic Global Bond Fund** provides broader sovereign diversification and introduces exposure to countries with materially different emissions and transition profiles. For example, the United States has production emissions intensity of **210.8** and an implied temperature rise of **3.2°C**, while New Zealand has production emissions intensity of **259.8** and an implied temperature rise of **2.4°C**. Country-level analysis therefore provides important context alongside the aggregate sovereign measures.

Forward-looking analysis indicates an aggregate sovereign implied temperature rise of **1.9°C**, with **99.5% data coverage**. Sovereign Climate Value at Risk is estimated at **+1.5%** under a 2°C orderly transition scenario, **-5.4%** under a 2°C disorderly scenario and **-1.5%** under the 3°C NDC scenario. Coverage for Climate Value at Risk is **91.0%**.

Overall, the sovereign analysis demonstrates the importance of considering **country allocation and mandate structure alongside aggregate climate metrics**. The Fund's substantial UK gilt exposure has a different climate profile from the more globally diversified sovereign exposure within the T. Rowe Price strategy, while the sovereign proxy provides a reference point rather than a direct investment benchmark.


Long Mynd, Shropshire

Metrics and Targets *(continued)*

Data Coverage and Limitations

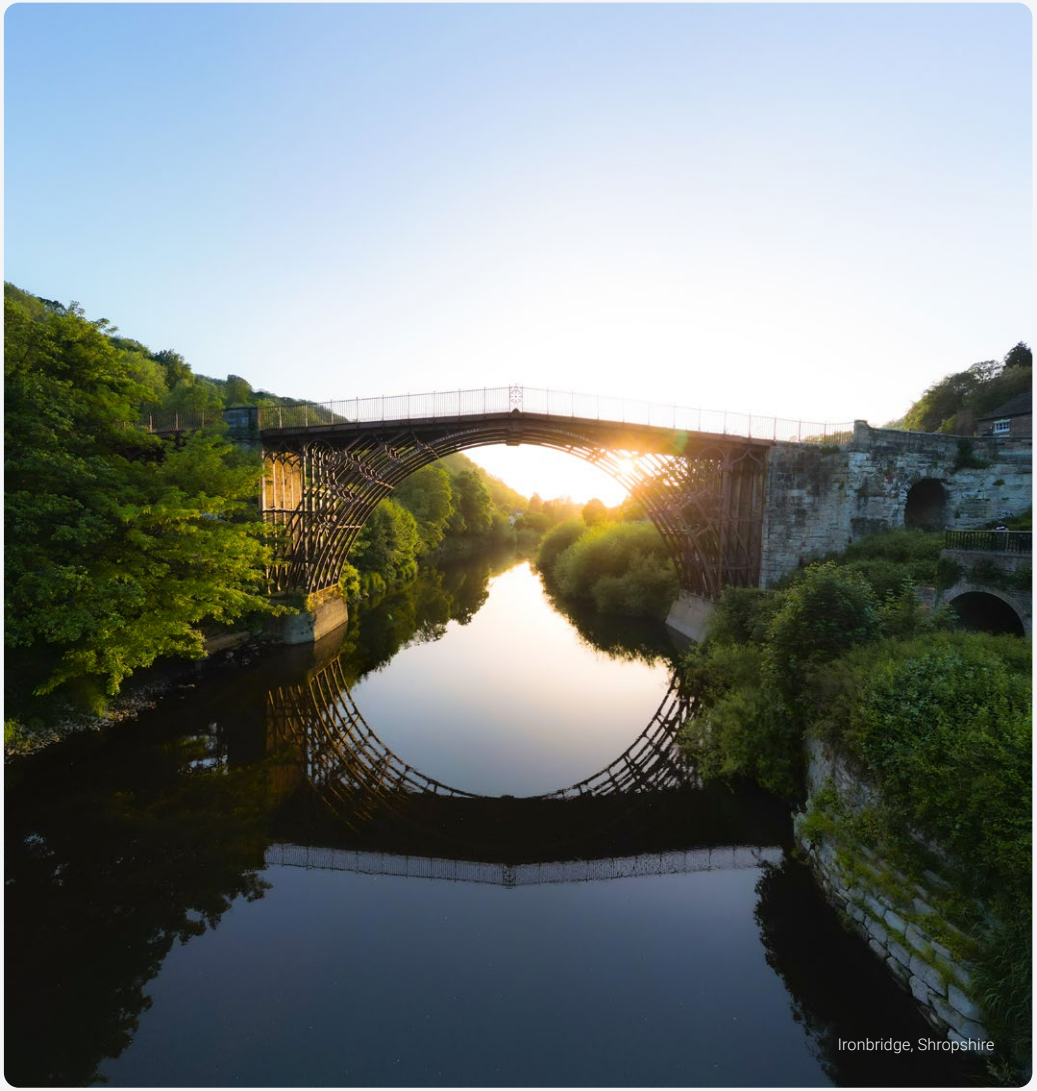
Climate-related data and methodologies continue to develop and results should be interpreted with appropriate caution. Coverage is generally strongest for listed equities and corporate fixed income, while some forward-looking indicators and asset classes have lower levels of coverage. Where reported emissions data are unavailable, estimates may be used, and results may change as company disclosures, data coverage and methodologies improve.

Coverage can also vary significantly between metrics. For example, forward-looking measures such as implied temperature rise and CVaR do not necessarily cover the same proportion of a portfolio as emissions metrics. This is particularly relevant when comparing underlying mandates, as differences in reported results may partly reflect differences in data availability rather than differences in climate risk alone.

Comparability over time also requires care. Changes in portfolio composition, asset values and investment strategy can affect climate metrics independently of changes in underlying issuer emissions. This is particularly relevant to the Fund's fixed income portfolio following changes to its investment-grade credit allocation during the reporting period. The Fund therefore considers changes in headline metrics alongside attribution analysis and underlying mandate-level results.

Sovereign and corporate emissions are assessed separately because they represent different sources of climate exposure and use different measurement approaches. Similarly, absolute financed emissions and intensity-based measures provide different perspectives and should not be interpreted interchangeably.

These limitations do not prevent climate metrics from providing useful information. Rather, they reinforce the importance of considering a range of complementary measures, benchmark comparisons, trends and underlying portfolio drivers when assessing the Fund's climate-related risks, opportunities and progress against its objectives.


Ironbridge, Shropshire

Important Information

Sources

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All information is prepared as of 31 March 2026.



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Pensions Committee
Date 04 December 2026

Item 6

Public

Corporate Governance Monitoring Report

Responsible Officer:	Peter Chadderton		
email:	peter.chadderton@shropshire.gov.uk	Tel:	07990 086399
Cabinet Member (Portfolio Holder):			

1. Purpose of Report

1.1 The report is to inform members of corporate governance issues arising in the quarter, 1st July 2026 to 30th September 2026, together with the latest position on sanctions in the occupied territories and confirmation of the submission of the Funds stewardship code renewal application.

2. Recommendations

2.1. 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**,
- Columbia Threadneedle Investments Responsible Engagement Overlay Activity Report at **Appendix B** and
- LAPFF Engagement Report at **Appendix C**.
- The response issued to the PSC on behalf of the Committee.
- Confirmation that the FRC Stewardship code has been submitted.

2.2 Members are asked to note and comment the Funds combined Climate Risk Report and Taskforce for Climate Related Disclosures (TCFD) reported presented by LGPS Central at Item 5 and are asked to endorse the publication of the report on the Fund's website.

3. Background

3.1 The Shropshire County Pension Fund has been actively voting for over eighteen 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** to this report shows the engagement examples by EOS and engagement work by LGPS Central.

3.2 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.

3.3 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.

3.4 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 Change	Coal phase out
	Deforestation
Environmental Stewardship	Emissions and plastic waste
	Sustainable supply and demand of critical 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

3.5 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**.

3.6 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**.

4. Executive Summary

4.1. Detail is provided on the actions taken by the Funds key stewardship partners in respect of the quarter from 1st July 2026 to 30th September 2026.

4.2. An update on the latest developments regarding sanctions for companies operating in the occupied territories.

4.3. Confirmation that the renewal application for the UK Stewardship Code was submitted prior to the deadline.

4.4. LGPS Central will provide an update on the Funds combined climate risk management report and TCFD (Taskforce for Climate Related Financial Disclosures) report and progress by the Fund at 31st March 2026 at item 5 on the agenda.

Report

5. Risk Assessment and Opportunities Appraisal

5.1. 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.

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

5.3. There are no direct Equalities or Community consequences.

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

6. Financial Implications

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

7. Climate Change Appraisal

7.1 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 achieve that goal.

7.2 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.

7.3 Shropshire County Pension Fund is a signatory to the UK stewardship code.

7.4 Shropshire County Pension Fund has also received and published Climate Risk Reports and TCFD reports since December 2020. The latest report from December 2025 is publicly available on our website. The 2026 report will be presented by LGPS Central in this meeting and added to our website in due course.

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. The four companies shown under the engagement case studies all sit within the Shropshire County Pension Fund portfolio.

8.2. In addition to the report LGPS Central have provided further examples of stewardship activity in Quarter 3 on companies within the Shropshire County Pension Fund portfolio and advocacy undertaken during the period:

Engagements

• **ArcelorMittal**: Following the 2026 AGM we engaged with investor relations to discuss our concerns over the structure of the executive remuneration package. We also discussed the company's interim decarbonisation targets and encouraged better disclosure of how its decarbonisation levers will contribute to its decarbonisation targets.
• **General Motors**: Engagement following the 2026 AGM secured greater clarity on board leadership, climate oversight and the EV transition, alongside a commitment to further dialogue on Indigenous Peoples' rights; however, no commitments were made to change accelerated vesting provisions or separate the Chair and CEO roles.
• **BP**: LGPS Central sought engagement on governance continuity following significant leadership and board changes; although new appointments offer an opportunity to strengthen oversight, further dialogue is needed to assess succession arrangements, board stability and governance effectiveness.
• **BHP**: has published enhanced modern slavery reporting that addresses objectives LGPS Central, alongside PRI Advance, has pursued over several years, including greater transparency around major suppliers, salient risks across the supply chain, and the policies in place to manage those risks. This represents positive progress against our engagement objectives and demonstrates how sustained stewardship can contribute to improved corporate disclosure and risk management.

Advocacy

• The FCA are consulting on the potential removal of the requirement for asset managers to complete TCFD product reporting digressing from TCFD guidance for climate reporting. LGPS Central has vehemently opposed this change.
• The DWP draft guidance on Fiduciary Duty is to be released for consultation in November. It applies to trustees of corporate schemes and their advisers. The

requirement to consider impact of investments on members standard of living in retirement remains.
• The SEC has proposed rescinding Rule 14a-8, which would significantly reduce shareholders' ability to submit proposals via company proxy materials and increase company discretion over excluded proposals. While likely not impacting the 2027 proxy season, the proposal could face legal challenge and may prompt greater use of company bylaws as an alternative route for shareholder proposals.
• The UK Government is consulting on reforms to simplify corporate reporting requirements. Proposals include removing the annual advisory vote on remuneration and permit fully virtual AGMs, which could weaken key shareholder accountability and engagement mechanisms.

8.3. 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 between1700/2000 underlying holdings in the portfolios at any given point.

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

The company are working on the draft 2027-2029 strategy and we will look to arrange a training session with the company for both Committee and Board Members in the new year.

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 portfolios and includes engagement examples from JP Morgan Chase and Eaton Corp which sit in both the Funds passive LGIM portfolio and the global equity portfolio. TSMC which is present in the global equity portfolio and Kraft/Heinz Co which is in the LGIM passive portfolio.

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 provided 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 Local Government Pension Scheme (LGPS) 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 as at 30th September 2026 under climate include an article on deforestation which covers Restaurant Brands International and Mondelez International. An article concerning Tesco and review of their low carbon concept farm under climate adaption. Engagement with Novo Nordisk under the Nature 100 objectives and TSMC under the energy transition in Asia. Under Social there have been engagements with Ford on human rights in supply chains for electric vehicle production. Under Governance there has been engagement with Smith and Nephew and Pearson on shareholder dissent over executive renumeration. Other articles such as Mining and the PRI advance initiative may not cover specific companies in the Shropshire portfolio, but they do highlight sector issues.

10. Conflict Affected Areas

10.1 The Palestine Solidarity Campaign (PSC) has long raised the issue of conflict affected areas specifically in respect of the occupied territories requesting all LGPS Funds divest from companies they allege are involved in breaches of International Humanitarian Law. This point was originally raised in August 2025 supported by a legal position paper.

10.2 The Fund's position on investment in companies in conflict affected and high-risk areas is set out in our CAHRA statement which is available on the Funds website and is backed by legal opinion from Nigel Giffen KC which was obtained by the Scheme Advisory Board on behalf of the LGPS.

10.3 On the 12th May 2026 the Government through the minister at the MHCLG responded stating "The Government's position is clear: decisions on boycotts, divestment and sanctions are matters of UK foreign policy and are for central government, not local authorities. It is therefore not appropriate for local authorities to adopt investment policies that go beyond or differ from UK Government sanctions or foreign policy positions." A full copy of the response was provided at Appendix C to the June Committee 2026 meeting.

10.4 Since that response the Palestine Solidarity Campaign (PSC) have again contacted all Funds on 3rd August to challenge the MHCLG letter and question the authority of the minister to provide the direction given. The Fund recognises the seriousness and complexity of the matters raised by the PSC, as well as the significant public interest in them.

10.5 The Fund has issued a holding letter at this time whilst we await clarification from the Government through the Scheme Advisory Borad of the points raised. A copy of the response is attached at **Appendix D**

10.6 On the 18th November the Government issued a list of eight initial companies that have been sanctioned for activities in the occupied territories. These companies where all private limited companies and the Fund has no direct exposure to any of these companies in any of its portfolios. LGPS Central are looking to establish if it is possible to get assurance that the Fund has no indirect exposure to these companies through foreign owned companies within the portfolio using these companies as a third-party contractors.

10.7 The Fund continues to keep the position under review and recognises the hardship for people living in these areas, for the reasons outlined in our CAHRA statement, the Fund believes that the effective stewardship of assets provides the best long-term outcomes for stakeholders and society.

10.8 The Fund continues to work with stewardship partners to ensure that all companies operating in impacted areas have appropriate policies in place and promote formal adoption of the UN guiding principles in these areas.

11. Stewardship Code 2026

11.1. The Fund submitted its application for renewal to the FRC in advance of the 31st October 2026 deadline following review by members and officers. The report covered the 11 identified areas under both disclosure and activities and outcomes as detailed below.

Disclosure	
A	Organisation, investment beliefs and stewardship approach
B	Governance and resources
C	Policies, processes and review
D	Conflicts of interest
E	Dialogue with clients and/or beneficiaries

Activities and Outcomes	
1	Integrating stewardship and investment
2	Promoting well-functioning markets
3	Engagement
4	Exercising rights and responsibilities
5	Selection and oversight of managers
6	Monitoring service providers

11.2. We anticipate the FRC outcome to be received in late February 2027 and this will be formally reported to the March Committee meeting with the full application being made publicly available at that time in line with the FRC requirements.

11.3. LGPS Central continue to speak directly to the FRC over further simplification for Funds within the LGPS Central group to reduce duplication of activities and outcomes.

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 5 December 2025 **Corporate Governance Monitoring report, Pensions Committee 05 December 2025** **Corporate Governance Monitoring report, Pensions Committee 20 March 2026** **Corporate Governance Monitoring report, Pensions Committee 19 June 2026** **Corporate Governance Monitoring report, Pensions Committee 18 September 2026**

Local Member:	N/A

Appendices [Please list the titles of Appendices]
Appendix A – LGPS Central Stewardship Report 1st July 2026 to 30th September 2026 **Appendix B – Columbia Threadneedle Investments Engagement Overlay Report 1st July 2026 to 30th September 2026** **Appendix C – LAPFF Quarterly Engagement Report 1st July 2026 to 30th September 2026** **Appendix D – Copy of Response issued to the PSC.**

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LGPS Central Limited

Stewardship Update

Q3 2026 (JULY – SEPTEMBER 2026)



Cheshire Pension Fund

Derbyshire Pension Fund

Gloucestershire Pension Fund

HAMPSHIRE PENSION FUND

Leicestershire County Council PENSION FUND

Norfolk Pension Fund

NOTTINGHAMSHIRE PENSION FUND

Oxfordshire Pension Fund
www.oxfordshire.gov.uk/pensions

Shropshire County Pension Fund

Staffordshire Pension Fund
Local Government Pension Scheme

Suffolk County Council

West Midlands Pension Fund

Wiltshire Pension Fund

Worcestershire Pension Fund

FOR PROFESSIONAL CLIENTS ONLY

Responsible Investment & Engagement

LGPS Central's approach

LGPS Central's approach to Responsible Investment & Stewardship 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:



LGPS Central's approach to responsible investment is driven by an assessment of financially material risks and opportunities that could affect long-term investment returns. ESG factors are considered because of their potential impact on investment performance, and our stewardship and investment decisions remain focused on delivering long-term value. 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
- Climate Report
- Voting Principles
- Voting Disclosure
- Voting Statistics
- Stewardship Code Report

Signatory of: PRI Principles for Responsible Investment; UK Stewardship Code; Employers Network for Equality and Inclusion Member; LGPS Advisory Board Code of Transparency

01 Q3 Stewardship Activity Overview

A summary of engagement and voting activities and key stewardship developments

Key Stewardship Developments

Protecting Investor Rights: UK Corporate Reporting Reform and US Shareholder Proposals

The UK Government is proposing reforms to modernise and simplify the UK's corporate reporting framework, aiming to reduce unnecessary reporting burdens and support growth. While we support proportionate and effective reporting, our response emphasised that simplification should not come at the expense of transparency, accountability or investor protection. The proposals span streamlined reporting requirements, revised company size thresholds and exemptions, narrative and non-financial reporting, remuneration disclosures, audit and assurance, virtual AGMs and shareholder participation, and the wider framework for capital maintenance and distributions.

We sought further reassurance around proposals that could reduce disclosure of material risks and remuneration information, which remain important to investors assessing long-term value, governance and management accountability. We also emphasised the need for robust audit and assurance and appropriate capital maintenance safeguards. Investors need reliable, comparable and sufficiently detailed information to assess companies, exercise effective stewardship and fulfil their fiduciary duties.

Overall, we supported reforms that genuinely reduce unnecessary complexity, while cautioning against changes that could weaken shareholder rights, obscure material risks or undermine confidence in the UK's corporate reporting and governance framework.

In the US, the Securities and Exchange Commission (SEC) has proposed rescinding Rule 14a-8, which has provided shareholders with a mechanism to raise proposals through company proxy materials for more than 80 years. The proposal would instead leave greater determination of shareholder proposals to state law and company governing documents. In our response, we opposed the proposed rescission and highlighted the importance of shareholder proposals as a means for investors to raise concerns relevant to long-term value, communicate with boards and understand the views of fellow shareholders. Restricting these rights could increase governance and agency risks and potentially raise companies' cost of capital. We therefore encouraged the SEC to withdraw the proposal and consider alternative reforms informed by evidence and consultation with relevant stakeholders.

UK Human Rights Due Diligence

The UK Government has announced plans to introduce mandatory human rights due diligence requirements for large UK and overseas businesses with more than £350 million in relevant turnover. Companies in scope would be required to identify, assess and address human rights abuses and labour exploitation risks across their operations and supply chains, with the regime expected to align with the OECD Guidelines for Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights. The proposals would also introduce enforcement powers allowing goods made using forced labour to be withdrawn from the Great Britain market where forced labour is identified and due diligence obligations have not been met.

For investors, this represents an important shift from reliance primarily on voluntary action and reporting towards requiring companies to demonstrate how human rights risks are identified and addressed in practice. Potential implications include supply-chain disruption, restrictions on market access, higher compliance costs and reputational risks, all of which may affect long-term investment outcomes. The changes reinforce the importance of effective human rights due diligence as part of corporate risk management and long-term value creation.

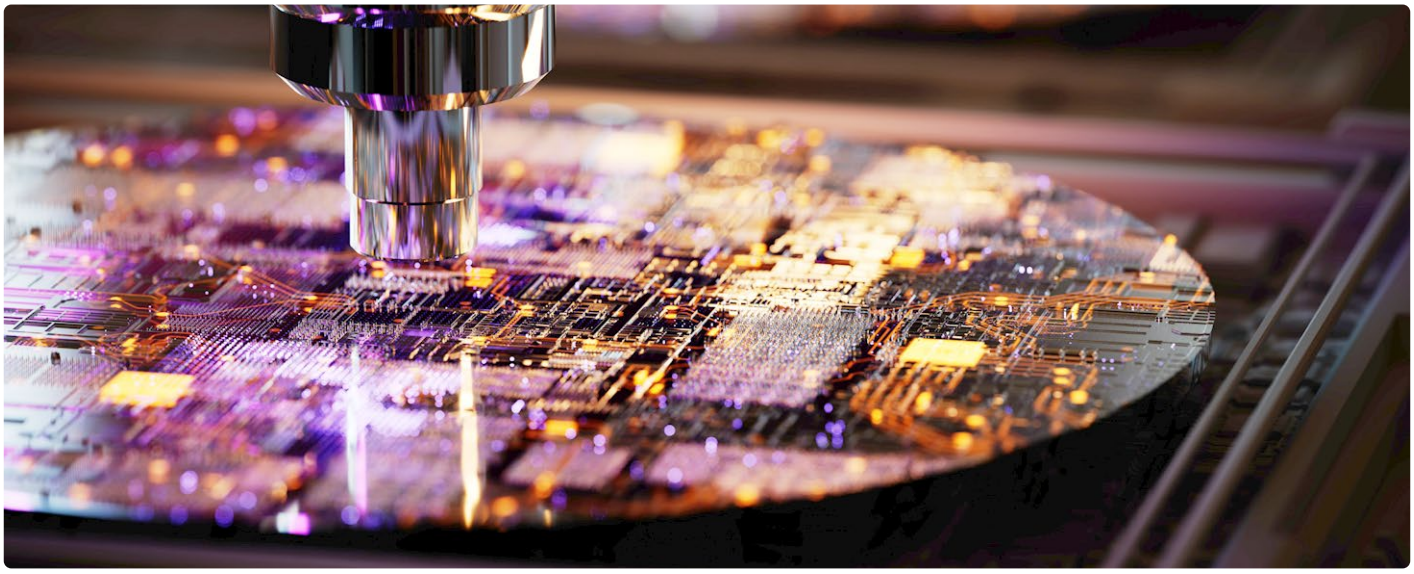
Financing AI: Balancing Capital and Investor Rights

Anthropic's IPO could give public investors access to one of the world's largest AI companies, but potentially with limited

influence over how it is governed. Its multi-class structure separates economic ownership from control: the founders retain majority voting power, while the Long-Term Benefit Trust, an independent body designed to safeguard Anthropic's public-benefit mission, has substantial influence over board appointments.

This structure may help protect long-term research and AI-safety priorities from short-term market pressures, but it also raises an important question for prospective investors: what level of financial exposure should investors assume without corresponding influence over strategy, spending and governance?

Meta has faced a similar debate over its proposed non-voting shares, which would have enabled further capital raising while preserving Mark Zuckerberg's control. As AI companies require ever greater amounts of capital, finding the appropriate balance between financing innovation, effective governance and meaningful investor rights is likely to become an increasingly important consideration for long-term investors.



Engagement Highlights

Modern Slavery Risk:

We engaged with Volution's Senior Independent Director, Company Secretary, and Head of Procurement on modern slavery risk management. Volution responded to LGPS Central's engagement by sharing a draft of its Modern Slavery Statement which materially strengthens its modern slavery disclosures, including clearer salient-risk identification, own-operations assessment, governance accountability and remediation reporting.

AGM engagement:

We sought engagement on governance continuity following significant leadership and board changes at bp; although new appointments offer an opportunity to strengthen oversight, further dialogue is needed to assess succession arrangements, board stability and governance effectiveness. See page 18 for further details.

At General Motors we engaged following the 2026 AGM to gain greater clarity on board leadership, climate oversight and the EV transition; however, no commitments were made to change accelerated vesting provisions or separate the Chair and CEO roles.

Climate Risk:

We wrote out to three companies operating in high emitting sectors to submit environmental data to CDP. Transparent environmental disclosures enable investors and lenders to accurately assess a company's exposure to environmental risks, evaluate long-term financial resilience, and allocate capital toward businesses that demonstrate responsible practices.



Market-level engagement:

We responded to the Sumitomo Mitsui Trust Group's Annual Corporate Governance Survey which is one of Japan's largest corporate governance surveys. In 2025 more than 1700 listed companies and approximately 70 institutional investors responded. Topics cover board's structure, remuneration/ nomination, sustainability, cost of capital and investor engagement. By sharing our expectations, we aim to support stronger corporate governance in Japan, one of the largest markets represented in our ACS.

We are members of the International Corporate Governance Network (ICGN), who remained active across key stewardship and market governance issues. ICGN engaged with 30 external stakeholders globally, including regulators, standard setters, investor associations and government bodies, on topics such as corporate governance reform, shareholder rights, audit quality, and sustainability disclosure standards. ICGN also submitted 17 consultation responses and policy letters during the quarter, covering issues including climate and sustainability reporting, corporate governance codes, audit regulation, beneficial ownership transparency, and AI governance. These activities support an investment environment that promotes strong corporate governance, investor protections, transparent reporting, and long-term value creation.

We are members of the Investment Association (IA), the trade association for UK investment managers. During the reporting period the IA's activity included responding to consultations on product-level TCFD reporting requirements, misuse of non-disclosure agreements in the workplace, and listing rules for closed-ended investment funds.

We are members of the Council of Institutional Investors (CII), CII promotes policies that enhance long-term value for institutional asset owners and their beneficiaries. During the quarter, CII continued policy engagement in support of shareholder rights, high-quality corporate disclosure and well-functioning capital markets. Key activity included advocating for the retention of climate, executive remuneration and audit-related disclosures; defending shareholder proposal and proxy voting rights; engaging the Public Company Accounting Oversight Board (PCAOB) on audit quality and emerging technologies; and opposing changes to US market structure rules that could weaken investor protections.

Voting Highlights





United Utilities Group

We voted against the remuneration policy due to concerns that its design was insufficiently aligned with long-term shareholder value. The proposal recorded roughly 24% dissent. See page 19 for further details.

Pennon Group

We voted against Pennon's climate-related financial disclosures due to several deficiencies in reporting that raise concerns over the management of financially material risks. The proposal recorded approximately 19% dissent. See page 19 for further details.

FIGURE 1: OVERVIEW OF ENGAGEMENTS

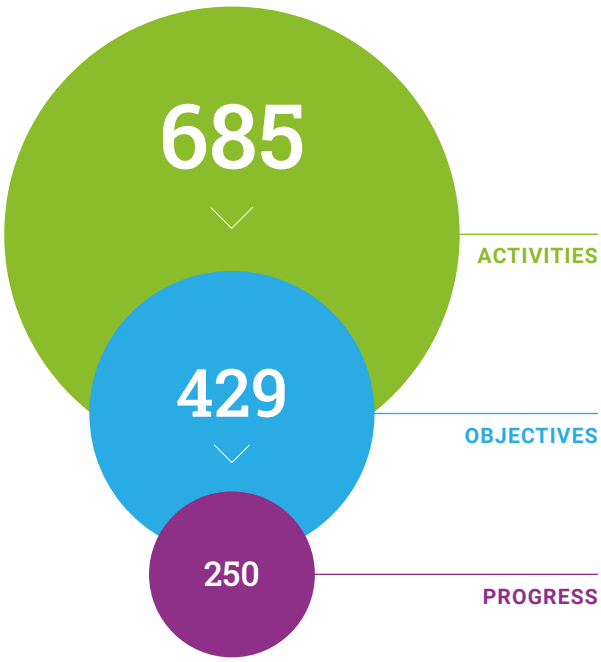
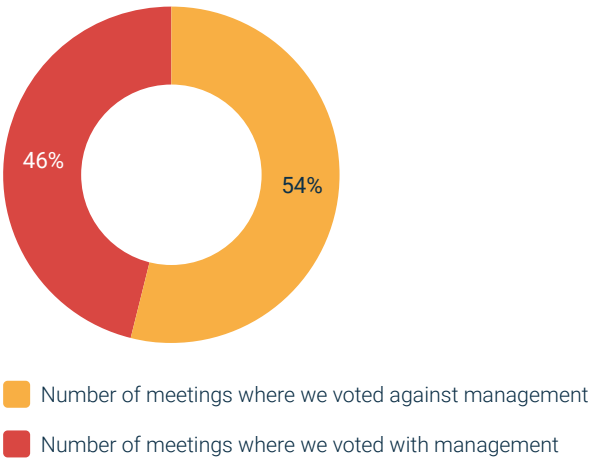


FIGURE 2: GLOBAL VOTING



02 Engagement Case Studies

Below, we provide more detailed examples of ongoing or new engagements related to the four Stewardship Themes identified in collaboration with our Partner Funds.



How we measure engagement progress:

- No Progress Made
- Minimum Expectations
- Moderate Progress
- Successful Outcome

ENGAGEMENT EFFORTS[1] COMPRISED	685 ENGAGEMENT ACTIVITIES[2]
293 COMPANIES	TOOK PLACE
THERE WERE 429 SPECIFIC OBJECTIVES	POSITIVE PROGRESS WAS MEASURED ON 250 INSTANCES

During the reporting period, our engagement efforts[1] comprised 293 companies. 685 engagement activities[2] took place against 429 specific objectives, positive progress was measured on 250 Instances. 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
13	532	140

[1] This includes engagements undertaken directly, in collaboration, and via our contracted Stewardship Provider on LGPS Central's stewardship themes.
[2] There can be more than one engagement issue per company, for example board diversity and climate change.

Climate Change Engagements



Our **climate change engagement set** comprised **230 companies** with **371 engagement activities**.[3] Positive progress is measured on **145 engagement objectives**.

FIGURE 3: BREAKDOWN OF CLIMATE CHANGE ENGAGEMENT BY LEAD

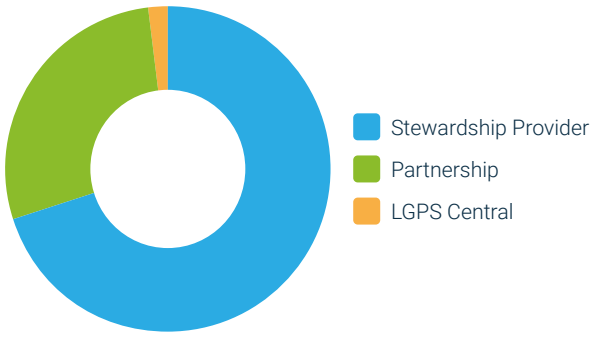
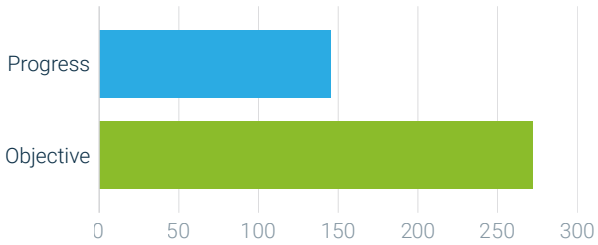


FIGURE 4: CLIMATE CHANGE ENGAGEMENT BY OUTCOME



[3] There can be more than one climate-related engagement issue and/or objective per company.



UniCredit S.p.A.

OBJECTIVE:
To encourage UniCredit to strengthen the integration of climate-transition assessments into credit decisions and client engagement, supported by clearer disclosure of assessment outcomes and resulting financing actions.

ENGAGEMENT:
EOS met the bank's ESG leadership following an internal reorganisation that transferred reporting, net zero and ESG product-governance activities into credit and risk management teams, further embedding climate considerations within core business processes. UniCredit said transition-plan assessments are increasingly influencing credit decisions, with financing restrictions already applied in certain high-risk sectors where clients are assessed as lagging on climate transition performance.

EOS welcomed enhanced disclosure in the 2025 Annual Report on the bank's transition-plan assessment methodology, which now covers a significant proportion of corporate and multinational clients within its net-zero perimeter. EOS encouraged clearer disclosure of how assessments translate into client engagement and financing outcomes, including aggregate sector-level information on clients' transition maturity.

UniCredit is developing a quantitative approach to scoring transition maturity, targeted for completion by 2027. Following the meeting, EOS shared examples of emerging best-practice disclosure linking client transition-plan assessments, engagement approaches and financing outcomes.

OUTCOME:
UniCredit has strengthened the integration of climate considerations into credit and risk management, with transition-plan assessments influencing financing decisions and quantitative transition-maturity scoring under development. Enhanced methodology disclosure was welcomed. Further progress is needed on disclosure of assessment outcomes, sector-level transition maturity and clearer evidence of how client assessments drive engagement and financing decisions.

Natural Capital Engagements



Our **natural capital-related engagement set** comprised **85 companies** with **141 engagement activities**. Positive progress is measured on **46 specific engagement objectives**.

FIGURE 5: BREAKDOWN OF NATURAL CAPITAL ENGAGEMENT BY LEAD

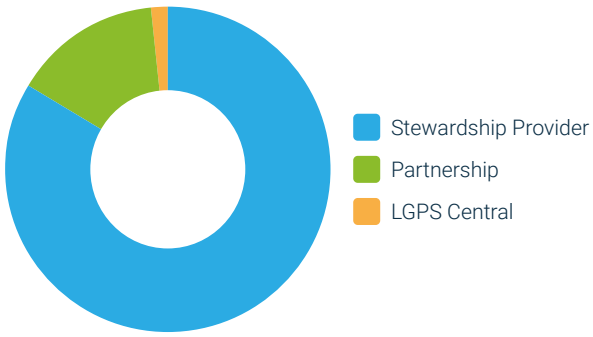
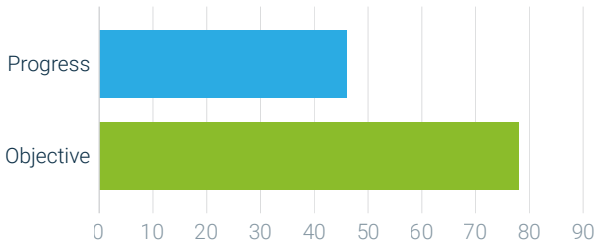


FIGURE 6: NATURAL CAPITAL ENGAGEMENT BY OUTCOME





Tesco Plc

OBJECTIVE:
To assess how Tesco is developing and scaling low-carbon and climate-resilient agriculture, and how nature, biodiversity and physical climate risk are integrated into its farm-to-fork sustainability strategy.

ENGAGEMENT:
EOS visited Langrick Farm in the UK, Tesco's inaugural low-carbon arable concept farm, with the Sustainability Committee Chair, sustainable agriculture and investor relations teams, supplier farmers and investors. The seven-year rotational project is trialing alternative fertilisers, precision weeding, AI-based farm-data monitoring, drip-feed irrigation and regenerative practices. Early indicators included lower input costs and improved yields.

During a heatwave and prolonged drought, EOS asked how the project measures water retention, soil health and other resilience benefits. Tesco said soil-quality and resilience indicators are being monitored against control fields. EOS also queried the comparatively strong emissions focus and sought clearer evidence that nature and biodiversity are central to the agricultural transition and its "nature-led net zero" commitment.

The Sustainability Committee Chair said physical climate risk and supply-chain resilience had risen up the Board agenda as impacts were materialising faster than expected. EOS discussed scaling successful practices, the need for long-term contracts and fair pricing to support supplier investment, and the opportunity to use evidence from the farm in government advocacy. Tesco was receptive, although practical metrics and examples for nature-led net zero were not provided.

OUTCOME:
Tesco demonstrated practical agricultural innovation, early operational benefits and increased Board attention to physical climate risk. Monitoring against control fields and consideration of supply-chain scaling were positive. Further progress is needed on measurable nature and biodiversity outcomes, supplier investment mechanisms and evidence that insights from the concept farm are informing policy advocacy and wider implementation.

Sensitive/Topical Activities



Our **sensitive and topical activities engagement set** comprised of **22 companies** with **29 engagement activities**. Positive progress is measured on **7 engagement objectives**.

FIGURE 7: BREAKDOWN OF SENSITIVE/TOPICAL ACTIVITIES ENGAGEMENT BY LEAD

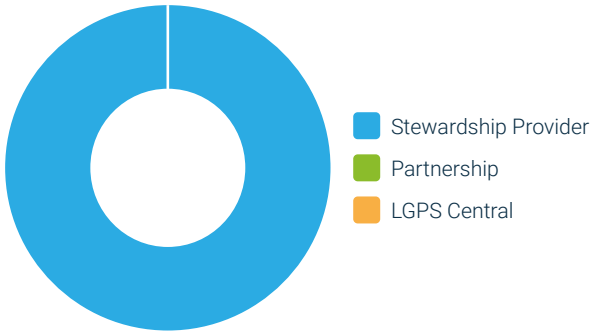
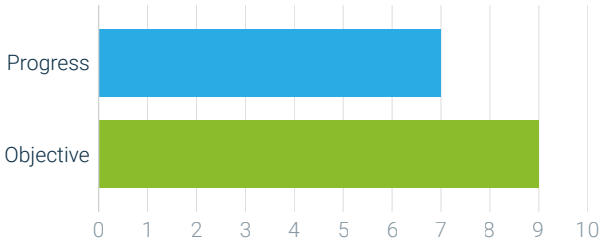


FIGURE 8: SENSITIVE/TOPICAL ACTIVITIES ENGAGEMENT BY OUTCOME





Microsoft

Microsoft Corporation

OBJECTIVE:
To encourage Microsoft to strengthen responsible tax transparency, including country-by-country reporting aligned with emerging global standards.

ENGAGEMENT:
In 2023, EOS engaged with Microsoft on responsible tax practices, and encouraged the company to consider reporting its tax disclosures against the Global Reporting Initiative (GRI) tax standard. Microsoft indicated that it preferred to align with emerging European and OECD requirements rather than move ahead of wider market practice. EOS subsequently raised tax transparency during a proxy engagement linked to a shareholder proposal requesting a tax transparency report, emphasising the long-term investor value of clear disclosure on the company's approach to tax and how tax considerations are integrated into corporate decision-making.

OUTCOME:
EOS has continued to engage Microsoft as expectations for tax transparency have evolved. Enhancements to the company's public country-by-country tax reporting were welcomed, while encouraging greater clarity on how Microsoft assesses emerging global tax frameworks and associated regulatory and reputational risks, and how responsible tax is integrated into governance, risk management and long-term business planning. In Q3 2026, Microsoft reiterated its preference for aligning disclosure with common reporting requirements and evolving global transparency standards rather than voluntarily going beyond prevailing frameworks. Further country-by-country reporting under emerging requirements may provide the additional disclosure needed to meet EOS's engagement objective.

Human Rights Risks



Our **human rights engagement set** comprised **101 companies** with **144 engagement activities**. Positive progress is measured on **52 specific engagement objectives**.

FIGURE 9: BREAKDOWN OF HUMAN RIGHTS-RELATED ENGAGEMENTS BY LEAD

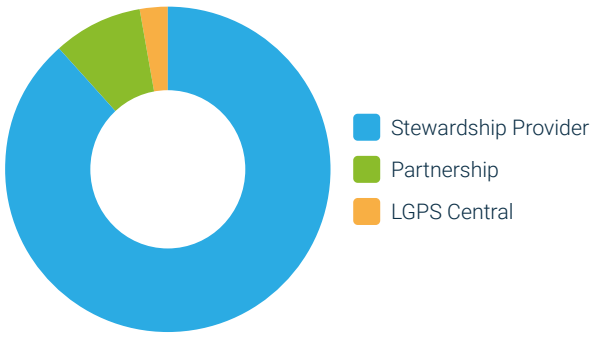
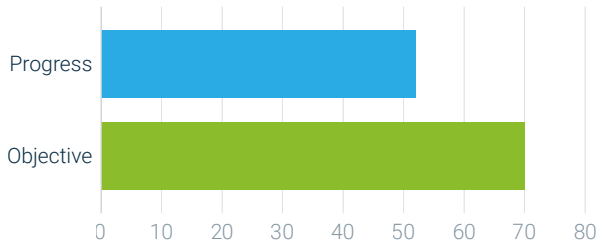


FIGURE 10: HUMAN RIGHTS-RELATED ENGAGEMENTS BY OUTCOME





Koninklijke Ahold Delhaize N.V. (Ahold Delhaize)

OBJECTIVE:

To strengthen the company's approach to identifying, disclosing and remediating modern-slavery and severe labour-rights risks across its supply chain.

ENGAGEMENT:

EOS began engaging the company on modern slavery in 2020 following the publication of its first human rights report. While the report identified forced labour as a salient issue, the company had reported no instances of modern slavery. Over the following years, EOS encouraged greater transparency regarding the effectiveness of its due-diligence processes, the scope of supplier monitoring and its ability to identify and remedy labour rights abuses. Engagement included meetings with sustainability and human-rights specialists, discussions with board-level representatives, participation in human-rights webinars and correspondence on allegations relating to working conditions in parts of the supply chain. In 2025, EOS discussed the company's human-rights strategy, due-diligence approach and efforts to identify salient human-rights risks.

OUTCOME:

The company has materially developed its approach to human-rights due diligence and modern-slavery risk management. If a social compliance audit identifies a severe compliance issue – such as child labour, forced or bonded labour or life-threatening health and safety situations ("deal breakers") – their supplier is obligated to immediately notify Ahold Delhaize, initiate an investigation, implement corrective measures and provide full cooperation throughout the remediation process. During our latest engagement, management confirmed that its social compliance programme had identified seven own-brand first-tier production units with deal-breakers. The company confirmed that where violations are found, these are publicly reported, and the company also applies remediation processes. These could include supplier suspension, corrective-action requirements and, where necessary, termination of supplier relationships.

These developments suggest that the company has strengthened its ability to identify, report and address severe labour-rights risks within its supply chain. Over time, this could help reduce operational, legal and reputational risks associated with labour-rights abuses and support greater resilience across sourcing activities. EOS plan to continue engaging on remaining challenges, including oversight of third-party branded products.

03 Voting

Policy

We vote all shares in line with our policy, providing a consistent stewardship signal across internally and externally managed assets. We retain ultimate voting authority while considering insights gained from direct engagement and our external managers.

Given the scale of our voting activity, we maintain a priority voting list for enhanced scrutiny, focusing on companies with material portfolio exposure, significant financial risks and inadequate management responses.

Commentary

Between July – September 2026, we:

Voted at
749
MEETINGS
and on
6,467
RESOLUTIONS GLOBALLY

Opposed one or more resolutions at
54%
MEETINGS
and our **dissent level** was
13%

Supported
47%
OF SHAREHOLDER PROPOSALS
(21 out of 45 resolutions)

Environmental

25
INSTANCES
we dissented on **director elections** due to environmental concerns

Supported
6
ENVIRONMENTAL-RELATED SHAREHOLDER RESOLUTIONS
Topics included: climate strategy, pesticide use and renewable energy procurement.

Social

234
INSTANCES
we dissented on **director elections** due to social concerns

Supported
2
SHAREHOLDER RESOLUTIONS
Topics included: human rights due diligence disclosures.

Remuneration

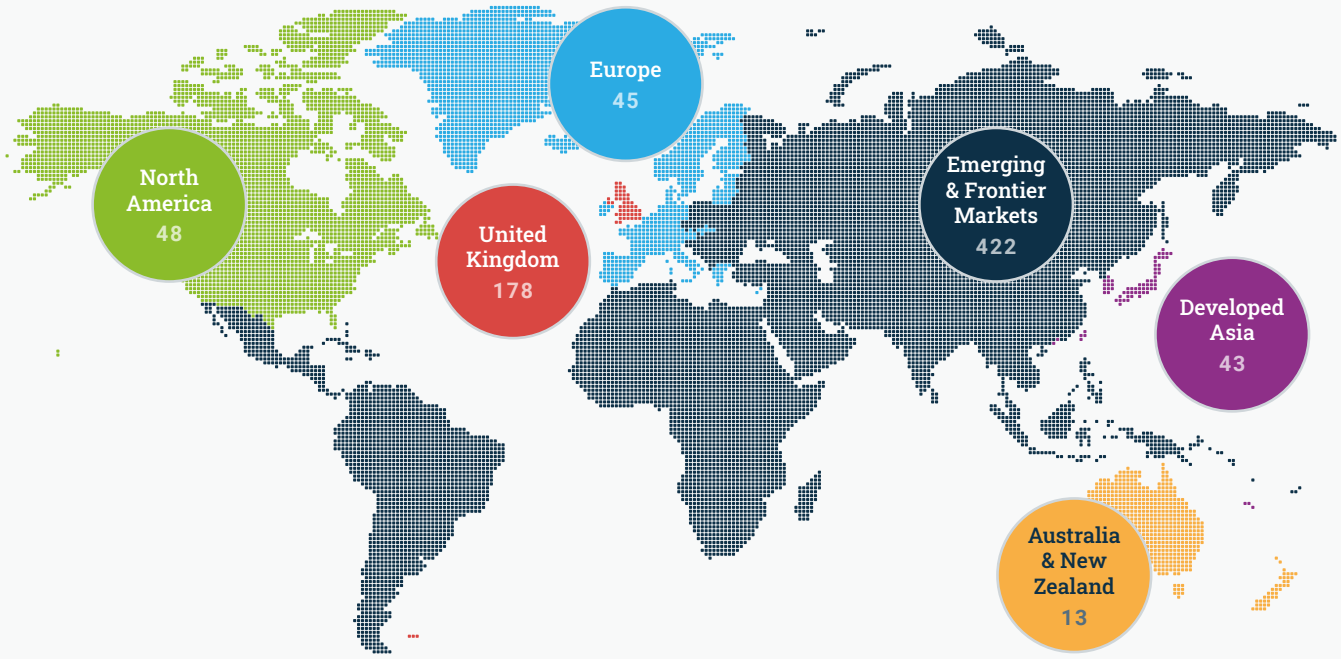
We dissented on
222
OF REMUNERATION-RELATED PROPOSALS, OF WHICH:

Opposed
17%
OF PROPOSALS IN THE UK

Opposed to
6%
IN THE US

Number of meetings voted on by region:

FIGURE 11: NUMBER OF MEETINGS VOTED ON BY REGION



Overview of Voting Activity:

FOR	5,468	84.55%
AGAINST/WITHELD	933	14.43%
ABSTAIN	64	0.99%
OTHER	2	0.03%

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:[4]

AMEND ARTICLES	473	7.3%
AUDIT + ACCOUNTS	1,334	20.6%
BOARD STRUCTURE	2,587	40.0%
CAPITAL STRUCTURE + DIVIDENDS	853	13.2%
INVESTMENT/M&A	2	0.0%
OTHER	241	3.7%
POISON PILL[5]/ ANTI-TAKEOVER DEVICE	4	0.1%
REMUNERATION	928	14.3%
ESG SHAREHOLDER RESOLUTIONS	45	0.7%

[4] Due to independent rounding and the exclusion of proposals for which no valid voting instruction was submitted, percentages may not total 100%.

[5] A takeover defence mechanism designed to make a company less attractive to a potential acquirer.

Examples of AGM engagement

We engage with all companies on our voting priority list to explain our voting dissent. Below are a selection of LGPS Central's AGM-related engagement.



BP Plc

OBJECTIVE:
To assess governance continuity, succession planning and Board stability following significant leadership changes after the 2026 AGM.

LINK TO LONG-TERM VALUE CREATION:
Effective leadership and independent oversight support strategic continuity and mitigate execution risk. These changes underline the importance of robust succession arrangements and oversight of BP's strategic priorities.

ENGAGEMENT:
We are meeting with the Board to discuss the leadership changes and associated governance risks. This followed our AGM votes against Albert Manifold, several Governance and Nomination Committee members, and resolutions 22 and 23, reflecting concerns about governance stability and shareholder rights.

Votes against Albert Manifold and the relevant Committee members represented 18.2%. Resolutions 22 and 23 received 52.9% and 52.5% opposition, respectively.

The subsequent departure of Company Secretary Ben Mathews adds to the governance transition. We will follow up on our meeting request to seek assurance on succession planning, Board stability and continuity.

OUTCOME:
BP removed Chair Albert Manifold on 26 May 2026 following concerns relating to governance standards, oversight and conduct, and appointed Ian Tyler permanently on 2 September following a search process. Recent appointments offer an opportunity to strengthen leadership and oversight, but further engagement is needed to assess the effectiveness of BP's governance arrangements. We will continue to pursue dialogue as these develop.

Examples of voting decisions

United Utilities Group Plc

THEME:
Remuneration

RATIONALE:
We voted against United Utilities Group Plc's remuneration policy due to concerns that its design was insufficiently aligned with long-term shareholder value. In particular, we were concerned about the relatively low executive shareholding requirement and whether the overall structure provided sufficient alignment between executive incentives and the company's long-term success. We also expect boards to demonstrate clear accountability for remuneration outcomes and meaningful engagement with shareholders. Taken together, we did not consider the proposed policy to provide an appropriate combination of these features.

RESULT:
The resolution passed, but 24.2% of shareholders voted against, representing substantial opposition to the remuneration policy. The level of dissent indicates that concerns about the proposed arrangements were shared by a significant proportion of voting shareholders.

NIKE, Inc.

THEME:
Remuneration

RATIONALE:
We voted against NIKE, Inc.'s executive compensation proposal due to concerns that the remuneration framework was insufficiently aligned with long-term shareholder value. In particular, we identified concerns around the design of executive incentives, executive shareholdings, board accountability for remuneration outcomes and engagement with shareholders.

RESULT:
The resolution passed, but 32.2% of shareholders voted against, indicating substantial shareholder opposition to the company's approach to executive pay. Strategic shareholders own 19.6% of the votes, therefore, when stripping strategic ownership out, the voting result could have received 51.8%.

DCC Plc

THEME:
Remuneration

RATIONALE:
We voted against DCC Plc's remuneration policy due to concerns that pay for certain executive directors was too high relative to performance, particularly given the level of variable pay compared with fixed salary. We expect executive remuneration to be proportionate to performance and structured in a way that supports effective governance and the responsible use of company resources.

RESULT:
The resolution passed, with 10.5% of shareholders voting against. This level of dissent indicates a degree of wider shareholder concern about the company's remuneration policy.

Pennon Group Plc

THEME:
Climate Risk

RATIONALE:
We voted against Pennon's climate-related financial disclosures due to several deficiencies in reporting that raise concerns over the management of financially material risks. The company's fragmented disclosure of GHG emissions, combined with changes in business coverage, lack of baseline values and inconsistent disclosure of entity-level decarbonisation commitments does not ease the understanding of Pennon's data reporting and progress against targets. We expect companies to demonstrate how their decarbonisation commitments translate into credible action and how the board oversees climate-related risks and opportunities that could affect long-term value.

RESULT:
The resolution passed, although 18.7% of shareholders voted against. This level of dissent highlights broader shareholder concerns and reinforces the importance of demonstrating credible progress on climate-related risks.

Partner Organisations

LGPS Central actively contributes to the following investor groups:

30% Club
GROWTH THROUGH DIVERSITY

UK PRIVATE CAPITAL

CDP
DISCLOSURE INSIGHT ACTION

Climate Action 100+
Global Investors Driving Business Transition

Federated Hermes

IIGCC
Institutional Investors Group on Climate Change

ICGN
International Corporate Governance Network

Local Authority Pension Fund Forum

INVESTOR ALLIANCE FOR HUMAN RIGHTS
AN INITIATIVE OF ICCR

PRI Principles for Responsible Investment

Transition Pathway Initiative

Council of Institutional Investors®
The voice of corporate governance



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Shropshire County Council

Q3 2026

The purpose of the ***reo***® (responsible engagement overlay) service is to engage with companies held in portfolios with a view to promoting the adoption of better environmental, social and governance (ESG) practices. The ***reo***® approach focuses on enhancing long-term investment performance by encouraging commercial success at companies through safer, cleaner, and more accountable operations that are better positioned to deal with ESG risks and opportunities.

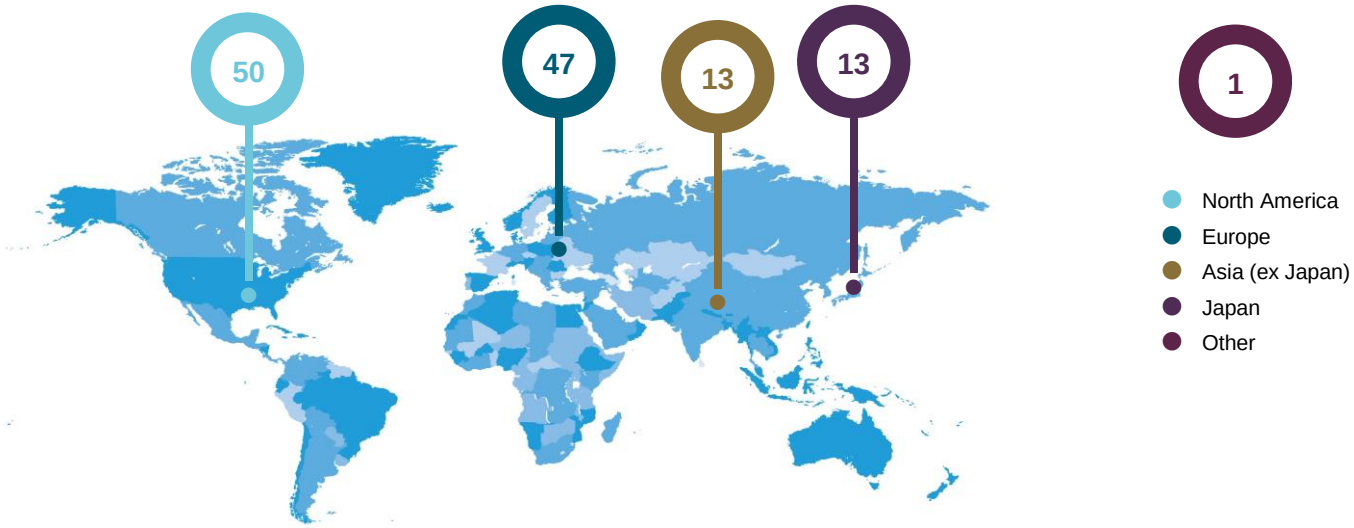
Engagements

Interactions	Companies	Countries covered
124	90	19

Milestones

★	★★	★★★
12	8	1

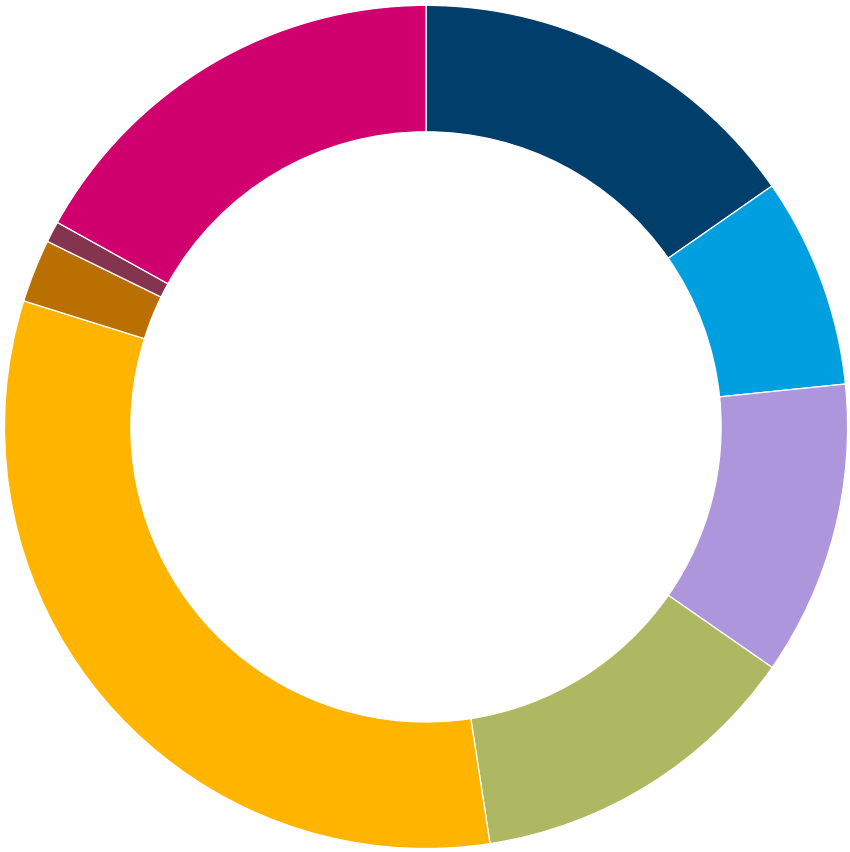
Companies engaged by region



Source: Columbia Threadneedle Investments

Engagements by theme

Your engagements by theme



Climate and Energy Transition	15%
Natural Capital	8%
Sustainable Infrastructure	11%
Health	13%
Human Capital & Demographics	32%
Human Rights	2%
Sustainable Finance	1%
Corporate Governance	17%

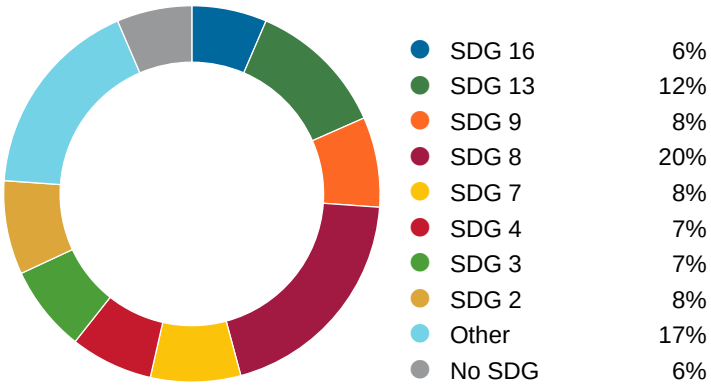
Source: Columbia Threadneedle Investments

Engagements and Sustainable Development Goals (SDGs)

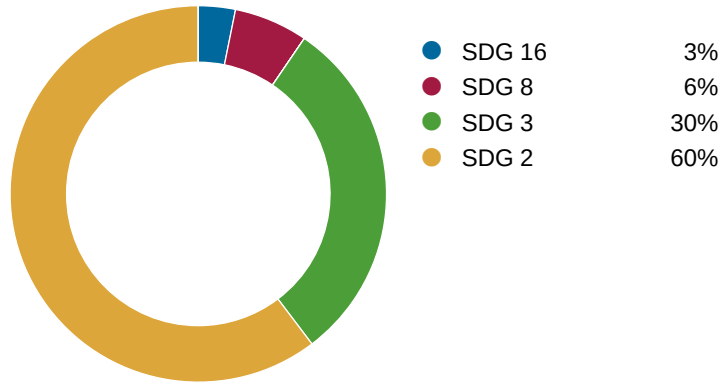
The 17 Sustainable Development Goals (SDGs) were developed by the UN and cross-industry stakeholders with a view to providing a roadmap towards a more sustainable world.

We use the detailed SDG goals to report company engagement objectives, where relevant, as well as to articulate the positive societal and environmental impacts of engagement.

Engagement: SDG level



Milestone: SDG level



Source: Columbia Threadneedle Investments

Engagement case studies

Climate and Energy Transition

Eaton Corp PLC

Country: Ireland
Sector: Industrials
Objective group: Grid
Exposure rating: High Opportunity
Milestone:







Rising power and data-centre demand drives grid investment

Why we engaged

To understand how Eaton is translating unprecedented data-centre and electrification demand into capacity, sales and margins; test the durability of the US data-centre pipeline; and assess technology shifts and development constraints that could change the long-term revenue opportunity.

How we engaged

We met virtually in a 1:1 with Investor Relations and industrials fundamental analyst.

What we learned

Capacity and demand: The full capacity ramp is now reflected in sales. Demand remains ahead of supply and Americas organic growth reached 65% in the quarter; strength included data centres but was broad based. As the comparison base rises, Eaton expects the growth curve to moderate. US data-centre pipeline: Announced capacity increased by 16 GW in the quarter, taking the ~15-year pipeline to ~200 GW. Installed capacity is expected to rise from ~38 GW in 2025 to 54 GW, reach the high-70 GW range in 2027 and 100–110 GW in 2028. The build-out is running slightly ahead of prior expectations. Revenue and backlog: Eaton is repricing the backlog and sees upside to its target of ~US$11bn of incremental Electrical segment revenue by 2030, supported by stronger data-centre and wider power-infrastructure demand. Constraints and technology: Moratoriums remain a watch item and Eaton has already haircut its five-year data-centre growth assumptions. Developers and suppliers are strengthening their sustainability message, including water. Eaton is investing in 800V transformers, targeting commercialization in 2H next year across three facilities;800V does not imply all UPS equipment disappears.

Outcome and next steps

Thesis: Eaton has a high opportunity exposure to grid/power infrastructure theme which is likely to increase as a global leader in electrical equipment for power infrastructure. Capacity additions are converting into sales while demand remains ahead of supply. Growth should moderate from exceptional current rates, but broad electrification and accelerating data-centre activity support potential. Next Steps: To support a milestone upgrade, we would expect Eaton to demonstrate that the ~US$11bn incremental Electrical revenue opportunity by 2030 is materialising through sustained backlog conversion and profitable growth; show that the ~200 GW US data-centre pipeline is translating into committed projects without material delays; and successfully execute the commercial rollout of its 800V transformer offering in 2027 2H as guided.

Source: Columbia Threadneedle Investments

For illustrative purposes only. The mention of any stocks or securities is not a recommendation to deal.

Engagement case studies

Natural Capital

Taiwan Semiconductor Manufacturing Co Ltd

Country: Taiwan
Sector: Information Technology
Objective group: Water risk
Exposure rating: Medium Risk
Milestone:





Fast growth continues to outpace water recycling progress

Why we engaged

To probe TSMC's assumptions around water supply resilience across key geographies, to share our view on water as a potential challenge to the pace of expansion, and to understand under what conditions its water reuse and recycling investments may decouple freshwater demand from production growth.

How we engaged

We met with the Deputy Director of TSMC's Green Manufacturing division as part of a group meeting.

What we learned

In Arizona TSMC is managing water availability through diversification of sources, and a near-zero liquid discharge recycling plant is under construction. Water remains a risk in our view, considering the live discussions on reducing Arizona's allocations from the Colorado River. In Taiwan TSMC acknowledged El Niño-related rainfall impacts but expressed confidence water poses no risk to production ramps. We asked about stress-testing assumptions but TSMC did not address this beyond stating that they do not see water as a risk to expansion. On potential for absolute reduction in freshwater withdrawals, TSMC confirmed this is not currently feasible given expansion, and it will remain focused on water intensity targets. We asked about a timeline when this may be feasible but the company is not yet willing to contemplate this, with technology still developing. This is consistent with our view that the pace of TSMC's growth makes progress extremely challenging.

Outcome and next steps

Thesis: We expect TSMC to maintain a medium water risk rating for several years given its rapid growth and concentration of fabs in areas with high and / or seasonal water stress. While it is making sizeable investments in water recycling and reclamation, this cannot outpace its growth in the near term. Next steps: TSMC's hesitancy to comment on stress-testing and the absence of a potential timeline for freshwater reduction reinforces our view that TSMC remains at Milestone 1. Though it is moving to rapidly scale-up water tech and diversify sourcing, there is not yet a path to stabilise freshwater withdrawals in water-stressed areas. We will continue to engage to encourage faster progress.

Source: Columbia Threadneedle Investments

For illustrative purposes only. The mention of any stocks or securities is not a recommendation to deal.

Engagement case studies

Health

Kraft Heinz Co/The

Country: United States
Sector: Consumer Staples
Objective group: Food and Nutrition
Exposure rating: High Risk
Milestone:





Engaging on a healthier product portfolio

Why we engaged

Kraft Heinz generates much of its revenue from categories exposed to changing nutrition standards, ingredient expectations and consumer behaviour. Our research estimates that approximately 16% of revenue is currently health-aligned, while roughly 77% of US retail sales are exposed to ultra-processed food concerns. We engaged to understand whether work on healthier products is becoming material to sales and investment or mainly supporting existing brands. A consistent measure of healthier sales would help investors assess that change.

How we engaged

We met representatives from investor relations, global nutrition and the growth organisation. We asked how the company defines healthier products, whether it would disclose the share of sales meeting a consistent standard, and whether its nutrition targets consider ingredients as well as nutrients. We also discussed practical reformulation examples, the allocation of additional investment and how changing eating patterns might affect the portfolio. Our aim was to distinguish individual product improvements from a lasting shift in the core business.

What we learned

The Company highlighted its focus on adding functional benefits such as protein or fibre and reducing added sugar in some SKUs for key markets. They also noted that reducing sugar may sometimes require sweeteners (potentially increasing the need for other additives) and that it offers consumers choices rather than changing every recipe. They highlighted that, nutrition targets are under review but do not currently include ingredients or processing, though management acknowledged the increasing importance of this for some consumers. Also, there was no commitment to publish a healthier-sales share. Notably, of the $700m of additional investment ear-marked by the Company, roughly half goes to marketing, alongside an approximately 20% increase in R&D. Spend on changing core products was not quantified making it difficult to assess the contribution of the programme to long-term portfolio health-aligned transition.

Outcome and next steps

Outcome: The meeting clarified the scope of the company's nutrition approach but did not establish that healthier products are changing the overall portfolio. Reformulation remains selective, their share of healthier sales is limited based on our estimates, and dedicated investment and stronger growth in those products has not yet been demonstrated. Next Steps: Review the revised nutrition targets; seek an ingredient-level and portfolio-wide measure of progress; clarify how much investment is directed at healthier core products. We expect to see evidence that a growing share of sales comes from products meeting a consistent nutrition standard, accompanied by measurable investment in reformulating core products.

Source: Columbia Threadneedle Investments

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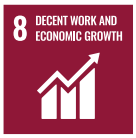
Engagement case studies

Human Capital & Demographics

JPMorgan Chase & Co

Country: United States
Sector: Financials
Objective group: Substitution
Exposure rating: N/A
Milestone:





AI adoption tested against workforce impact and reskilling

Why we engaged

Test whether JPMorgan can convert artificial intelligence (AI) investment into measurable productivity, workforce adaptability and durable value. Assess whether culture, talent and execution provide an advantage when the underlying technology is increasingly available to peers.

How we engaged

Across three engagements we met the CFO, the Global Head of Diversity, Opportunity & Inclusion and Head of HR Governance, then held a dedicated investor relations discussion on their use of AI on their employees, challenging them on productivity measurement, reskilling, redeployment and who captures the value created.

What we learned

AI is embedded across fraud detection, Know Your Customer, research support and internal workflows; ~200,000 employees use the internal LLM Suite monthly, with hundreds of use cases prioritised on savings, scale, customer impact and feasibility. Workforce effects are uneven - routine customer-service roles may contract, while hiring accelerates for developers, designers and AI governance specialists. Substitution is gradual rather than wholesale: slower net hiring and redeployment within a long-standing mobility culture, supported by extensive internal training. Management treats AI as "table stakes," benefits are expected to be competed away or passed to customers, leaving culture, talent and execution as the durable differentiator. Governance sits at full board level alongside cyber risk, with management describing cyber as the sector's greatest existential threat.

Outcome and next steps

Thesis: JPMorgan's scale, AI investment and large workforce make it a key test of how firms align skills and workforce strategy with technological change. Its ability to develop, attract and redeploy talent while embedding AI into business processes may support productivity, execution and competitiveness. Next steps: press management to quantify productivity gains in workforce terms and evidence that reskilling and mobility keep pace with changing roles; we will benchmark JPM's workforce transformation against banking peers. MS-3 requires sustained productivity gains, demonstrable workforce transition and evidence that value created is retained rather than competed away.

Source: Columbia Threadneedle Investments

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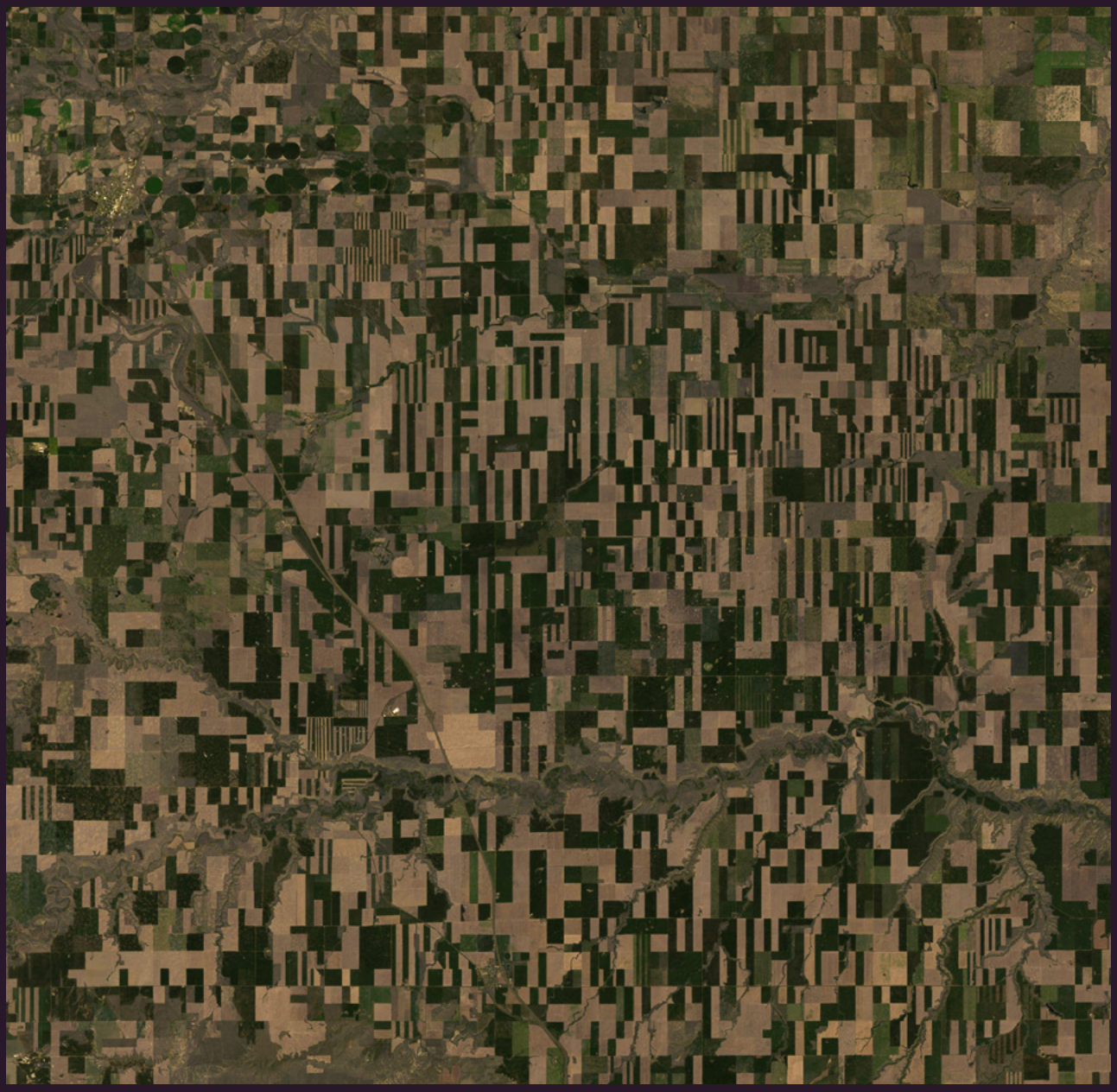

Quarterly Engagement Report

July-September 2026

- Deforestation
- Executive Remuneration
- Human Rights

Local Authority Pension Fund Forum

ENGAGEMENTS



Cover image and left: Alamy

CLIMATE CHANGE ADAPTATION AND ENVIRONMENT

DEFORESTATION

Forests support an estimated $150 trillion of global economic value. They regulate the climate, support biodiversity, reduce exposure to natural hazards and sustain the livelihoods of 1.6 billion people. Companies that depend on agricultural commodities, timber and other forest-linked products can therefore face supply disruption, higher costs and asset impairment when forests are lost or degraded.

The risk is both company-specific and systemic. Land-use change and agriculture are major drivers of deforestation. The IPCC estimates they account for 11% of annual greenhouse gas emissions. Deforestation accelerates climate change while weakening the ecosystem services on which businesses and economies rely. The financial exposure is already significant: CDP estimates that forest-related risks could create impacts of approximately $279 billion across exposed companies.

Regulation is making these risks more immediate. The EU Deforestation Regulation (EUDR) requires operators and traders to show that beef, cocoa, coffee, palm oil, rubber, soya and wood sold in, or exported from, the EU were not produced on land deforested after 31 December 2020. The regime is due to apply to large in-scope companies from 30 December 2026. Non-compliance could disrupt operations, restrict access to the EU market and damage reputation, with fines of up to 4% of annual EU-wide turnover in the preceding financial year. Leather is not currently covered, leaving a material commodity exposure outside the regulation.

In January 2026, the Brazilian Association of Vegetable Oil Industries (ABIOVE), representing more than half of Brazilian soy exports, withdrew from the Amazon Soy Moratorium after the state of Mato Grosso removed tax incentives for traders that upheld it. The moratorium had barred purchases of soy grown on land in the Amazon biome deforested after July 2008 and showed that production growth did not require further forest loss: between 2009 and 2022, deforestation fell by 69% while soy production rose by 344% on already cleared land. Without the safeguard, preliminary projections indicate that Amazon deforestation could increase by 30% by 2045. For investors, this raises the prospect of weaker traceability, renewed supply chain disruption and greater regulatory and reputational exposure.

These developments make deforestation a priority stewardship issue for LAPFF. Companies with credible time-bound commitments, robust traceability and effective supplier oversight are better placed to protect market access, manage disruption and preserve long-term value. Where those controls are weak, pension funds and their beneficiaries may be exposed through earnings volatility, impaired assets and broader economic and climate-related impacts. Engagement can help trustees assess whether companies are managing these risks before they crystallise.

Objective: Using Global Canopy's Forest500 benchmark, LAPFF is focusing on companies exposed to forest-risk commodities, including: beef, cocoa, coffee, leather, palm oil, pulp and paper, rubber, soy and timber. During the quarter, LAPFF wrote to 15 companies: Colgate-Palmolive, Costco, Domino's Pizza, Hershey, Keurig Dr Pepper, Kikkoman, KraftHeinz, McDonald's, Mondelēz, PepsiCo, Restaurant Brands International, Sysco, Kroger, Walmart and Yum! Brands.

LAPFF's aim is to assess the efficacy of each company's approach to eliminating deforestation, including its policies and the actions and strategies in place to deliver on them. LAPFF expects companies to have a time-bound zero-deforestation commitment aligned with sector-wide cut-off dates, supported by the disclosure of interim targets to track progress. LAPFF examines how companies are developing and implementing traceability systems to improve supply chain transparency and accountability. The Forum also seeks to ascertain how companies are aligning operations with the EUDR. LAPFF also seeks to address the social aspects of commodity-driven deforestation, including whether companies ensure the Free Prior and Informed Consent (FPIC) of Indigenous Peoples and local communities.

During Q3, LAPFF also worked with Asia Research and Engagement (ARE) on an investor statement calling on companies to uphold the principles of the Amazon Soy Moratorium following ABIOVE's withdrawal. The statement focuses on Asia because more than 70% of Brazilian soy exports go to China, and Asian financial institutions are

ENGAGEMENTS

important financiers of the soy industry. The statement calls on Asian banks, soy traders and buyers to retain the 2008 cut-off date, helping to preserve a recognised safeguard against further Amazon deforestation.

Achieved

Restaurant Brands International (RBI)

LAPFF met Restaurant Brands International (RBI), a quick-service restaurant company that owns and franchise four brands including Burger King. The company has identified its high-risk commodities (coffee, soy used in poultry feed, palm oil, paper fibre and beef) and is broadly on track to meet its 2030 deforestation-free commitment. Progress is strongest for coffee, palm oil and paper fibre. Soy and beef remain the weakest areas because traceability is insufficient. RBI is developing tools, including geotags and documentation systems, to improve large-scale monitoring of cattle.

RBI expects to align with the EUDR, but it did not provide a clear, time-bound plan for alignment with the Taskforce on Nature-related Financial Disclosures (TNFD) or the Accountability Framework. This leaves investors with limited visibility over how nature-related risk is governed and reported. Although RBI said it would discuss the Amazon Soy Moratorium (ASM) with suppliers, it made no concrete commitment to ask them to uphold the 2008 cut-off date. Traceability and supplier expectations therefore remain important areas for further engagement.

Mondelez International

During Q3, LAPFF met with American multinational confectionery, food, beverage, and snack food company Mondelēz to discuss nature-related risks, including deforestation. The company had completed a nature-risk assessment in 2024-2025 using TNFD's Locate, Evaluate, Assess, Prepare (LEAP) framework, however management cited commercial sensitivity to withhold full outcomes and intends to use the findings internally. Selective disclosure limits scrutiny of how the company is mitigating and prioritising material



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nature-related risks. Mondelēz cited a 2030 deforestation target, but it did not demonstrate a cut-off date, disclose commodity-specific interim targets or metrics it is using to track progress.

While Mondelēz reported that Cocoa Life 'mass-balance' volumes are more cost-effective, third-party audited and monitored through community interviews and satellite data, the model does not provide full traceability. Management declined to commit to segregated, traceable supply chains, arguing that resources are better directed to farm-level interventions. Furthermore, management considered a publicly accessible, grievance and non-compliance tracker covering cocoa and palm oil suppliers but has decided against disclosure at this time.

Mondelēz supports the EUDR and is collecting supplier data. However, management acknowledged unresolved IT readiness and uncertainty over the boundary between upstream and downstream obligations.

Management agreed to follow up internally on whether its direct or Tier-1 soy suppliers are involved in or affected by the changes to the ASM, The company has not yet committed to calling on them to uphold the 2008 cut-off date. The company stated that FPIC and community land rights are covered by its human rights framework. It recommended LAPFF meet with the Head of Human Rights to discuss how the company uses ground-level verification tools and audit mechanisms to verify that Indigenous and local communities have been granted FPIC before land development proceeds.

Meiji Group Holdings

In collaboration with Asia Research and Engagement (ARE), LAPFF met with Meiji Group, a Japanese manufacturer of dairy products, confectionery, and pharmaceuticals. The discussion was primarily focussed on soybeans, given the company's limited disclosure on soybeans used for animal feed (soybean meal) and the collapse of the Amazon Soy Moratorium. While feed soybeans are not included in the scope of the deforestation risk assessment, the company recognised that upstream risks related to animal feed are significant and is reviewing the scope of future risk assessments. While the company plans to publish its Zero Deforestation Policy in the second half of this fiscal year, it did not confirm soybean will be included. LAPFF echoed ARE's call for the company to establish a time-bound soybean deforestation policy with a clear cut off date.

The company was not prepared to disclose the percent of dairy feed produced with soy sourced from Brazil. The company deferred to the barriers posed by Japan's aggregated sourcing and inability to trace dairy back to farm-level, let alone the full soy supply chain. However, given Meiji sources soybean meal feed it has direct exposure. Considering this, LAPFF pressed the company on how it was engaging key

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suppliers, and their trading companies, to increase traceability. The discussion also highlighted certified deforestation-free sourcing options, including Roundtable for Responsible Soy and ProTerra, which are being increasingly adopted by competitors in China. Meiji stated they will evaluate these options. Meiji has progressed on its disclosure on human rights; however, this is currently limited to cocoa. The discussion highlighted the indigenous impacts arising from deforestation in South America.

In progress: Where companies have not responded to our engagement requests, or where companies are not meeting these minimum expectations, LAPFF will consider issuing a voting alert at the 2027 annual meeting

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CLIMATE ADAPTATION AND SUPPLY CHAIN RESILIENCE

LAPFF maintained its focus on climate adaptation and resilience during Q3, building on the *Climate Adaptation: Food Producers and Distributors* report presented at the February 2026 Business Meeting. The report set out the issues LAPFF should raise with investee companies exposed to high-risk commodities, including dairy, fresh fruit and vegetables, meat, coffee and cocoa. Following its January engagement in response to the *Inside Track* memo, LAPFF met with the Chair of supermarket Sainsbury's to discuss the company's climate adaptation strategy and supply chain resilience.

Objective: LAPFF sought to better understand how Sainsbury's identifies, measures and responds to environmental and climate risks, and how these insights inform sourcing and supplier decisions. The Forum also sought to evaluate the impact and scalability of the company's climate adaptation initiatives, as well as its policy engagement and governance of supply chain resilience.

Achieved: Sainsbury's has quantitatively assessed key environmental risks and qualitatively assessed key climate risks across its supply chain. Following this work, it estimated the financial impact of the most material physical climate-related risks on its most exposed products - produce, coffee, cotton and tea - under high-emissions (4.3°C) and low-emissions (1.5°C) scenarios. While this represents significant progress, the company highlighted traceability challenges for commodities including cotton, cocoa and UK lamb, citing fragmented supply chains and inconsistent farm-level data.

To reduce these financial impacts, the company engages and supports suppliers through long-term partnerships, including eight-to-ten-year contracts,

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and integrated supply chain models that underpin its climate adaptation strategy. This sustained commitment gives suppliers greater security and enables them to invest in local mitigation and adaptation measures. In the UK, this is supported by cost-of-production models. Sainsbury's also supports Fairtrade producers through the Resilience Building Initiative, which pools Fairtrade premiums to fund climate adaptation projects on the ground. These examples show the company's recognition that climate resilience depends on enabling long-term investment across supply chains.

The Board's discussion of farm-level climate impacts, including water scarcity and extreme rainfall, reinforced that climate-related risks are integrated into strategy and decision-making and overseen at board level. The discussion also demonstrated a proactive approach to policy engagement and industry initiatives. Sainsbury's expressed support for the Good Food Bill, advocates for greater policy coordination and food-system planning in the UK, and participates in collaborative initiatives including the Institute of Grocery Distribution. Management identified specific policy barriers, including planning restrictions that inhibit farm-level investment in resilience measures. Internationally, Sainsbury's engages with governments and partners on fisheries, deforestation and agricultural resilience.

In progress: As climate adaptation and food-system resilience remain relatively underdeveloped areas of corporate reporting and stewardship compared with climate mitigation, LAPFF will consider which aspects of Sainsbury's approach could provide useful examples of best practice for engagements across the sector. These include its use of long-term supplier relationships and integrated supply chain models to support investment in resilience. The Forum will also continue to monitor outstanding challenges relating to traceability, data quality, impact measurement and the scalability of resilience initiatives.

TESCO LOW-CARBON CONCEPT FARM VISIT

Following LAPFF's Q2 engagement with supermarket Tesco on climate adaptation and supply chain resilience, LAPFF joined an investor visit to Tesco's low-carbon concept farm in Lincolnshire to see how these issues are being addressed in practice. The visit demonstrated how Tesco is working with suppliers Branston, TH Clements and Heygates to trial and scale climate-resilient, low-carbon farming practices in a working farm environment. Crops including wheat, broccoli, potatoes, peas, and leeks are being produced while new approaches are tested and refined.

A central theme of the visit was soil health. Alongside reducing carbon emissions, the farm is seeking to strengthen resilience to climate-related stresses, including higher temperatures and drought, by improving soil health. Healthy, fertile soils are better able to withstand changing climate conditions, can increase crop yields and reduce dependence on imported fertilisers, thereby supporting the UK's long-term food security. Innovations being trialled include AI-enabled drones and precision farming equipment to support data-driven decision-making, cover cropping and circular-economy, low-carbon fertilisers such as R-Leaf and CCm.

The discussion also highlighted the challenges of scaling these approaches, including high upfront costs for farmers. This reinforced the important role retailers can play in helping farmers adopt these practices and providing the incentives needed to scale resilient farming across supply chains.

For LAPFF, the visit demonstrated how Tesco's collaboration with suppliers can support more resilient agricultural supply chains and help safeguard the long-term availability of key food products as the climate changes. LAPFF will use insights from the visit to inform best-practice examples in future engagements on climate adaptation and food-system resilience.

Nature Action 100

The financial materiality of nature loss is increasingly clear: the World Economic Forum estimates that more than half of global GDP is moderately or highly dependent on nature. Reflecting this significance, 196 nations adopted the Kunming–Montreal Global Biodiversity Framework in 2022, committing to halt and reverse nature loss by 2030. In 2023, Nature Action 100 (NA100) was launched as a global investor-led engagement initiative focused on reversing nature and biodiversity loss.

Objective: As part of its ongoing engagement under the Nature Action 100 (NA100) framework, LAPFF met with global healthcare company Novo Nordisk. LAPFF and the wider investor group sought to assess whether the company has a robust approach to identifying, managing and disclosing nature-related impacts, dependencies, risks and opportunities. The Forum also sought to evaluate whether the company's governance arrangements provide effective oversight and accountability, including board-level oversight, expertise and training, and whether delivery of the biodiversity roadmap is linked to variable remuneration and other incentives.

Achieved: Nature-related considerations are integrated into the company's enterprise risk management (ERM) framework, double materiality assessment and broader sustainability strategy, with assessments informed by the Science Based Targets Network (SBTN) framework. Novo Nordisk identified water, glucose, paper and cardboard as priority dependencies and outlined actions to address them through regenerative agriculture initiatives, site-level biodiversity plans and its "Suppliers for Zero" programme. Each production site undergoes a water-risk assessment to identify and manage site-specific risks, informing local mitigation plans and reduction targets, although this information is not publicly disclosed. Novo Nordisk also highlighted its work to reduce reliance on vulnerable biological inputs, including the near-complete phase-out of horseshoe crab-derived materials.

The meeting improved LAPFF's

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understanding of Novo Nordisk's governance arrangements for nature-related issues, although gaps remain. The company stated that ultimate responsibility for environmental matters, including biodiversity and nature, rests with the Board, with additional oversight provided by the Audit Committee. Board members received nature-related training in 2024, although this is provided on an ad hoc basis; the company indicated that further training is expected following board turnover. However, Novo Nordisk confirmed that no current board members have dedicated biodiversity or nature expertise. The discussion also highlighted limited alignment between nature-related performance and executive incentives. Although the company reported that long-term incentive plans include internal targets on water, restoration and regenerative agriculture, these are not disclosed in the remuneration report or included in the short-term incentive programme. Investors are therefore unable to assess the extent to which executive incentives support delivery of the company's nature and biodiversity commitments.

In progress: While the company has established processes to identify and manage nature-related impacts, dependencies, risks and opportunities, disclosure remains limited in several areas. LAPFF will review the company's forthcoming nature strategy and related disclosures, expected in September, focusing on whether reporting on site-level targets, supplier risk-assessment criteria and quantified biodiversity targets has improved. LAPFF will also assess whether the updated disclosures provide greater transparency on nature-related performance metrics and the role of remuneration in supporting delivery of the company's nature and biodiversity commitments.

CLIMATE CHANGE MITIGATION

Decarbonisation within the cement industry

Objective: Cement production accounts for roughly 7-8% of global carbon emissions[1], driven heavily by unavoidable process emissions during clinker production. As such, decarbonising heavy building materials remains a critical pillar for achieving Paris-aligned Net Zero goals and reducing climate-related investment risks.

As part of our engagement with the sector, In Q3, LAPFF met with CRH, which manufactures and distributes building materials. This engagement focused on assessing the credibility and execution of the company's decarbonisation strategy and formed part of LAPFF's continuing dialogue

1 https://decarbonization.unido.org/cement-and-concrete/

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with the building materials provider. Discussions centred on the commercial viability and scaling of Carbon Capture and Storage (CCS/CCU) solutions, plant-level decarbonisation levers (such as clinker substitution and alternative fuel integration), regional market dynamics, board oversight, and physical climate risk adaptation. LAPFF also sought clarity on CRH's decision to maintain internal targets for clinker factor and alternative fuels rather than publishing explicit medium-term public metrics.

Achieved: CRH continues to advance its CCS/CCU efforts through a "measured and deliberate" approach, maintaining three early-stage design projects, including the flagship K6 project in France, which combines energy-efficiency upgrades (an oxy-fuel kiln) with state-backed carbon capture and transport partnerships (with Air Liquide).

Progress was reported on core operational levers, with CRH successfully reducing its global clinker factor from 75.3% in 2024 to 72% in 2025. LAPFF welcomes this operational momentum, alongside the expansion of alternative fuel usage, reaching 58% in Europe and 39% in North America, driven by its dedicated EcoRec and Sapphire platforms. The integration of circular inputs, such as solid recovered fuel (SRF) and refuse-derived fuel (RDF), delivers both financial savings and thermal emissions reductions. However, because alternative fuels only address kiln combustion and do not prevent the chemical process emissions generated when raw limestone is heated, LAPFF emphasised that maximising clinker substitution with alternative materials remains the single most decisive near-term lever for directly curbing process CO_2 emissions. This is a push that must be sustained globally to drive real decarbonisation prior to the commercial scaling of CCS.

The company continued to report that executive remuneration remains aligned with sustainability performance, with 20% of short-term incentives tied to ESG metrics. It also cited board oversight remaining robust, with climate metrics and performance against the 2030 Decarbonisation Roadmap being tracked monthly and reviewed annually, with updates reported directly to the Board. On trade mechanisms, CRH reaffirmed support for the EU Carbon Border Adjustment Mechanism (CBAM) to ensure a level playing field, noting that recent proposed updates to EU ETS free allowance schedules have not altered its 2030 target trajectory.

In progress: LAPFF continues to press for public, quantifiable medium-term targets for key operational metrics, such as clinker substitution and alternative fuel adoption, to enhance transparency and enable progress tracking against sector benchmarks. CRH maintains that these operational roadmaps are developed internally from the plant level up to preserve commercial and regional flexibility, but LAPFF will keep encouraging greater disclosure around these underlying performance indicators.

LAPFF understands that regional variations in market readiness and commercial demand for low-carbon products remain a challenge in the industry. While adoption is maturing across European markets, demand in North America is developing at a different pace, and CRH is drawing on its cross regional technical capabilities to build market acceptance and scale lower-carbon product lines internationally.

Finally, LAPFF notes the commercial deployment of CCS remains reliant on external transport and storage infrastructure. Given these geographic dependencies, CRH is balancing its approach by exploring broader technological levers, including alternative materials, electrification, and collaborative R&D, while continuing to evaluate site-level physical climate risks through corporate continuity planning.

The UK FTSE 100 Climate Transition Plan Initiative

Since 2021, LAPFF has championed an investor initiative calling on the Chairs of FTSE 100 companies (excluding investment trusts) to put their climate transition plans to an advisory shareholder vote at least once every three years. Now in its sixth year, the initiative has grown from three founding investors to 62 global signatories spanning the UK, Europe, Australia and the US, representing more than £3.8 trillion in assets under management.

It is LAPFF's view that a shareholder vote provides a formal, structured mechanism for transparency and accountability. For companies, it gives boards a clear understanding of investor support for their decarbonisation strategy and the investment decisions, including capital expenditure, needed to deliver it. For investors, it provides a repeatable tool for constructive dialogue, complementing rather than replacing director elections.

Where investor support has gained momentum, adoption has plateaued. Since 2021, 20 of the existing constituents of the FTSE100 have put a climate transition plan to a vote, with activity peaking in 2022 and settling lower since 2023. The clearest retreat is in Financials: nine companies, including five banks, held votes in 2021 and 2022, but since 2023 only *Legal & General* and *Aviva* have resubmitted.. Utilities remain the most active sector, with five of six constituents having voted at least once since 2021, while five sectors have seen no votes at all.

The 2025 letter engaged 95 companies and drew 71 responses. Eight committed to holding a vote.

Follow-up meetings revealed a divide in approach: Schroders, Lloyds and Barclays favour engagement-led dialogue over formal votes, while Shell and SSE confirmed structured voting commitments. Voting outcomes to date, including Unilever's 97% approval in 2024 against Woodside Energy's 58% rejection, suggest investors are differentiating between plans rather than rubber-stamping them.

This year's letter was sent to 90 companies, requesting confirmation by 30 October of each company's intention to hold a vote, an anticipated timeline, or the rationale for not doing so. LAPFF will track responses to the 2026 letter, pursue follow-up engagement meetings, and monitor AGM outcomes through 2027, holding boards to account where commitments previously backed by shareholders are withdrawn.

Energy Transition in Asia

Objective: As part of a collaborative engagement with Asia Research and Engagement's Energy Transition Platform, LAPFF seeks to engage companies in Asia that are playing a role in the energy transition, including financial institutions, power companies, and others that have significant material

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risks and opportunities related to the transition in the continent.

Achieved: LAPFF joined an engagement with chip maker Taiwan Semiconductor Manufacturing Co, building on a trip to Taiwan in 2025 and subsequent engagement with the company. When LAPFF last met the company in 2025, it was targeting a 10% reduction in unit GHG emissions against 2020 but was actually 19% above the baseline. In 2026, it has reduced that gap to +2% above baseline. At the same time, renewable energy as part of the energy mix it uses has moved from 14.1% to 20.1%. However, absolute emissions continue to rise with capacity expansion, and the company remains off-track against its unit-emissions target.

Engagement with the company focused on its ability to manage rapid AI-driven growth alongside its climate, resource and operational commitments. Greater clarity was sought on capacity constraints, including advanced packaging, energy infrastructure and skilled labour, and on how rising electricity demand, water use and emissions could affect TSMC's 2030 targets. Questions also covered renewable energy procurement, delivery of contracted capacity, SBTi alignment and the credibility of TSMC's emissions-reduction pathway.

Further discussion focused on Scope 3 reductions and supplier decarbonisation, including support for smaller suppliers accessing renewable electricity. Investors also examined water resilience at higher-risk sites, PFAS management, and the extent to which geopolitical, tariff, cybersecurity and energy-security risks are incorporated into capital allocation and overseas expansion.

LAPFF also engaged with PT Bank Rakyat Indonesia (BRI), one of the largest banks in Indonesia. BRI's latest reporting demonstrates credible progress in climate risk management and emissions performance, with operational emissions falling 5.4%, financed emissions falling approximately 4%, and declining carbon intensity across several targeted financing sectors. However, this progress is not yet matched by an equivalent shift in portfolio allocation: green lending has declined as a proportion of total lending and BRI's policies continue to permit financing of coal and other high-emitting activities.

In a meeting with the company, engagement covered BRI's climate and energy-transition strategy, including financed emissions, client transition planning, climate-risk stress testing and support for small and medium-sized enterpsies. Investors also discussed the composition and integrity of BRI's sustainable finance portfolio, particularly green and social lending, alongside governance issues including executive remuneration, and the bank's role in Indonesia's wider energy transition.

In Progress: LAPFF will continue to support the platforms core aims of a transition to net zero, which also encourages companies to move towards net positive practices for nature and biodiversity and supports workers in a fair and just transition.

SOCIAL

CONFLICT-AFFECTED AND HIGH-RISK AREAS

Objective: With conflicts increasing globally, having seen a rise from 147,000 in 2023, to over 200,000 in both 2024 and 2025,[2] companies face heightened operational, reputational, legal, regulatory and financial risks where conflict dynamics intersect with actual or potential adverse impacts on people.[3] Against this backdrop, LAPFF expects companies with exposure to CAHRAs to demonstrate and explain



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2 https://acleddata.com/series/acled-conflict-ind
3 https://heartland-initiative.org/the-saliency-materiality-nexus/

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how they identify, prevent, mitigate and account for these risks. This includes where heightened human rights due diligence (hHRDD) is applied, in line best practice principals set out by international standards such as the United Nations Guiding Principles on Business and Human Rights, amongst others.

LAPFF considers that, given the distinct risk profile of conflict-affected and high-risk areas, companies should have policies, governance arrangements and due diligence processes that explicitly address CAHRAs. This should include an assessment of human rights impacts, conflict impacts, and the cross section where conflict and human rights impacts intersect, which can only be done by applying principles of hHRDD inclusive of conflict analysis.

Achieved: During the quarter, LAPFF met with A.P. Moller – Maersk (Maersk), a transport and logistics company engaged in container shipping. Maersk publicly states that its human rights approach is aligned with the UN Guiding Principles on Business and Human Rights and OECD Guidelines, and that it applies a risk-based approach to identifying and managing human rights impacts across its operations and value chain. LAPFF pressed Maersk on how it ensures a consistent approach across different conflict situations, the governance and oversight of CAHRA-related decisions, the criteria used to assess customers, cargo and dual-use or military-linked shipments, and how risks to affected communities are considered alongside employee safety.

LAPFF also encouraged Maersk to provide greater public disclosure on its governance framework and hHRDD processes, recognising that greater transparency would provide investors with additional assurance over how conflict-related human rights risks are identified, escalated and managed.

LAPFF also joined a collaborative meeting with Thales to discuss the company's approach to human rights due diligence across its operations and commercial activities. The discussion covered how human rights risks were identified, assessed and escalated, including the circumstances in which Thales may decide not to pursue business opportunities. Investors also enquired about downstream monitoring of its products after sale, and the use of human rights assessments.

In Progress: LAPFF continues to engage companies with exposure to conflict-affected and high-risk areas, focusing on governance, hHRDD, conflict analysis and decision-making processes. Further engagement will seek stronger evidence of how companies identify, assess, mitigate and disclose conflict-related human rights risks, including outcomes for affected stakeholders and communities.

ELECTRIC VEHICLES

Objective: LAPFF engages automotive manufacturers to assess how they are managing the human rights and supply chain risks associated with a transition to electric vehicles. In particular, engagements focus on critical mineral sourcing, supply chain traceability, and the extent to which companies apply robust human rights due diligence in regions where risks are more present, and supply chains more opaque. LAPFF seeks greater clarity on governance, oversight, and implementation, including how risks linked to battery production and raw material extraction are identified, mitigated, and remediated, and whether disclosure is sufficient to demonstrate that electrification plans are being delivered responsibly. In Q3, LAPFF met with American automobile manufacturer Ford.

Achieved: The meeting with Ford in the recent quarter aimed to discuss the company's approach to human rights and supply chain management. Since LAPFF last met the company, it has continued to be a leader on these topics against many of its peer group. Ford has demonstrated the embedding of commitments on human rights into actionable systems including, stronger supplier requirements, evidence-based corrective actions, expanded pre-sourcing controls, more accessible grievance channel, a formalised FPIC process into its supplier code of conduct, broader minerals due diligence, a more targeted risk intervention, and evidence of looking at conflict-affected and high-risk areas in more detail. Ford also remains reporting under the requirements of CSRD.

In Progress: LAPFF will meet with other auto manufacturers during Q4, continuing to assess how human rights risk associated with vehicle production are being identified and managed.

MINING AND HUMAN RIGHTS

Collaborative engagement through the PRI Advance initiative

Objective: The mining sector operates in high risk operational environments where core business activities directly intersect with systemic environmental and human rights vulnerabilities. For institutional investors, human rights breaches within investee companies are not only ethical concerns, they represent material financial, legal, and operational risks that can severely impair long-term portfolio value. As highlighted in LAPFF's *Mining and Human Rights* report from 2022, failure to apply robust human rights due diligence (HRDD) across operations and joint ventures can lead to catastrophic consequences.

The severe human toll, environmental destruction, and multi-billion dollar liability risks associated with this sector are starkly illustrated by high profile tailings dam failures. For example, in 2015, the collapse of the Samarco dam in Mariana (a joint venture between mining companies Vale and BHP) released 40 million cubic meters of tailings, killing 19 people, destroying local communities, and severely polluting over 600 kilometers of the Doce River basin. This was followed in January 2019 by the failure of the Córrego do Feijão dam in Brumadinho, an asset directly owned by Vale, which killed 272 people while devastating local infrastructure and surrounding ecosystems.

During Q3, LAPFF led engagement with Vale through the PRI Advance initiative as a lead investor. The engagement focused on assessing the management of human rights and community impacts across its operations,

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aligning with the PRI Advance initiative's expectations as a group collaboration. Key areas of evaluation included the operational effectiveness and board oversight of community and internal grievance mechanisms, tailings dam decharacterisation pathways, Indigenous rights and UNDRIP (United Nations Declaration on the Rights of Indigenous Peoples) implementation, particularly along the Carajás Railway, climate adaptation following extreme weather events, and ESG governance integration within joint venture structures, such as the Vale Base Metals (VBM) and Glencore partnership.

Achieved: Vale reported a 20% year-on-year reduction in high potential recordable injuries and confirmed that 80% of targeted dams have been removed from emergency status, with none remaining at the highest emergency tier. Reparation obligations are advancing, with 68% completion under the Mariana integral agreement and Brumadinho settlement payments expected to wrap up in 2026.

On climate risks, the company reported that operational emissions dropped by 25% (Scope 1 and 2) and 8% (Scope 3), alongside 26 million tonnes of iron ore produced from circular sources in 2025.

The company also outlined its approach to community engagement. Under its "Vale of the Future" initiative, the company reached 70,000 people out of extreme poverty using an Oxford-developed Multidimensional Poverty Index framework and established formal UNDRIP plans with six neighbouring Indigenous Peoples. When pushed on grievance effectiveness, Vale gave the example of community feedback directly informing operational changes, such as altering engineering designs in Itabira to mitigate dam construction noise and vibration which were key community concerns. Post-meeting clarifications confirmed that joint venture negotiations for the Nickel Rim South project between Vale Base Metals (VBM) and Glencore will establish explicit health, safety, environmental, and social governance accountabilities, while pointing to public ethics reporting for harassment disclosures.

In progress: Following growing concerns on climate adaptation underscored by this year's extreme weather events and mine water overflows in Minas Gerais, investors pushed for greater transparency on physical risk management. Vale noted that while physical climate risks have been mapped across all operational sites using AI forecasting and external expertise. However, these assessments are still maturing and have not yet led to public disclosures.

LAPFF continues its dialogue and engagement with Vale as the lead investor in the PRI Advance initiative, pushing for increased disclosure and transparency to enable full and proper investor assessment of how human rights and community impacts are managed across its operations.

GOVERNANCE

HIGH SHAREHOLDER DISSENT ON REMUNERATION

During Q3, LAPFF engaged with listed companies across Europe and the U.S. following significant shareholder dissent on remuneration during the 2026 AGM proxy season. The engagements examined the drivers of opposition, company responses and whether executive pay remains aligned with sustainable, long-term shareholder value.

Smith & Nephew

Achieved: LAPFF engaged with Smith & Nephew, a medical technology company, following shareholder dissent on executive remuneration, with concerns focused on the scale of pay, the use of external benchmarking, and the extent to which performance outcomes are demonstrably aligned with long-term shareholder value. The key issue is that remuneration structures designed to compete with U.S. medtech peers may continue to drive upward pay pressure for a UK-listed company, creating reputational and governance risks where the link between higher awards, company-specific performance, and outcomes for long-term investors is not sufficiently clear.

LAPFF's engagement therefore focused less on the mechanics of the consultation process and more on how remuneration policy supports a coherent long-term stewardship strategy. In particular, LAPFF assessed how Smith & Nephew balances market competitiveness against proportionality, internal succession planning, and the need to avoid rewarding executives for market-wide movements rather than genuine value creation. This is especially important given the company's US-focused management structure and medtech peer group, which may justify some international benchmarking



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but also heightens the need for clear safeguards against excessive quantum.

The company has introduced changes intended to respond to investor concerns, including revisions to incentive design and the use of shareholder value measures within the Performance Share Plan (PSP). However, LAPFF continues to view the interaction between relative TSR, absolute share price performance, and overall pay opportunity as a central area of risk. The concern is that relative outperformance alone may not provide sufficient assurance that executive rewards reflect sustainable value creation, particularly where broader sector dynamics or market conditions influence outcomes.

In progress: LAPFF will continue to monitor whether Smith & Nephew can demonstrate that its remuneration framework supports long-term shareholder value rather than simply tracking market pay levels. Particular attention will be paid to the evidence used to justify future quantum increases, the robustness of performance conditions, and whether outcomes remain proportionate when viewed against the experience of long-term pension fund beneficiaries.

A further engagement priority will be to assess how the company develops internal succession and retention strategies so that pay policy does not become overly dependent on external hiring benchmarks or U.S. market norms. LAPFF will also look for clearer disclosure explaining how the company prevents incentive outcomes from rewarding executives for factors outside management control, including sector-wide valuation movements.

AB InBev

Achieved: Engagement with drink and brewing company AB InBev focused on significant opposition to the company's revised remuneration policy. The central issue is that shareholders do not yet have sufficient visibility to assess whether incentive outcomes are proportionate, stretching, and clearly aligned with long-term value creation. Concerns centre on the limited disclosure of short-term incentive targets and outcomes, the operation of long-term incentive awards, and the overall transparency of pay-for-performance alignment.

AB InBev frames its remuneration approach around a high-performance culture, with variable pay intended to reward delivery above peer levels and support retention of senior executives in a global business. However, LAPFF's engagement identified a tension between this philosophy and the level of disclosure available to shareholders. Without clearer information on performance thresholds, vesting scales, maximum opportunities, and the relative weighting of individual and financial measures, investors may struggle to judge whether payouts reflect genuine executive delivery or are being justified retrospectively.

The company's main argument for limited disclosure is commercially sensitivity. LAPFF recognises that some forward-looking measures may require careful handling, especially where they relate to strategic priorities or competitive positioning. However, the company's peers provide broader disclosure in several areas, and investors need enough information to assess challenge, proportionality, and alignment with sustainable performance. The stewardship objective is therefore to encourage disclosure that improves accountability without requiring the company to reveal genuinely sensitive commercial information.

In progress: LAPFF will continue to monitor whether AB InBev strengthens remuneration disclosure in a way that enables shareholders to assess the link between pay and performance. Priority areas include retrospective disclosure of short-term incentive outcomes, clearer explanation of the vesting scale for performance share units, and improved information on maximum short-term and long-term incentive opportunities.

LAPFF will also assess whether the company's remuneration framework remains sufficiently simple and understandable for long-term investors. This includes considering whether overlapping arrangements, such as annual bonuses, restricted stock units (RSUs), performance share units (PSUs), matching shares, and occasional exceptional grants, obscure the overall level of reward or make it harder to evaluate the performance basis for pay outcomes.

WPP

Achieved: LAPFF engaged with advertiser WPP following significant shareholder dissent on the company's remuneration policy and report. The core issue was that during a recent period of weak performance in 2025, higher reward opportunity and the introduction of time-based restricted share awards weakened the perceived link between executive pay, shareholder experience, and sustainable value creation. Investor concern was heightened by WPP's stated need to compete for global talent while remaining accountable to a UK-listed shareholder base with different expectations on pay structure and quantum.

LAPFF's engagement focused on whether WPP's remuneration framework forms part of a coherent strategy to support turnaround execution without rewarding executives for underperformance. The company has sought to align pay with its new strategy, Elevate 28, and to improve retention of senior leaders in a highly competitive market. However, LAPFF continues to view the balance between retention, performance accountability, and proportionality as a central governance issue, particularly where restricted share awards introduce a less performance-contingent element into the long-term incentive structure.

A further area of risk is the reliance on global talent-market benchmarking as a justification for higher or more flexible pay. LAPFF recognises that WPP operates across more than 100 markets and faces competition from media, creative, digital, technology, and U.S.-based peers. However, engagement with the company is intended to assess whether this rationale is supported by robust succession planning, internal leadership development, and a broader retention strategy, so that executive pay does not become the primary mechanism for managing talent risk.

In progress: LAPFF will monitor how WPP responds to the post-AGM consultation process and whether its published update provides meaningful insight into the drivers of dissent and the board's response. Particular attention will be paid to whether

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shareholders are given a clearer explanation of how the remuneration structure supports the turnaround strategy, how discretion will be applied, and how pay outcomes will remain proportionate if performance recovery is uneven.

LAPFF will also assess whether the use of restricted share awards remains appropriately constrained by holding periods, share ownership requirements, and committee judgement. The key assessment will be whether these safeguards are sufficient to align executives with long-term shareholder outcomes, particularly if performance targets under the wider incentive framework are only partially achieved.

IP Group

Achieved: LAPFF engaged with IP Group, a UK-based early-stage science investor, following significant shareholder dissent on the directors' remuneration report. The company explained that the vote was heavily influenced by one of its largest investors during a period in which the investor had made an offer to acquire the business. IP Group stated that its remuneration policy was materially unchanged from the previous two years, and that excluding the significant investors vote the report would have received support of almost 96%. The relatively low AGM turnout amplified the effect of this holding. LAPFF considered this context important in assessing whether the dissent reflected broad concern about remuneration or the particular circumstances surrounding the proposed transaction.

The engagement examined IP Group's restricted share plan, introduced in 2022 to replace a conventional long-term incentive plan. The framework combines market-aligned salaries and comparatively low annual bonus opportunities with restricted share awards and substantial minimum shareholding requirements. IP Group argued that this structure creates executive ownership and aligns management with long-term shareholders, while avoiding highly geared three-year incentives that may reward short-term share-price volatility. The company also highlighted the remuneration committee's performance underpin and noted that it had previously exercised discretion not to permit awards to vest where performance was insufficient.

LAPFF explored whether the framework could align more directly with long-term shareholder outcomes through measures such as investment realisations, net asset value per share or an absolute total shareholder return underpin. IP Group said that the long and uncertain development cycles of early-stage science and technology investments make fixed, time-bound measures difficult to apply consistently. The company considers long-term share ownership, supported by committee discretion, to be the most appropriate central mechanism, while operational priorities may change as the portfolio matures.

IP Group also outlined recent positive developments, including stronger share-price performance, progress within key healthcare and deep-technology holdings, and asset realisations above carrying value. It argued that these developments support the value of its portfolio and investment model.

In progress: LAPFF will continue to assess whether IP Group's restricted share structure delivers sustained alignment with long-term investors. Particular attention will be paid to how the remuneration committee applies its performance underpin and discretion, whether vesting outcomes remain proportionate to shareholder experience, and whether an absolute TSR or similar safeguard could strengthen protection against rewards where long-term shareholder value has not been created.

LAPFF will also monitor whether the company provides sufficiently clear disclosure of the relationship between executive rewards, portfolio realisations, net asset value and share-price performance.

Pearson

Achieved: LAPFF engaged with education and assessment company Pearson following significant shareholder dissent on the company's revised remuneration policy, which received 75.6% support. The central issue was the substantial increase in the chief executive's maximum long-term incentive opportunity from 450% to 850% of salary. Pearson argued that its transformation from a traditional publisher into a digitally enabled learning-services business, its significant U.S. revenue and workforce exposure, and competition for technology and platform talent required remuneration to be benchmarked against a more highly paid international peer group. The company stated that the revised opportunity places the chief executive around the median of that talent peer group rather than at the upper quartile.

LAPFF's engagement focused on whether this increase is proportionate and whether the performance conditions are sufficiently demanding to justify the higher quantum. Pearson explained that it had retained a fully performance-based long-term incentive structure, unlike many U.S. peers that use restricted shares, and had raised both threshold and maximum performance requirements. This included a 14% compound annual growth rate requirement for the earnings measure and an increase in the relative total shareholder return threshold for maximum vesting from upper-quartile to upper-quintile performance. The relative TSR assessment now draws on the S&P 500, FTSE 100 and a talent peer group.

LAPFF nevertheless raised concern that relying entirely on a relative TSR metric can lead to a situation in which significant awards are made despite weak performance on an absolute basis. Pearson pointed to the remuneration committee's discretion framework, which allows it to consider wider stakeholder and shareholder experience before approving incentive outcomes. The engagement also covered the removal of ESG measures from variable pay. Pearson said that environmental and human-capital performance remain important and continue to be monitored, but that incentive measures had been refocused on strategic priorities more directly linked to competitive advantage, including winning and retaining large enterprise customers.

Pearson described an extensive consultation process before the vote, covering approximately 85% of the share register and beginning with its largest shareholders. The company said shareholder feedback led to changes in the final proposals, including the introduction of the talent peer group within the relative TSR framework.

ENGAGEMENTS



Alamy

Following the AGM, Pearson contacted the same group of shareholders, although take-up for further discussions was limited. The company is considering the wider implications of proposed changes to the UK corporate reporting and governance framework, while LAPFF emphasised the importance of retaining effective shareholder accountability mechanisms, including the annual vote on remuneration.

In progress: LAPFF will continue to assess whether Pearson can demonstrate that the higher remuneration opportunity is matched by genuinely exceptional and sustainable performance. Particular attention will be paid to the operation of the three relative TSR comparator groups, the committee's use of discretion where absolute shareholder returns are weak, and whether pay outcomes remain proportionate to the experience of long-term investors.

LAPFF will also monitor how Pearson reports on the implementation of the revised policy and responds to the level of shareholder dissent. Further engagement will examine whether strategic customer-growth and retention measures provide sufficiently stretching and transparent accountability, whether material environmental or workforce risks remain appropriately overseen after their removal from incentives, and whether the company's approach to international pay benchmarking avoids creating sustained upward pressure on executive remuneration.

CONSULTATION RESPONSES

European Commission – Corporate Sustainability Due Diligence Directive Guidelines

LAPFF submitted a response to the European Commission's consultation on the Corporate Sustainability Due Diligence Directive (CSDDD). The CSDDD requires large EU companies and non-EU companies with a significant market presence in the EU to identify, prevent, mitigate and stop adverse impacts on human rights (including labour rights) and the environment in their own operations, those of their subsidiaries and in their value chains.

The consultation will inform the development of guidelines to support the implementation of the CSDDD. The Commission will issue guidelines that provide practical advice to companies on how to fulfil their due diligence obligations, to Member State authorities on how to implement and enforce the Directive, and to stakeholders on how to pursue their rights.

In a response, LAPFF promoted its views on best practice, the areas where current weakness exist and the areas in which it believes guidance will be most effective in supporting companies perform due diligence. The response calls for practical guidance that strengthens meaningful stakeholder engagement, responsible business conduct and collaborative approaches to preventing and addressing adverse human rights and environmental impacts, while avoiding the transfer of due diligence responsibilities down supply chains.

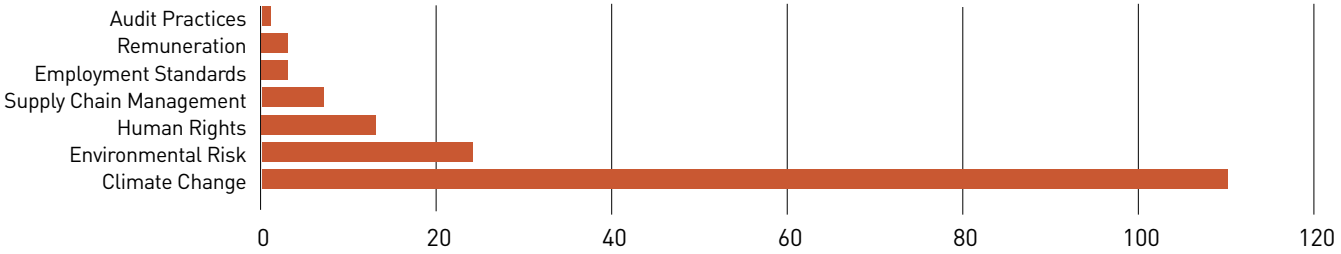
COMPANY PROGRESS REPORT

LAPFF engaged 128 companies over the quarter
The table below represents data taken from 'Meetings', 'AGMs' and 'Received Correspondence' only.

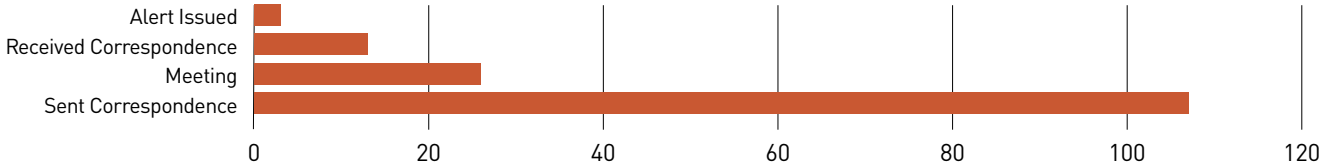
Company/Index	Activity	Topic	Outcome
ANGLO AMERICAN PLC	Received Correspondence	Environmental Risk	Awaiting Response
Anglo American Plc	Received Correspondence	Climate Change	Satisfactory Response
ANHEUSER-BUSCH INBEV SA	Meeting	Remuneration	Dialogue
AP MOLLER - MAERSK AS	Meeting	Human Rights	Small Improvement
CRH PLC	Meeting	Environmental Risk	Dialogue
Experian Plc	Received Correspondence	Climate Change	No Improvement
FORD MOTOR COMPANY	Meeting	Human Rights	Substantial Improvement
FREEPORT-MCMORAN INC.	Meeting	Environmental Risk	Dialogue
Glencore Plc	Received Correspondence	Climate Change	Satisfactory Response
Halma Plc	Received Correspondence	Climate Change	No Improvement
HENNES & MAURITZ AB (H&M)	Meeting	Employment Standards	Dialogue
HSBC HOLDINGS PLC	Meeting	Climate Change	Dialogue
ICG Plc	Received Correspondence	Climate Change	No Improvement
IP GROUP PLC	Remuneration	Meeting	Dialogue
J SAINSBURY PLC	Meeting	Environmental Risk	Moderate Improvement
J Sainsbury Plc	Received Correspondence	Climate Change	No Improvement
London Stock Exchange Group Plc	Received Correspondence	Climate Change	No Improvement
LVMH (MOET HENNESSY - LOUIS VUITTON) SE	Meeting	Human Rights	Change in Process
Marks and Spencer Group Plc	Received Correspondence	Climate Change	No Improvement
MEIJI HOLDINGS CO LTD	Meeting	Climate Change	Dialogue
MONCLER SPA	Meeting	Human Rights	Dialogue
MONDELEZ INTERNATIONAL INC	Meeting	Environmental Risk	Dialogue
NOVO NORDISK A/S	Meeting	Environmental Risk	Dialogue
Pearson Plc	Received Correspondence	Climate Change	No Improvement
PEARSON PLC	Remuneration	Meeting	Dialogue
PT BANK RAKYAT INDONESIA	Meeting	Climate Change	Small Improvement
RESTAURANT BRANDS INTERNATIONAL INC	Meeting	Environmental Risk	Dialogue
RIO TINTO GROUP (AUS)	Meeting	Environmental Risk	Dialogue
RIO TINTO PLC	Received Correspondence	Environmental Risk	Awaiting Response
SMITH & NEPHEW PLC	Meeting	Remuneration	Dialogue
SSE PLC	Meeting	Audit Practices	Dialogue
Standard Chartered Plc	Received Correspondence	Climate Change	Dialogue
Standard Life Plc	Received Correspondence	Climate Change	No Improvement
TAIWAN SEMICONDUCTOR MFG CO	Meeting	Climate Change	Small Improvement
TESCO PLC	Meeting	Environmental Risk	Moderate Improvement
THALES	Meeting	Human Rights	Change in Process
VALE SA	Meeting	Human Rights	Moderate Improvement
WPP PLC	Meeting	Remuneration	Dialogue
ZOETIS INC.	Meeting	Environmental Risk	Dialogue

ENGAGEMENT DATA

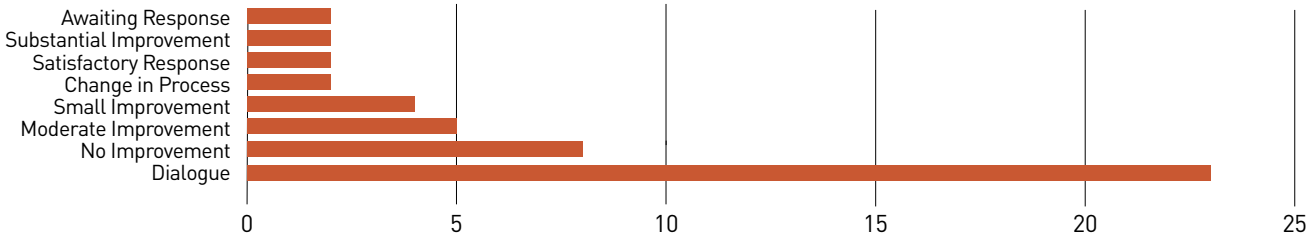
ENGAGEMENT TOPICS



ACTIVITY

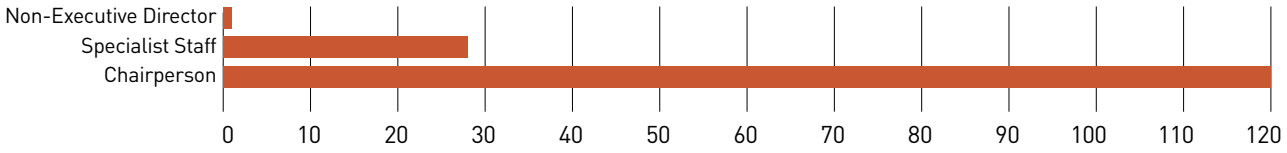


ENGAGEMENT OUTCOMES*

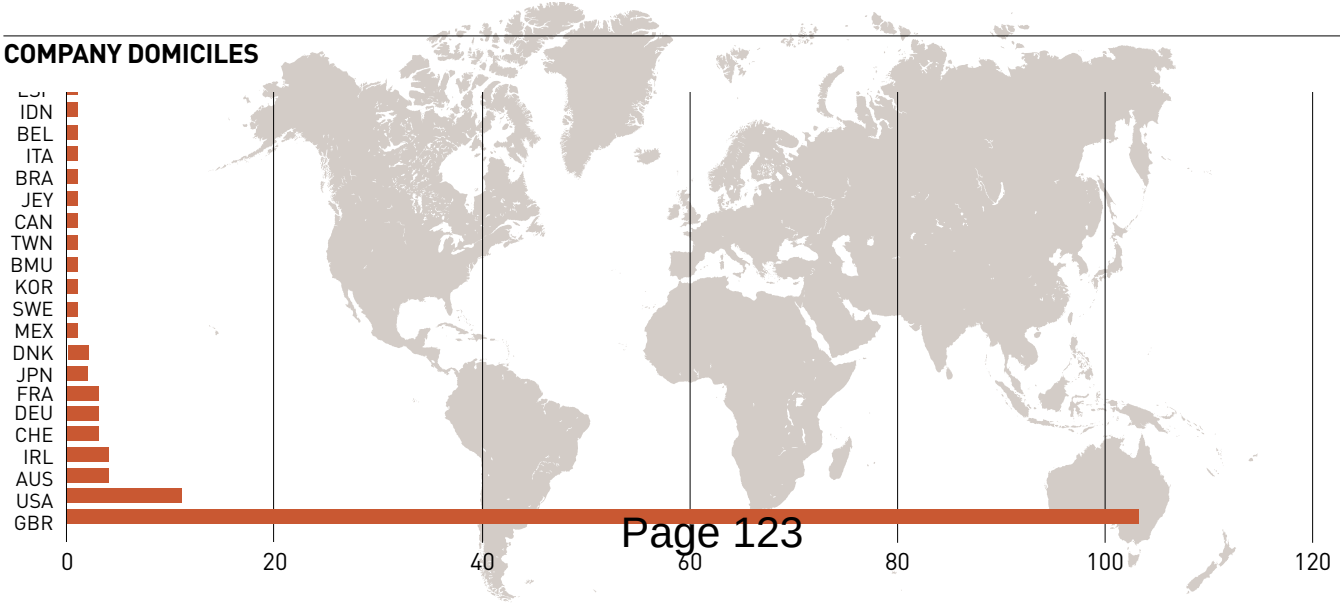


*Outcomes data is taken from 'Meetings', 'AGMs' and 'Received Correspondence' only

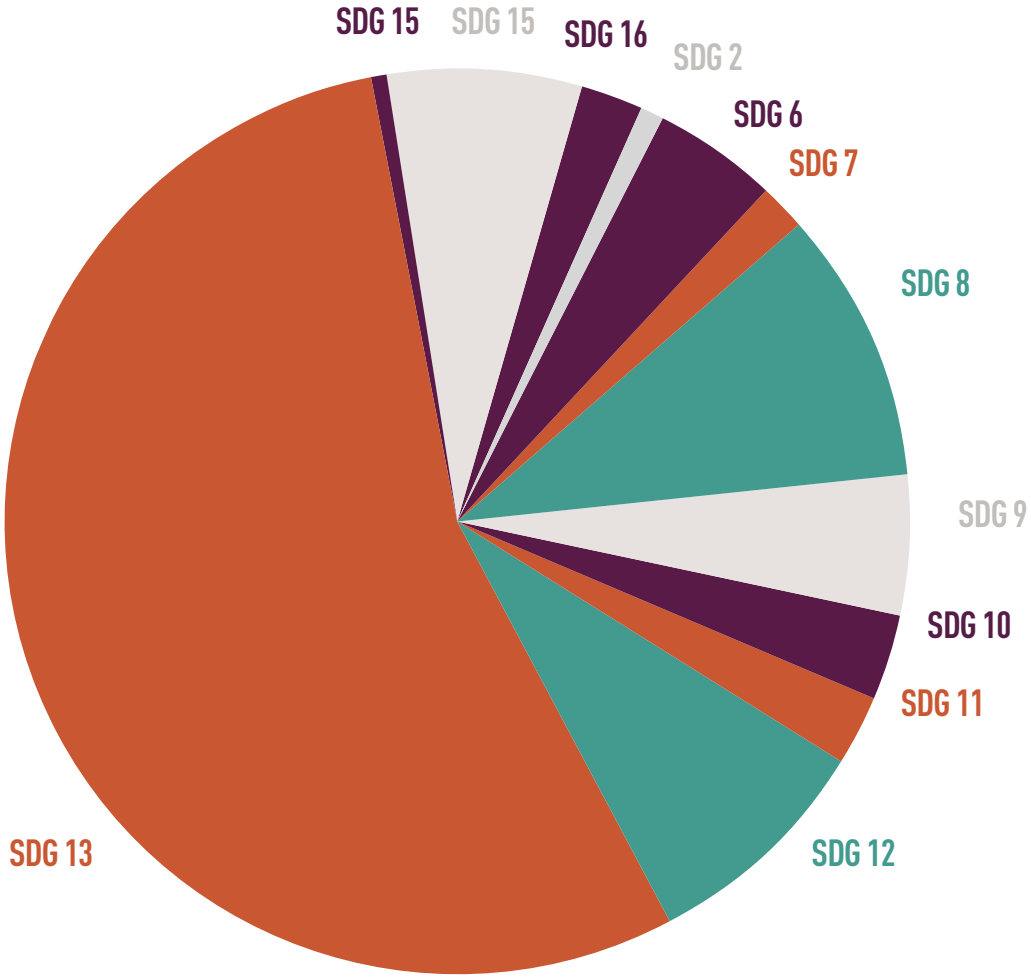
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS

SDG 1: No Poverty	0
SDG 2: Zero Hunger	2
SDG 3: Good Health and Well-Being	0
SDG 4: Quality Education	0
SDG 5: Gender Equality	0
SDG 6: Clean Water and Sanitation	9
SDG 7: Affordable and Clean Energy	3
SDG 8: Decent Work and Economic Growth	20
SDG 9: Industry, Innovation, and Infrastructure	10
SDG 10: Reduced Inequalities	6
SDG 11: Sustainable Cities and Communities	5
SDG12: Responsible Production and Consumption	17
SDG 13: Climate Action	110
SDG 14: Life Below Water	1
SDG 15: Life on Land	14
SDG 16: Peace, Justice, and Strong Institutions	4
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
Hampshire 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

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Shropshire County Pension Fund

Administered by Shropshire Council

Dear Sir or Madam,

Thank you for your letter dated 3 August 2026 and the accompanying Position Paper. We appreciate the care with which you have set out your concerns.

We recognise the seriousness and complexity of the matters you raise, as well as the significant public interest in them. The fund considers these matters carefully through its established governance arrangements and in accordance with its statutory and fiduciary responsibilities.

As part of its responsible investment approach, the Fund requires its investment managers to integrate financially material environmental, social and governance (ESG) considerations into their investment processes. It also expects managers to actively engage with investee companies on the management and mitigation of risks pertaining to these considerations. This includes risks relating to human rights.

The Fund supports the principle that companies operating across all sectors and jurisdictions, should embed the UN Guiding Principles on Business and Human Rights within their policies, procedures, and governance structures. Companies whose operations or supply chains extend across multiple regions may be exposed to conflict-affected areas where human rights risks are heightened. In such circumstances, the Fund expects companies to have appropriately robust arrangements in place to identify, assess, manage and mitigate those risks.

LGPS Central Limited implements the Fund's investment strategy and monitors portfolios to identify material ESG risk exposures. This monitoring informs its stewardship priorities and activities. Through its stewardship approach, LGPS Central Limited seeks assurance that investee companies implement effective human rights management policies wherever their operations or value chains may give rise to potential impacts.

This approach is applied across sectors and geographies and is based on international norms on human rights. It considers salient human rights risks across portfolios, rather than focusing on a single jurisdiction or conflict.

LGPS Central through the Scheme Advisory Board continue to seek further clarity on the legal arguments contained in your letter, to act in the best interests of members.

Yours faithfully

Gary Groves
Shropshire County Pension Fund Pensions Committee Chair

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Committee	Pensions Committee
Date and Time	4 December 2026 10am
	Public

Administration and Regulatory update

LGPS

Lead Director:	Justin Bridges – LGPS Senior Officer – Head of Pensions
Service Area:	Pension Fund – Finance
Report Author	Vicky Jenks Pensions Administration Manager
Officer contact details	01743 252192 vicky.jenks@shropshire.gov.uk

1. Purpose of Report

1.1 This report highlights administration performance, current resourcing pressures, key regulatory activity and project delivery for the Pensions Committee. Most performance indicators remain positive, but the report also identifies areas requiring continued oversight, including McCloud remedy work, employer data submissions, Pension Dashboard preparation and the impact of new regulatory requirements on team capacity.

2. Recommendations

The Committee is asked to:

2.1 Note and comment on the KPI chart and the information provided on KPIs that are not currently meeting the 95% target for completion within statutory timescales, including the actions being taken to address this. (Appendix A)

2.2 Note the progress and completion of key activities from the Fund business plan for Q1 2026-27. (Appendix B)

2.3 Note the progress of the Pension Dashboard implementation which is provided in the separate update report. (Appendix C)

3. Summary of Main Proposals

3.1 Overall, the administration position remains stable, with positive performance in several key areas. The key issues for Committee oversight are the impact of regulatory change on capacity, continued monitoring of McCloud remedy work, employer data submission performance, and preparations for Pension Dashboard connection and query handling.

3.2 The main proposals in this report relate to the actions required to ensure the pensions administration team can continue to meet the Fund's statutory responsibilities effectively. These include reviewing resources, technology and work allocation arrangements so the service remains able to meet stakeholder needs and respond to increasing regulatory and project demands.

4. Key Risks and Opportunities

4.1 Performance is monitored to ensure regulatory timescales and key performance indicators are met. The main risks are delays in statutory casework, employer non-compliance with contribution and data submission deadlines, additional work arising from regulatory change, and pressure on team capacity. These risks are managed through KPI monitoring, breach reporting, project plan updates, employer engagement, and annual reporting of strategic administration risks to committee.

5. Financial Implications

5.1 The administration budget is set each year and monitored to ensure that the work of the team is achieved within this. Any additional costs are subject to approval by the Head of Pensions.

5.2 Costs are met by the pension fund and have no direct impact on the revenue budget for the Council.

6. Legal and HR Implications

6.1 The Fund must continue to comply with the LGPS Regulations, associated statutory guidance and the requirements of The Pensions Regulator. This includes maintaining appropriate internal controls, accurate records, timely payment of benefits, effective breach monitoring and clear evidence of decisions taken in relation to McCloud remedy, Access and Fairness implementation and Pension Dashboard readiness.

6.2 The Fund has reported itself to The Pensions Regulator in connection with delays in completing McCloud age discrimination remedy work. A response is awaited. The management team will continue to maintain an action plan for outstanding cases, monitor progress through governance reporting, and ensure that any further material delays or breaches are assessed and reported where required.

6.3 The Access and Fairness changes, Pension Dashboard duties and ongoing McCloud activity create legal and operational requirements that must be delivered alongside business-as-usual casework. HR implications include workload planning, prioritisation, training, knowledge transfer, staff consultation and fair allocation of work

across the team. Two new posts have been created within the Systems, Communications and Governance teams to support the additional work. The management team will continue to review whether further capacity, training or changes to working practices are required to maintain compliance, service resilience and staff wellbeing.

7. Equality and Diversity Implications

7.1 The Access and Fairness changes have positive equality implications for scheme members and beneficiaries. Phase 1 includes equalised survivor benefit rules, changes affecting eligible cohabiting partners, removal of the age 75 cap on some death grants, and improved pension outcomes for members taking certain types of unpaid or child-related leave. These changes support fairer treatment for members and survivors and may require retrospective case reviews, arrears payments and clear communications to affected groups.

7.2 The Fund will need to ensure that member and employer communications are accessible, inclusive and written in plain language. This includes providing targeted information for survivors, members affected by unpaid absence changes, members using digital services such as My Pension Online and Pension Dashboards, and members who may need alternative communication formats or additional support to understand the changes.

8. Climate Change, Biodiversity and Environmental Implications

8.1 Climate Change, Biodiversity and Environmental implications are not detailed in this report.

9. Performance and Team Update

9.1 The team's output and performance for the period 1 April 2026 to 30 September 2026 is available at Appendix A.

9.2 The KPI chart shows that 3,936 cases were completed between 1 April and 30 September 2026, with overall performance against legal timescales at 90.05%. Performance remained broadly consistent across the first two quarters, with 90.26% of cases completed within target in Q1 and 89.83% in Q2.

9.3 Although the overall percentage is slightly below the 95% target, the number of cases completed increased from 1,767 in Q1 to 2,169 in Q2. This demonstrates that the team completed a higher volume of work during the second quarter while maintaining a similar level of timeliness.

9.4 The dip against the 95% target should be viewed in the context of increased output, the impact of annual leave over the summer period and the continued training and development of new staff. Newer team members are now becoming more confident in their work and are beginning to contribute more effectively to case output, but this improvement is gradual as they build the technical knowledge and assurance needed to complete more complex pension administration work.

9.5 A project plan has been set up to manage the retrospective cases relating to the equalisation of partner benefits and removal of the age 75 death grant cap. Guidance has been issued to instruct funds on the actions that need to be completed and the timescales for completion.

9.6 The management team will continue to monitor performance, work allocation and training support to improve KPI performance while maintaining quality and compliance.

10. Communications

10.1 The following chart shows statistics on work undertaken by the helpdesk team that is not covered by the workflow system or reported within the wider team statistics in Appendix A.

	April 26	May 26	June 26	July 26	Aug 26	Sep 26
Telephone calls received to helpdesk	613	682	663	699	551	602
% of calls answered	96%	95%	98%	97%	96%	96%
Contact us forms and Emails received to pensions inbox	848	1108	972	1050	932	949
% responded to within 10 working days	100%	100%	100%	100%	100%	100%
My Pension Online activation keys issued	97	128	70	105	37	27
Incoming post received (items per day)	112	68	101	83	106	113
1-2-1 video meetings	7	10	12	13	14	14
Users visiting the website*	741	1036	659	573	587	553

*** Where cookie has been accepted to track access**

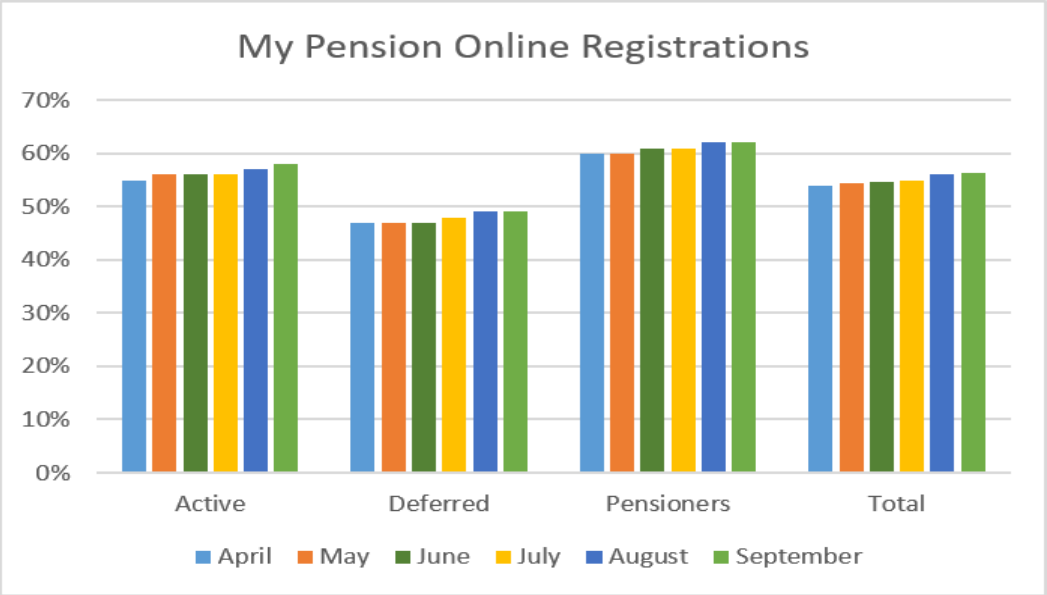
10.2 Penny the Pensions Bot, available through the Fund website, continues to support members by answering their questions. Each month, the team reviews the questions asked and the responses provided. Where accuracy is below 100%, this is usually because the question asked is too broad or lacks enough detail for the bot to identify the correct answer. The table below shows that accuracy has improved following work by the communications team to review questions and add further information to the answer bank.

10.3 The team will be implementing a new bot as part of the work we are completing to update the Fund's website; this is scheduled to go live at the beginning of 2027. The current Pensions Bot continues to support members by providing quick access to information and reducing routine enquiries. The most common enquiry themes relate to accessing My Pension Online, specifically "How do I access My Pension Online?" and "I'm unable to log in". To improve the user experience and help members find information more quickly, these topics are featured as common questions on the bot's landing page, enabling users to access relevant guidance without needing to type out their enquiry.

026/2027	Apr	May	Jun	Jul	Aug	Sep
Questions submitted	118	201	78	97	26*	94
Asked an expert	7	22	8	13	2	8
Accuracy %	77	76	66	70%	69%	74%

**** Bot data for 21/07 - 11/08**

10.4 The table below shows the percentage of members who have registered for 'My Pension Online'. It is encouraging that we are continuing to see a steady increase month on month across all categorises of membership and are approaching almost 60% of members accessing the online platform. This makes it much quicker and easier for us to communicate with members by sending direct messages to their email addresses and uploading documentation to their secure online account.



10.5 In preparation for Pension Dashboard, and to encourage more deferred members to actively engage with their pension held by Shropshire, a rolling communications plan has been implemented to target individuals who are not registered for My Pension Online.

10.6 In support of the work to ensure we have up to date information held for our members, the annual tracing exercise has both cleansed addresses and found new contact details for a number of our members who hold a deferred benefit or deferred refund with us:

- 722 members have been updated with a new postal address, these are classed as high matches
- 207 members will be contacted to check if they are at a new address, these are classed as medium matches

11. Employer Performance

11.1 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 table below shows the percentage of employers who have made payments by the deadline for the quarter to 31 August 2026.

11.2 This table also includes information about employers who make monthly deficit lump sum payments, which form part of employer contributions. Information about employers who did not meet these deadlines is covered in the governance report via the reported breaches chart.

	i-Connect Submissions on time	Contributions paid on time	Lump sum deficit payments paid on time
Average for the Quarter	**97%**	**99%**	**90%**
July 2026	97%	99%	100%
August 2026	97%	99%	73%
September 2026	97%	98%	97%

11.3 During the last quarter, an average of 99% of monthly payroll contributions were received by the due date. Delays were minimal and occurred where payment was received one or two days late, often because the due date fell at a weekend and payment was not made on the preceding Friday.

11.4 Lump sum deficit payments were lower on average, at 90%. This was mainly due to separate payments being required for schools within a Multi Academy Trust, where all related payments were made late. The August figure was lower for this reason, as the due date fell at a weekend and payment was not made by the deadline.

11.5 Although monthly payments were generally received on time, i-Connect data submissions were just slightly lower, averaging 97% for the quarter. This was due to some new Admission Agreements taking some time to get set up and make their first submission.

12. Projects

12.1 The Fund's **business plan for 2026/27**, with comments on activities undertaken during Q2, is available at Appendix B. The plan has been reviewed to incorporate the additional work the team will need to complete in relation to regulatory changes.

12.2 Access and Fairness/Access and Protections - Added to the plan for this year is the work we are completing regulatory changes as this has created additional work relating to the retrospective checks that need to be completed for the equalisation of spouse's benefits. This is a significant project which has statutory timescales for completion.

We have approx. 350 cases to review for these and 36 death benefit cases where an additional death grant may be payable. A member of the membership and benefits team will be moved across to work on these cases and will be moved from the business-as-usual work. This will be covered by the other members of the team.

12.3 Pension Dashboards – See Appendix C for the latest project report. The team is now reviewing how queries from the dashboard should be answered and the timescales within which responses must be provided. New functionality will be purchased within the pension software system to assist with member queries where personal data does not match, such as surname or address. We are also reviewing additional staffing requirements for the ongoing work that will be created across the Systems and Communications teams.

12.4 McCloud - We reported in the last update that the team have worked well to complete as much of the additional work created by the Age Discrimination remedy by the 31 August deadline. However, there were some outstanding cases that needed to be completed.

- 171 trivial commutations, (where a member has retired and received a one-off lump sum rather than an ongoing pension). These have been checked and has resulted in 2 cases requiring an additional payment.

For the remaining cases listed below guidance is still outstanding and so we are unable to provide a timescale for completion

- Revisiting pension sharing on divorce cases with a transfer date before 1 October 2023.
- Transfers in over age 65 where the member is transferring in remediable service.
- Calculating non-club transfers to a club scheme.

13. Staffing

13.1 New and anticipated requirements over the next year have led the management team to create additional posts to ensure the service can deliver all required work. These posts sit within the Communications and Governance, and Systems and Employer Relations teams, and will support increased member communication requirements, the fund website refresh, and the system updates and developments needed to support the team going forward, together with increased need to monitor and assess data being received from employers.

14. Regulatory Updates

14.1 Phase 1 of the Access and Fairness scheme changes have now come into force, and we expect that further regulations changes relating to Phase 2 will follow shortly. These include an increase in reporting requirements for members opting out of the scheme, reforms to forfeiture rules and requirements to report on the gender pensions gap.

14.2 We also await the changes that are part of the Access and Protection changes relating to the change to Normal Minimum Pension Age (NMPA), Fair Deal and pension protections on outsourcing and Academy streamlining (consolidation into one pension fund where a Multi Academy Trust has membership in multiple pension funds).

15. LGPS England & Wales Scheme Advisory Board (SAB) Review

15.1 Following the Government's review of the Local Government Reorganisation (LGR) plans, MHCLG has confirmed that the deadlines set out in its guidance for funds considering changes to their administering authority no longer apply.

The MHCLG letter to administering authorities also confirms that any change to the administering authority should be considered on hold.

Although the timetable has been paused, the underlying considerations set out in the earlier guidance remain relevant. See SAB's statement of 10 August for more information about the guidance and consideration as to where the pension function could sit.

The Board will continue to seek clarity from Government on the implications of the wider LGR review, press for updated LGPS guidance once the revised timetable is known, and support funds in considering their longer-term governance and administrative arrangements.

15.2 The Board co-sponsored a new report, Making pensions exciting: closing the diversity pension gap in the LGPS, which looks at the complex factors that can influence pension outcomes. The report, developed by Investors for Purpose:

- explores research undertaken with City of Westminster Pension Fund
- provides an understanding of members' experiences, and
- presents valuable evidence to inform future discussion and recommendations on how the Scheme can continue to evolve and improve.

The Board thanks Investors for Purpose, the City of Westminster Pension Fund and Hymans Robertson for their contributions to this report.

This information has been shared with Employers in the Fund to raise awareness of the implications of this for members of the Local Government Pension Scheme.

SAB Local Pension Board forum

15.3 On 7 September 2026, Board Chair, Councillor Roger Phillips OBE hosted the first Local Pension Board chairs' forum, attended by chairs from 36 administering authorities.

The forum provided a valuable opportunity for chairs to share experiences and discuss the opportunities and challenges within their roles. Through discussion and live polling, attendees identified governance reform, pooling, recruitment and retention and regulatory change as key issues. Encouragingly, 60 per cent of attendees reported that their authority felt prepared for the forthcoming governance changes.

New Board webpage on investment in conflict areas

15.4 Due to the ongoing political sensitivity around responsible investment and investment in conflict zones, the Board has published a new Investment in conflict zones webpage. The page brings together all the Board's work in this area including Board statements, correspondence with various Local Government Ministers and legal

opinions commissioned by the Board. It also includes links to the earlier work done on Boycotts, Divestments and Sanctions.

Background Papers

1. Administration and Regulatory update September 2026

Appendices

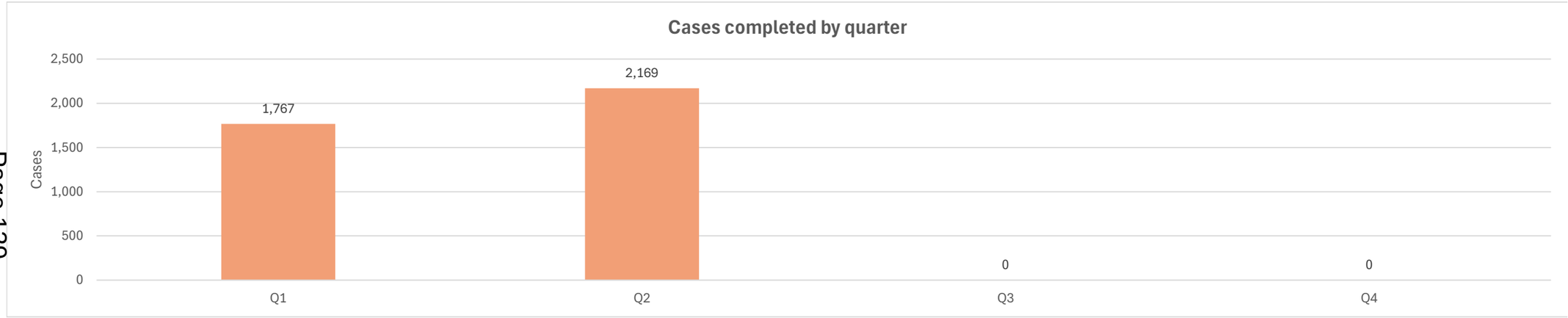
Appendix A - KPI chart April to September 2026
Appendix B - Fund business plan 2026-27
Appendix C – Dashboard Project plan update

KPI Performance Dashboard — Number of cases completed within the legal time frame (target 95%)

Pension Administration KPI's | April 2026 to March 2027

TOTAL CASES	LEGAL TARGET Q1	LEGAL TARGET Q2	LEGAL TARGET Q3	LEGAL TARGET Q4	OVERALL AVERAGE
3,936	90.26%	89.83%	0.00%	0.00%	90.05%

QUARTERLY WORKLOAD					
	Q1	Q2	Q3	Q4	TOTAL
Cases	1,767	2,169	0	0	3,936
Legal target	90.26%	89.83%	0.00%	0.00%	90.05%



SERVICE PERFORMANCE DETAIL		
Case	Total number of cases for year	% Cases meeting target
Death acknowledgement	230	97.8%
Dependants pension	209	96.7%
Deferred quotation	59	98.5%
Active quotation	93	99.1%
Deferred retirement actual	368	92.2%
Active retirement actual	246	99.2%
Lump-sum payment	601	98.4%
Deferred benefit options	697	57.3%
Transfer in	230	55.0%
Transfer out	158	83.9%
Refund payment	150	99.4%
Divorce quotation	56	100.0%
Member estimates	286	94.3%
Aggregation cases	553	89.0%

COMPARISON TO PREVIOUS YEAR	
Legal target (previous year)	Difference
95.8%	2.0%
96.2%	0.4%
100.0%	-1.5%
100.0%	-0.9%
96.5%	-4.3%
97.8%	1.4%
98.7%	-0.4%
51.3%	6.0%
60.3%	-5.3%
85.4%	-1.5%
98.5%	0.9%
99.0%	1.0%
95.1%	-0.8%
93.8%	-4.8%

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Pensions Business Plan 2026-27
Activities

Project Name	Context	Actions	July 2026 Update Q1		October 2026 Update Q2	
Whole Fund			**Progress**	**Status**	**Progress**	**Status**
Business continuity and cyber resilience		**Monitored and reviewed accordingly**	**Annual work on going**	**Ongoing**	**Annual work ongoing**	**Ongoing**
Administration						
Implementation of regulations changes from 1 April 2026	Access and Fairness, Access and Protection changes	Review changes, communicate these to members by 30 June (Disclosure) team training, update processes and information	Work ongoing to establish changes required to process and new things that need to be introduced	**Ongoing**	Work has began on the identification of cases where benefit equilsation will apply for spouses benefits. Death grant cases have been identified and calculated. Processes updated for absences with communications and follow up reminders sent to employers	**Ongoing**
Year-end 2025/2026	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 2025. Reconciliation forms and communication to employers to be issued February 2026. Forms reconciled to accounts. Information from employers received by 30th June 2026.	Data cleansing is complete except one employer and some queries sent back to employers for reconciliation.	**G - On Track**	Reconciliation now completed	**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.	Deferred statements produced, uploaded to Engage and paper statements posted out via Bluprint. Work has started on the Active statements.	**G - On Track**	All statements issued by 31 August deadline	**Complete**
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.	All information collated and sent to Pop Creative 23/06/26 to produce the first draft. First draft received, proofed and sent back to Pop Creative to make amends 27/07/26. Second draft received 30/07/26 to be reviewed by senior officers.	**G - On Track**	Final draft complete with just audit information to be inserted (ready to be published by statutory deadline of 1 December 2026)	**Ongoing**
SAB Good Governance Fit for the Future Requirements	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.	Guidance has been reviewed and looking at what needs to be done to update the constitution. Training provided to Board and Committee on the requirements. Procurement of the independent person to be carried out.	**Ongoing**	Independent person advert and shortlisting complete - interviews to be held shortly with recruitment completed by 31 December 2026 policy reviewand update underway. Independent Goverance Review supplier to be procured. Updates to Council Constitution to be completed by 31 December 2026.	**Ongoing**
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	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	Review has been undertaken and employers have been contacted for revised bonds.	**Complete**		**Complete**
External Audit of Pension Fund	Annual requirement	Providing information required within the agreed timescales.	Preparation work for external audit was completed March and audit are now working through samples and contacting the team with any queries.	**G - On Track**	Completed final reports received by Pension Committee in September	**Complete**
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 2026 deadline.	M&B team working through Annual Allowance queries to fix any records that require it to allow statements to be sent by 05/10/26.	**G - On Track**	Completed all statements issued by October statutory deadline	**Complete**
Pensions Increase 2026	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 2026.	Completed and on time.	**Complete**		**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.	Processes being reviewed to look at reporting and queries that come via the Dashboard.	**G - On Track**	Testing has commenced with small number of members testing the dashboard, team are focusing in on new process requirements for member queries and reporting.	**ongoing**
Bulk Revaluation	Annual CARE uprating to be applied to active records	Bulk process to be run after year end postings are complete in May/June 2026.	Completed and mop-up completed too.	**Complete**		**Complete**
P60 to Pensioners	To produce a P60 for pensioner members by 31st May	Following year end 2025/26 payroll processes run P60 production in end March/April 2026.	Completed April 2026.	**Complete**		**Complete**

Pensions Business Plan 2026-27
Activities

Project Name	Context	Actions	July 2026 Update Q1		October 2026 Update Q2	
Investment						
UK Stewardship Code	Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. The UK Stewardship Code 2020 comprises a set of 12 '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 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.	ESG monitoring is in place as part of business as usual. Resources have been allocated to review positions with Investment Managers annually to address any points. Lead Officer: Pensions Investment and Responsible Investment Manager	Revised application to be presented to Committee in September 2026.	G - On Track	Revised application to be submitted by 31st October	G - On Track
Covenant Review	Work with Actuary to review Employer covenants on an annual basis to monitor risk to fund.	Meetings have been held with Actuary to discuss employers subject to review and the terms and reference of the reviews. Lead Officer: Pensions Investment and Responsible Investment Manager	Change of process to allow constant monitoring.	Ongoing	Working with one employer re potential exit due to weak covenant position following withdrawl of Council funding. No other issues now BAU	Ongoing
Climate Change Risk	The Fund issues an annual climate risk report and TCFD report as part of its commitment to net zero. In addition, the Fund supports these reports by undertaking Climate scenario analysis on a bi-annual basis to ensure that developments in this field are fed into ongoing analysis.	Climate Risk reports and TCFD reports have been commissioned with LGPS Central. Alternative Investment managers ESG policies and progress on Climate Risk monitoring are reviewed periodically with a view to establishing full portfolio monitoring. Lead Officer: Pensions Investment and Responsible Investment Manager	Next reports will be presented December 2026.	G - On Track	LGPS Central have commenced work with view to provide draft report mid November for review prior to presentation to Committee in December	G - On Track
Biodiversity Risk	The Government is currently consulting on TNFD (Taskforce for Nature related Financial Disclosures). The Fund is monitoring the position and discussing potential data sources with investment managers and other Funds with a view to be able to report in a similar context to TCFD on climate.	Discuss the format of TNFD reports with LGPS Central to establish what can be accurately reported. Consider integration of Biodiversity risk into climate change strategy as whilst different risks there is an underlying fundamental link. Liaise with Investment Managers with a view to establishing full portfolio monitoring. Lead Officer: Pensions Investment and Responsible Investment Manager	TNFD still under consideration and no legal requirement at present for the Fund to produce a TNFD report.	Ongoing	TNFD still under consideration and no legal requirement at present for the Fund to produce a TNFD report. Position is being kept under review with LGPS Central to ensure that the Fund can commence reporting at earliest opportunity.	Ongoing
Investment Strategy Statement	The Fund sets a triannual investment strategy which was last reviewed in June 2023 and the Fund is currently working on transition plans to meet the new strategic asset allocation. The investment strategy review took place concurrently with the review of the Funding Strategy Statement in 2022/23. The outstanding actions now are implementing the agreed changes to the investment strategy. The implementation of the revised investment strategy will occur over a period to manage transition risks.	Reports on the Investment transition to meet the new ISS were presented to Pensions Committee in September 2023. The transition will take approx. 18 to 24 months to fully implement given some of the illiquid asset classes involved. A full timetable is in place and Pensions Committee will be updated on a quarterly basis of major changes. Lead Officer: Head of Pensions – LGPS Senior Officer	Draft ISS went to Committee in March and final version in September following consultation.	G - On Track	Final ISS was agreed at the September Committee. The Final Strategy has been passed to the Communications team to ensure website is updated Regular meetings with LGPS Central are being held by Officers to understand potential implementation decisions that LGPS Central may propose and monitor position of legacy portfolio	G - On Track

Pensions Business Plan 2026-27
Activities

Project Name	Context	Actions	July 2026 Update Q1		October 2026 Update Q2	
Pooling	The Fund works directly with LGPS Central to ensure that appropriate products are available to meet future investment requirements and allow transition from legacy managers as investments mature. Following the General Election, the new Pensions Minister has instigated a pensions review with phase 1 including the Local Government Pension Scheme, in particular the pooling of investments. The recommendations to this will be know towards the end of 2024	The Fund Continues to work with LGPS Central to ensure that appropriate investment vehicles are available to allow the transfer of the Funds uncommitted assets. The transition of illiquid assets will continue to be reviewed based on maturity profiles and investment opportunities available. The Fund has responded to the consolation on moving pooling forward. Lead Officer: Head of Pensions – LGPS Senior Officer	All assets were transferred to LGPS Central control 01/04/26. Fund continue to work with LGPS Central over transition of legacy assets.	Ongoing	All assets were transferred to LGPS Central control 01/04/26. Fund continue to work with LGPS Central over transition of legacy assets.	Ongoing

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Project Highlight Report
Pensions Committee

Shropshire County Pension Fund

Project Name:	Pensions Dashboard	**Report Number:**	008
Period	August 2026 to October 2026	**Date Completed:**	04/11/2026
Completed By:	Jake Glover Senior Pensions Project Officer		

TREND SINCE LAST REPORT	**Green**
CURRENT STATUS	**Green**
EXPECTED STATUS AT NEXT REVIEW	**Green**

Previous progress	Progress made this period
• Connection to dashboard established • Data successfully being sent to Dashboard • AVC single source data has been setup in TEST environment • Member testing has commenced • Team are testing reports functionality which produces information to be reported to MaPS • First mortality tracing completed. • Bank Account Verification is in Live • The new Communications and Governance Team Leader has started (august 2026) and will be working on the Dashboard policy. This is being worked on in conjunction with South Yorkshire Pension Fund. • Project plan has been reviewed and updated to include the TPR post-connection checklist.	• Address tracing has been run and letters have been created for High and Medium matches. These will be sent out to members and this feeds into the overall Dashboard project to ensure data is accurate when Dashboards goes live during the next financial year. • Address tracing project is standalone but does feed into the data accuracy for Dashboards. High matches have been contacted via email and letter. A plan will be put in place for Medium matches with regards timescales. • The Dashboard policy work is currently on hold as other policies have taken priority. The Dashboard policy will be completed early 2027.

Slippage and Remedial Action
• There is an issue with error messages coming from the dashboard from the AVC update. Heywood have now raised this as a problem.

Project Highlight Report
Pensions Committee

Shropshire County Pension Fund

Key Risks and Issues			
R/I	**Detail**	**Rating**	**Open / Closed**
R	Data quality is low, leading to poor matching criteria and members having to contact the fund to find their pension	Low	Open
R	Having adequate resource to deal with any additional work created	Medium	Open
I	How do we resource queries from Dashboard to reduce the team being overwhelmed and to meet required timescales	Medium	Open
R	Suitable ISP is not obtained and so can not connect to dashboard	Very Low	Closed
R	Procurement of new tracing and mortality screening provider (gap in service as current provider current ends in September)	Very Low	Closed
R	ISP connection deadline not met	Low	Closed
I	Decide on implementation dates	N/A	Closed
I	What to use for Find Data and how AVC information will be accessed	Medium	Closed
I	Delays with the AVC interface	Medium	Closed
I	Delays with Address Tracing implementation (10/04/26 Reopened this issue as per point above)	Medium	Closed
I	Error messages being received from the Dashboard for AVC updates	Medium	Closed

High Level Milestones

Action	Date Completed / Target Date	Status	Comments
Procure ISP	August 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	Complete	Address Tracing to commence November – delayed due to staff pressures at Heywood working on the ISP
ISP Phase 2	July/August 2025	Complete	
Single Source File connection with Prudential	September/October 2025	Complete	Connection made to the Prudential SFTP and test file gained
Single Source Solution Testing with Heywood	September/October 2025	Complete	Implementation dates slipped due to issues with the Heywood Altair interface. AVC solution now in place in Altair Test however, issues being investigated by Heywood so not yet deployed to Live.
Bank Account Verification	September 2025	Complete	
Address Tracing	October 2026	On Track	High match members have been contacted via email and letter. Plan to be put in place for Medium matches.
Dashboard Policy	December 2026	On Track	This is progressing in conjunction with South Yorkshire Pension Fund and will be expected to be finalised early 2027.

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1.

Committee	Pensions Committee
Date and Time	4 December 2026
	Public

Governance update
LGPS

Lead Officer:	Justin Bridges – Head of Pensions
Service Area:	Pension Fund - Finance
Report Author	Vicky Jenks Pensions Administration Manager
Officer contact details	01743 252192 vicky.jenks@shropshire.gov.uk

1. Purpose of Report

1.1 This report provides information regarding regulatory breaches arising from 1 April to 30 September 2026 (Q2) that have been recorded in the breaches log.

1.2 This report will also inform the Committee of any stage 1 or stage 2 appeals which have been received under the internal dispute resolution procedure (IDRP).

1.3 Fund officers have a review cycle for fund policies, policies that have been reviewed in the last quarter are listed for the Committee's approval.

2. Recommendations

The Committee is asked to:

2.1 Note the content of Appendix A; breaches recorded from 1 April to 30 September 2026 (Q2). (Appendix A)

2.2 To note and approve the updates to the following fund policy:

- Training Strategy

Covered under a separate exempt report:

- Cyber Security Policy

3.Key risks and Opportunities

3.1 Poor or inconsistent monitoring of breaches may result in incomplete or inaccurate employer data remaining unresolved. This could delay the calculation or payment of member benefits, require additional corrective work and weaken assurance that the Fund and scheme employers are meeting their statutory responsibilities. The quarterly breaches log, monthly employer monitoring and escalation of persistent failures provide an opportunity to identify recurring causes and target support or training.

3.2 Late payment of employee and employer contributions may affect cash-flow planning and the timely investment of monies due to the Fund. Repeated late payment may also indicate weaknesses in an employer's payroll or governance arrangements and could reduce member and employer confidence. Contribution breaches are therefore monitored monthly and persistent or material cases are escalated in accordance with the Fund's breaches arrangements.

3.3 Failure to complete statutory or regulatory work within required timescales may expose the Fund to regulatory scrutiny, reputational damage and additional remediation costs. The McCloud breach reported for the period demonstrates the importance of clear recovery plans, defined completion dates and continued oversight of mitigating action.

3.4 The principal opportunity is to use trend analysis from the breaches log, IDRP outcomes and governance reviews to strengthen controls, prioritise resources and prevent recurrence.

4.Financial Implications

4.1 Robust internal controls are in place to monitor compliance by the Fund and scheme employers, reducing the likelihood of regulatory breaches, avoidable correction costs and any financial penalties imposed by The Pensions Regulator. Late contribution payments can also result in delayed investment of cash and additional officer time in monitoring, escalation and recovery.

4.2 The governance work described in this report may require expenditure on independent recruitment, external consultancy support for the Independent Governance Review and officer capacity to update strategies, constitutional arrangements and training records. Any such expenditure will be managed through existing Pension Fund budgets and the Fund's normal procurement and financial control arrangements. No additional unbudgeted financial commitment is sought through this report.

5. Legal and HR implications

5.1 The Pension Fund must comply with the Local Government Pension Scheme Regulations 2013, the Pensions Act 2004 and other statutory and regulatory requirements governing scheme administration. This includes operating the Internal Dispute Resolution Procedure, maintaining effective arrangements for identifying and recording breaches, and reporting a breach to The Pensions Regulator where the statutory materiality test is met.

5.2 non-compliance could lead to regulatory action, financial penalties, member complaints or appeals, corrective work and damage to confidence in the service. The monitoring, escalation and governance arrangements outlined in this report support the Administering Authority in demonstrating effective oversight and timely remedial action.

5.3 The governance and training changes may affect the responsibilities and development requirements of Committee members, Board members, the LGPS Senior Officer and relevant officers. These requirements will be supported through clear role descriptions, induction, training needs assessments, training plans, attendance monitoring and proportionate escalation where requirements are not met. There are no direct staffing changes arising from this report.

5.4 Legal, governance, human resources and procurement advice will be obtained where required in relation to amendments to the Council's constitution, recruitment and appointment of the Independent Person, commissioning of an Independent Governance Review and implementation of any consequential changes to roles or procedures.

6. Equality and Diversity Implications

6.1 The matters in this report are principally concerned with regulatory compliance, dispute resolution and governance and do not propose changes to member benefits or eligibility. No direct adverse equality impact has been identified.

6.2 Effective monitoring of breaches and operation of the IDRP support fair and consistent treatment by identifying administrative failures and providing members with a formal route to challenge decisions. Communications, complaints handling and governance processes should remain accessible, with reasonable adjustments and alternative formats provided where required.

6.3 When implementing the Governance Strategy, Training Strategy and associated appointment or review processes, the Fund will apply the Council's equality, inclusion and accessibility requirements. Participation in training, governance and recruitment activity will be monitored, and any identified barriers will be addressed through proportionate action.

7. Climate Change, Biodiversity and Environmental Implications

7.1 Climate Change, Biodiversity and Environmental implications are not included in this report.

8. Recording Breaches

8.1 Section 70 of the Pensions Act 2004 imposes a requirement on the following persons to report a breach of law:

- a trustee or manager of an occupational or personal pension scheme
- a member of the pension Board of a public service pension scheme
- a person who is otherwise involved in the administration of such an occupational or personal pension scheme
- the employer in relation to an occupational pension scheme
- a professional adviser in relation to such a scheme; and
- a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme.

8.2 A breach must be reported to The Pensions Regulator as soon as is reasonably practicable where that person has reasonable cause to believe that a legal duty relating to the administration of the scheme has not been/or is not being complied with, and where the failure to comply is likely to be of material significance to the Pensions Regulator.

8.3 Any breaches of the Local Government Pension Scheme (LGPS) or other relevant legislation by either the fund or a scheme employer is recorded in a breaches log.

8.4 Breaches recorded for scheme employers from 1 April to 30 September 2026 (Q2) are detailed in Appendix A. Most of these breaches concern late data submissions, or payment on contributions. Each breach is monitored per employer on a monthly basis and persistent breaches are escalated accordingly. The chart now shows that the red breach has been reported to the Pensions Regulator for the fund for 1 April to 30 September 2026 (Q2). This relates to the work for McCloud that was not completed by 31st August 2026. The report provides information on the area of work not completed and mitigating factors and the timescale for completion of work outstanding. (Appendix B)

8.5 No breaches have been recorded on behalf of the Pension Committee and Pension Board in the period 1 April to 30 September 2026 (Q2).

9. Internal Dispute Resolution Procedure

9.1 Regulations 72 to 79 of the Local Government Pension Scheme Regulations 2013 set out the formal dispute procedure. The complaints procedures official name is the Internal Dispute Resolution Procedure (IDRP).

9.2 The fund has received 2 stage one appeals under IDRP for the period 1 April to 30 September 2026 (Q2).

9.3 One appeal has been dismissed, and the second is currently being reviewed.

10 Training Strategy

10.1 Following legislative changes, the Training Policy has now become the Training Strategy with the following key changes:

- Introduces formal annual Training Needs Assessments (TNAs) and ongoing monitoring of knowledge and skills gaps.
- Strengthens induction requirements for new Committee and Board members, with clearer expectations and timescales.
- Establishes clearer roles and responsibilities, particularly for the LGPS Senior Officer in overseeing training compliance and delivery.
- Enhances monitoring, reporting and record-keeping arrangements, including attendance tracking and annual reporting to the Committee and Board.
- Introduces a new focus on skills and behaviours, alongside technical pensions knowledge, to support effective governance and decision-making.
- Adds provisions for managing non-attendance and training non-compliance.

10.2 The revised Strategy strengthens the Fund's training framework, improves compliance with statutory expectations, and provides greater assurance that Committee and Board members maintain the knowledge and skills required to discharge their responsibilities effectively.

10.3 The requirements of the Board and Committee to have relevant knowledge to assist in their duties is included. National Knowledge Assessment will be sent out to capture areas where further training needs to be delivered. Training plan to be created for this over the next 12 months. Each member responsible for recording their training. Attendance will be reviewed by both Chairs to ensure all members are complying with training requirements.

10.4 The Committee are asked to note and approve the updated strategy.

11. Fit for the Future – Good Governance Requirements

11.1 Based on the Government's Good Governance reforms, LGPS administering authorities must implement a range of new governance requirements from 2026. The reforms stem from the Scheme Advisory Board's Good Governance Review and have now been incorporated into the Local Government Pension Scheme governance framework**.**

11.2 The Chart below breaks down the requirements for the fund to implement and suggested actions that need to be taken and the work that has been completed so far.

Requirement	What Funds Need to Do	Suggested Actions	Work completed
Appoint an LGPS Senior Officer	Designate a senior officer with overall responsibility for the administration, governance and investment functions of the fund.	• Update governance documents, delegations and reporting arrangements. • Ensure the role is reflected in the fund's constitution and governance framework.	LGPS Senior Officer already in place
Update Constitution and Governance Arrangements	Governance structures must clearly define the responsibilities of the Pension Committee, Local Pension Board, Section 151 Officer and LGPS Senior Officer.	• Amend the constitution and terms of reference. • Review Schemes of Delegation. • Update governance policies and committee reporting lines.	Updates to the constitution are being prepared and will be presented in a report to full council in December.
Appoint an Independent Person	Funds that delegate pension functions to a committee or officer must appoint an Independent Person to provide professional challenge and oversight.	• Develop role specification. • Undertake recruitment process. • Amend Committee Terms of Reference to include the appointment. • Establish remuneration and tenure arrangements.	Person Specification and role description issued with closing date 16 October. Post to be filled by end of December
Undertake Independent Governance Reviews (IGR)	Each fund must participate in an independent governance review at least once during each valuation cycle (effectively every three years).	• Procure an independent reviewer. • Complete first governance review. • Publish findings and improvement plan where required. • Establish periodic review timetable.	Assessing providers available using the LGPS Frameworks for Consultancy support

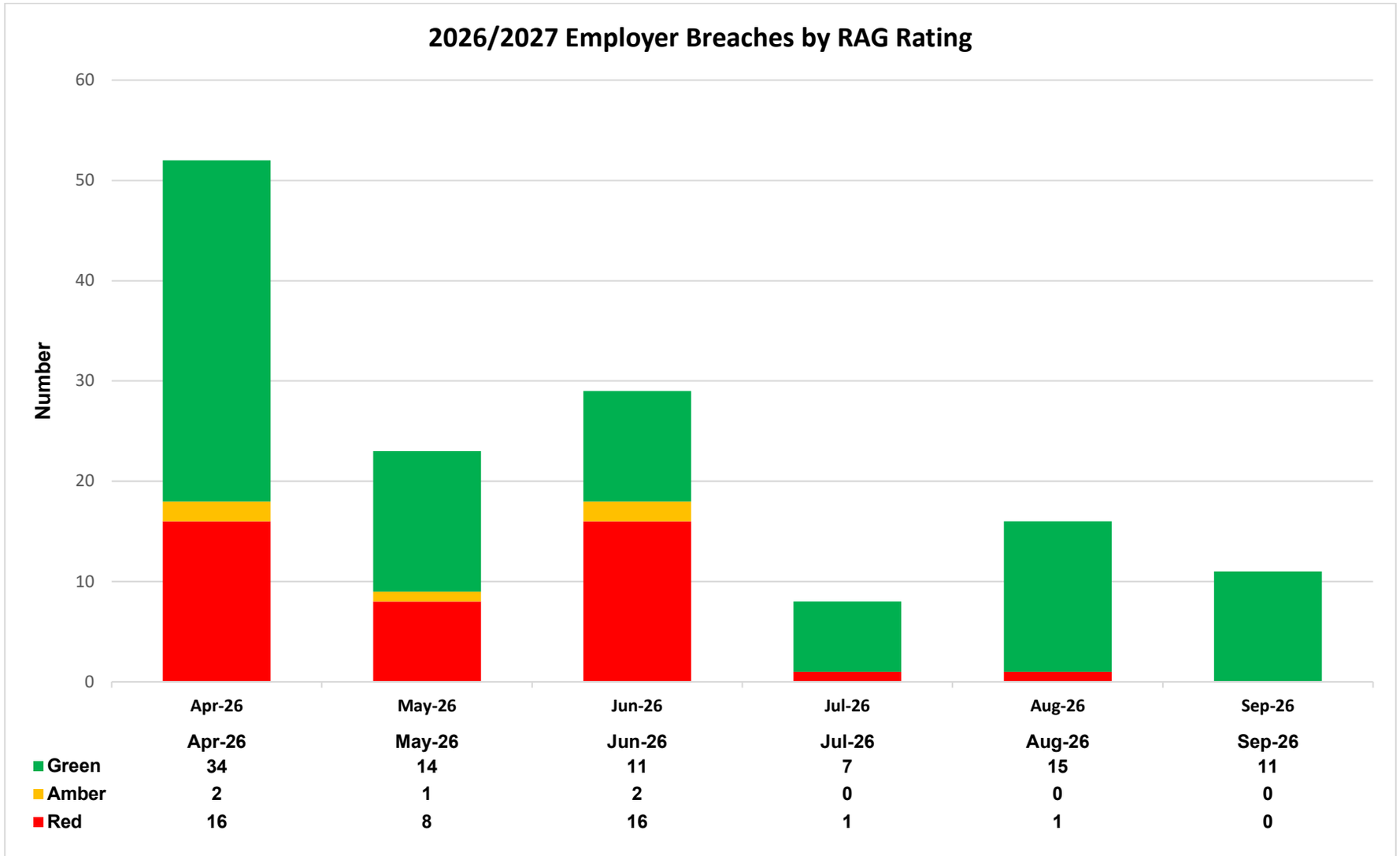
Governance Strategy	Replace the existing Governance Compliance Statement with a Governance Strategy.	• Review existing governance documents. • Develop and publish Governance Strategy. • Include governance structure, responsibilities and decision-making arrangements.	Reviewed and updated with requirements from new regulations now inserted. Waiting for guidance from SAB before being brough to the Board and Committee in March
Training Strategy and Knowledge Requirements	Pension Committee members, Local Pension Board members, LGPS Senior Officer and relevant officers must demonstrate appropriate knowledge and understanding.	• Create or update Training Strategy. • Establish training plans and training logs. • Assess competency gaps.	Reviewed and updated with requirements from new regulations now inserted. Brought to Board for comment Nov. To be approved by committee in December
Conflicts of Interest Policy	Funds must maintain a formal conflicts policy covering all governance participants.	• Review current arrangements. • Develop conflict declaration procedures. • Include monitoring and escalation processes.	Reviewed d by Board May 2026 and approved by Committee June 2026
Administration Strategy	Every administering authority must maintain a Pension Administration Strategy.	• Review existing strategy. • Ensure compliance with new guidance. • Update employer responsibilities and performance standards.	To Be reviewed ready for March 2027 Board and committee meetings

Background Papers

Governance Report September 2026

Appendices

Appendix A – Breaches Q2 1 April to 30 September 2026
Appendix B – Training Strategy 2026



RAG ratings for deciding whether or not to report to TPR	
	Where the cause, effect, reaction and wider implications of a breach, when considered together, are likely to be of material significance, the breach is 'red'. These must be reported to the Pensions Regulator
	Where the cause, effect, reaction and wider implications of a breach, when considered together, may be of material significance, the breach is 'amber'.
	Where the cause, effect, reaction and wider implications of a breach, when considered together, are not likely to be of material significance, the breach is 'green'. These should be recorded but do not need to be reported.

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Shropshire County Pension Fund

Administered by Shropshire Council

Training Strategy

Approved by the Pensions Committee on

XXXXXX



Shropshire County Pension Fund

Administered by Shropshire Council

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Introduction

This is the Training Strategy of the Shropshire County Pension Fund, which is managed and administered by Shropshire Council. The Training Strategy is established to aid all to whom this policy applies in having sufficient knowledge and understanding ensuring that all decisions, actions, and other activities are carried out in an informed and appropriate way.

This means that advice and guidance from external bodies can be challenged and tested appropriately, and that the fund's operational and strategic direction is in accordance with best practice and guidance. The Training Strategy has the aim of ensuring that the Shropshire County Pension Fund is managed by individuals who have the appropriate levels of knowledge and skills.

Aims and objectives:

Shropshire Council recognises the importance of its role as Administering Authority of the Shropshire County Pension Fund on behalf of its stakeholders which include:

- Over 52,000 current and former members of the fund
- 190 active employers

In relation to training, the Administering Authority's objectives are to ensure that:

- Those persons charged with the financial management and decision-making with regard to the LGPS Fund are fully equipped with the knowledge and skills required to discharge the duties and responsibilities allocated to them;
- Those persons responsible for the day-to-day administration and running of the fund are appropriately equipped with the knowledge and skills required to discharge their duties and responsibilities in relation to the fund;

- Those persons responsible for providing governance and assurance of the fund have sufficient expertise to be able to evaluate and challenge the advice they receive, to ensure their decisions are robust and soundly based, and to manage any potential conflicts of interest.

All to whom this strategy applies are expected to continually demonstrate their own personal commitment to training and to ensuring that these objectives are met.

To assist in achieving these objectives and the creation of this strategy, the fund adopts the following seven principles, and the guidance included in the Chartered Institute of Public Finance (CIPFA) Code of Practice 2021:

1. This LGPS administering authority adopts the key principles of the Code of Practice on LGPS Knowledge and Skills.

2. This LGPS administering authority recognises that effective management, governance, decision making and other aspects of the delivery of the LGPS can only be achieved where those involved have the requisite knowledge and skills to discharge the duties and responsibilities allocated to them.

3. This administering authority has in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of LGPS knowledge and skills for those responsible for the management, delivery, governance, and decision making of the LGPS.

4. These policies and practices will be guided by reference to a comprehensive framework of knowledge and skills requirements such as those set down in the CIPFA LGPS Knowledge and Skills Framework.

5. This administering authority will ensure that it has adequate resources in place to ensure all staff, members, or other persons responsible for the management, decision making, governance and other aspects of the delivery of the LGPS acquire and retain the necessary LGPS knowledge and skills.

6. This administering authority will report annually on how its knowledge and skills policy has been put into practice throughout the financial year in the fund's annual report.

7. This administering authority has delegated the responsibility for the implementation of the requirements of the CIPFA Code of Practice to the appropriate officer, who will act in accordance with the administering authority's knowledge and skills policy statement, and, where they are a CIPFA member, with CIPFA Standards of Professional Practice (where relevant).

Relevant legislation and guidance

This policy has been prepared following the key areas of relevant legislation and guidance include the following:

- The Chartered Institute of Public Finance and Accountancy (CIPFA) Knowledge and Skills framework for LGPS Committee members and LGPS Officers, Pension Board Members and the Code of Practice
- MiFID II
- Pensions Act 2004
- Public Service Pensions Act 2013
- Statutory Government guidance
- Guidance from England and Wales Scheme Advisory Board (SAB)
- The Pensions Regulator (TPR) General Code of Practice

- Local Government Pension Scheme Regulations 2013 (as amended), including Regulations 55A and 55B relating to Training Strategies and Knowledge and Understanding Requirements.
- Local Government Pension Scheme: Fund Governance Statutory Guidance (2026).

Statutory Knowledge and Understanding Requirements

In accordance with Regulations 55A and 55B of the Local Government Pension Scheme Regulations 2013 (as amended), the Fund will maintain a Training Strategy that sets out how relevant persons will achieve and maintain the knowledge and understanding required to properly exercise their delegated responsibilities.

Regardless of the range of responsibilities delegated to an individual, all persons covered by this strategy must, as a minimum, be conversant with:

- the rules of the Local Government Pension Scheme;
- the Fund's governance arrangements; and
- the Fund's key policy and strategy documents relating to funding, investment, administration, communications and governance.

Such persons must also have knowledge and understanding of:

- pensions legislation and guidance;
- relevant regulatory requirements; and
- any other matters prescribed in legislation, statutory guidance or regulatory bodies.

The degree of knowledge and understanding required will be proportionate to the role and responsibilities of the individual and will be assessed annually.

CIPFA knowledge and skills framework

The CIPFA knowledge and skills framework identifies eight areas of knowledge and skills as the core technical requirements for those working in public sector pensions finance where appropriate knowledge and skills should be achieved and maintained. They are:

- pensions legislation and guidance.
- pensions governance.
- funding strategy and actuarial methods.
- pensions administration and communication.
- pensions financial strategy, management, accounting, reporting and auditing standards.
- investment strategy, asset allocation, pooling, performance and risk management.
- financial markets and products.
- pension services procurement, contract management and relationship management.

The Pension Regulator's General Code of Practice

The Pensions Regulator's (TPR) general code of practice came into force on 28 March 2024. The code contains new governance requirements and sets out TPR's expectations of how occupational pension schemes should be managed and the policies, practices and procedures that should be in place.

Those responsible for governance: The LGPS senior officer, fund officers, pension committee, pension board and the Independent Person, should regularly carry out an audit of skills and experience and review its members' experience to identify gaps and imbalances, which will help inform training and recruitment needs.

The Fund's LGPS Senior Officer is responsible for ensuring the implementation and effectiveness of this Training Strategy. The LGPS Senior Officer will oversee delivery of the training programme, ensure training needs analyses are undertaken, ensure identified knowledge gaps are addressed and confirm that sufficient resources are available to support training and development activities across the Fund.

To whom this strategy applies

This training strategy applies to all individuals that take on a decision making, scrutiny, operational, or oversight role in the fund. This includes:

- The LGPS senior officer
- Officers of the administering authority involved in the management and administration of the fund.
- Members of the Pension Committee, including scheme member and employer representatives.
- Members of the Pensions Board, including scheme member and employer representatives.
- The Independent Person

Governance of knowledge and understanding

It is important that those responsible for the governance of the fund can demonstrate that, as a group, they possess the skills, knowledge, and experience to run the scheme effectively and should:

- have a balance of skills and experience throughout and be able to demonstrate this
- be able to apply its knowledge to governing the scheme.

- have enough skills to judge and question advice or services provided by a third party
- be able to identify and address skills gaps.
- have enough understanding of industry good practice and standards to assess scheme performance and its service providers.
- keep records of the learning activities of individual members and the body as a whole
- be able to demonstrate steps it has taken to comply with the law
- have and maintain training and development plans to ensure that individual and collective knowledge and understanding is kept relevant and up to date.

New committee members, board members, officers and the Independent Person should be aware that their responsibilities and duties begin from the date they take up their post and induction training should be prioritised accordingly.

Training Plan

The fund recognises the importance of training in ensuring pension fund committee members, pension board members, officers and the Independent Person attain, and then maintain, the relevant knowledge and skills.

The fund's approach to training will be supportive with the intention of providing pension fund committee members, pension board members, officers and the Independent Person with regular sessions that will contribute to their level of skills and knowledge. The fund will develop a rolling Training Plan, which takes account the level of knowledge and understanding of technical pensions topics required according to the role of the individual.

Training requirements for key individuals will be identified having regard for:

- topics identified in relevant frameworks or in publications by relevant bodies (e.g. CIPFA, TPR, Government Guidance etc)
- the workplan of the fund; and
- current or topical issues.

Training plans should include the competencies highlighted in relevant frameworks as well as special topics – for example:

- a focus on decisions to be made in the forward plan of committee business.
- those relating to areas of change or special interest.

Individual training needs

A formal training needs analysis will be undertaken for Pension Committee members, Pension Board members, the Independent Person and relevant officers at least annually.

Additional assessments may be undertaken following:

- appointment to a new role;
- significant legislative or regulatory change;
- governance review recommendations;
- identification of specific knowledge gaps.

Training needs assessments will be used to:

- identify individual development requirements;
- identify collective knowledge gaps;
- support succession planning;
- inform the annual training plan; and
- prioritise training activities in line with the Fund's business plan and work programme.

From the training needs analysis a formal training plan will be developed.

Topic based training

The need for appropriately timed training in relation to current topics, such as when decisions are required in relation to complex issues or in new areas not previously considered will be provided as required.

General awareness

There is an expectation on those to which this strategy applies that they should maintain a reasonable knowledge of ongoing developments and current issues and have a good level of general awareness of pension-related matters appropriate for their roles.

How training will be provided

Training will be delivered through a variety of methods including:

- in-house training sessions provided by officers and/or external providers;
- webinars, online conferences and e-learning platforms. Such as the Trustee Toolkit provided by TPR, shared training with other LGPS Funds external training events, such as those organised by the Local Government Association (LGA), CIPFA, or Pensions and Lifetime Saving Association (PLSA);
- attendance at seminars and conferences offered by industry-wide bodies, such as those organised by the LGA, LGC Pension Investment Seminars, CIPFA, Local Authority Pension Fund Forum or PLSA;

- circulation of reading material, including fund committee reports, LGA bulletins and Scheme Advisory Board updates, attendance at meetings and events with the fund's investment pool, managers and advisors;
- the fund's website www.shropshirecountypensionfund.co.uk which provides access to fund policies and documents such as the Annual Report, Governance Compliance Statement, Administration Strategy, Funding Strategy Statement and Investment Strategy Statement.
- The Hymans online learning academy which covers all the key areas of the CIPFA knowledge and skills framework.

Pension Qualifications, Induction process

On joining as an officer, Pension Committee member or Pension Board member, individuals will be provided with a structured induction programme.

The Fund will seek to ensure induction training is completed within three months of appointment or before attendance at the individual's first formal meeting, whichever occurs sooner.

The induction programme will include:

- introduction to the LGPS;
- governance arrangements and responsibilities;
- key Fund policies and strategies;
- conflicts of interest requirements;
- risk management and cyber security awareness;
- roles of advisers and service providers; and
- current strategic priorities of the Fund.

For Pension Committee and Board members, following induction, a formal training plan will be developed.

For Officers, following induction, an individual learning plan will be agreed to ensure progression towards the level of knowledge and understanding required for the role.

The Fund will review completion of induction requirements and any remaining development needs within six months of appointment.

Monitoring knowledge and skills

To identify whether the objectives of this strategy are being met, the fund will maintain a training log which records attendance at training and compare this to the Training Plan. An assessment will be made on whether committee and pension board members and senior officers have the required knowledge and skills required to undertake their role. As a minimum, the fund will carry out the following to monitor and review knowledge and skills:

- record attendance at training and ensure action is taken where poor attendance is identified.
- prepare training plans for committee members and officers.
- require members and officers to undertake self-assessment against the required competencies.
- communicate regularly with members and officers, encouraging them to highlight training needs on an ongoing basis.
- undertake annual assessments of knowledge and understanding;
- ensure committee and board papers include reference to relevant training received, where appropriate;
- maintain records of training needs analyses and development plans; and
- retain records for governance reviews, audit activity and regulatory examination.

The record of training attended by committee and Board members will be kept up-to-date and made available to stakeholders in the fund's annual report and accounts each year. Individuals are responsible for ensuring their training record is up-to-date and accurate.

Training Attendance and Non-Compliance

Attendance at required training forms part of an individual's governance responsibilities.

Where required training is repeatedly not completed:

1. the individual will be reminded of their responsibilities;
2. the matter may be discussed with the Chair of the Pension Committee or Chair of the Pension Board;
3. further support and development opportunities will be offered; and
4. persistent non-compliance may be reported through the Fund's governance arrangements and considered in accordance with the relevant terms of reference and constitutional requirements.

The Fund expects all individuals covered by this strategy to actively engage with learning and development opportunities relevant to their role.

Training Records and Independent Governance Reviews

The Fund will maintain comprehensive records of:

- training needs assessments;
- training plans;
- attendance records;
- learning activities undertaken;
- identified knowledge gaps; and
- actions taken to address those gaps.

Go online
Find out more and log on to 'My Pension Online' at:
www.shropshirecountypensionfund.co.uk
Call us
01743 252130
Email us
pensions@shropshire.gov.uk
Write to us
Pensions, PO Box 4826
Shrewsbury SY1 9LJ

Committee members, Board members, relevant officers and the Independent Person are responsible for maintaining accurate records of their own learning activities including conferences, seminars, webinars, reading and other relevant development activities.

Training records will be retained and made available to support Independent Governance Reviews, internal audits and regulatory reviews where required.

Key risks

The key risks to the delivery of this strategy are outlined below. The pension fund committee members, with the assistance of the pension board, officers, and Independent Person will monitor these and other key risks and consider how to respond to them.

- Changes to the committee and/or pension board membership and/or officer's potentially diminishing knowledge and understanding.
- Poor attendance and/or a lack of engagement at training and/or formal meetings by committee members, pension board members and/or other officers resulting in a poor standard of decision making, administration and/or monitoring.
- Insufficient resources being available to deliver or arrange the required training.
- The quality of advice or training provided not being of an acceptable standard.
- Substitute members who may not have the same level of knowledge, skills and access to training as the main committee members. Substitute members should ideally have sufficient knowledge and skills to fulfil the role effectively and be provided with access to training as required.

Success measures and reporting

- For committee and Board members knowledge gaps will be identified in regular assessments and a training plan created to cover topics where training is required.
- The training log will record attendance and provide evidence of the training attended by each committee and Board member. This will be used to identify any concerns around non-attendance or commitment to training.
- Feedback following training will be requested in order to implement any suggested changes for future training sessions.
- annual training needs assessments will be completed and reviewed;
- identified training gaps will be monitored through development plans;
- attendance and non-attendance at training events will be reported annually; and
- progress against the Fund's annual training plan will be reported to the Committee and Board.

Committee and Board reports will, where appropriate, reference relevant training previously delivered on matters under consideration in order to support informed decision-making and effective governance.

The fund's committee members and pension board members will be provided with details of forthcoming seminars, conferences and other relevant training events.

For pension fund officers, training is recorded, and a gap analysis is regularly undertaken as part of each individual's personal development plan.

Costs

Where there is a cost involved in providing the training this will be met directly by the fund.

The relevant competencies and degree of knowledge and understanding required

To ensure all individuals to whom this strategy applies work towards what is required a knowledge matrix has been developed, which is shown below. The matrix determines the level of knowledge required across the nine core technical areas identified within relevant LGPS guidance and statutory governance requirements. The knowledge matrix is not exhaustive and other technical or non-pensions related skills will be identified on an individual basis within job descriptions or via annual assessment.

Key roles in the LGPS - Degree of knowledge and understanding required

The arrangements for the governance and delegation of responsibilities are outlined in the Governance Strategy Statement and Shropshire Council's constitution (where appropriate). In line with principle two of the CIPFA Code of Practice, the degree of knowledge and understanding required is that which is appropriate for the purposes of enabling the individual to properly exercise their delegated responsibility on behalf of the administering authority. The guidance outlined in CIPFA's Code of Practice on Knowledge and Skills 2021 will be used to ensure the relevant competencies apply to specific responsibilities.

Accordingly, regardless of the range of responsibilities, those exercising a delegated responsibility on behalf of the administering authority and to whom this strategy applies must be conversant with:

- the rules of the LGPS, and
- any document recording policy about the funding, investment, administration, communications or governance which is for the time being adopted in relation to the scheme.
- Such persons must have knowledge and understanding of:
- the law relating to pensions, and
- such other matters as may be prescribed in legislation and guidance.

The degree of knowledge and understanding required is that which is appropriate for the purposes of enabling the individual to properly exercise their delegated responsibility on behalf of the administering authority.

Key Skills and Behaviours

In addition to technical pensions knowledge, the Fund recognises the importance of behavioural and governance competencies.

Those covered by this strategy should demonstrate:

- integrity and ethical behaviour;
- independent judgement;
- effective decision making;
- constructive challenge and scrutiny;
- leadership and accountability;
- communication and stakeholder engagement;
- strategic thinking;
- risk awareness; and
- commitment to continuous professional development.

Training and development activities may therefore include governance, leadership, communication and decision-making skills alongside technical pensions training.

Knowledge Matrix

Core technical area	Officers (Job description)	Pensions Committee	Pension Board	Independent Person
Pensions Legislation/ LGPS Regulations	E	A	C	C
Public Sector Pensions Governance	E	A	C	E
Pensions Administration	E	A	C	C
Pensions Accounting and Auditing Standards	E	C	C	C
Financial services procurement and relationship management	E	C	A	C

Investment performance and risk management	E	C	A	C
Financial Markets and Product Knowledge	C	C	A	C
Actuarial methods, Standards and Practices	E	C	A	C
Key Skills and Behaviours	E	C	C	E

A = Awareness of
C = Conversant (i.e. working knowledge)
E = Expert

Use of AI tools

We have tried to make the information in this document as simple and accessible as possible. You may be tempted to use AI tools to help explain it, but we strongly discourage this. AI tools may provide misleading, incorrect or confusing information, and their responses will not be tailored to your circumstances, the fund's rules and regulations, or the fund's administrative practices.

Publicly available AI tools can also create a risk that private or confidential information is shared unlawfully by mistake. If you choose to use these tools, we recommend checking the sources used to produce any response and not entering any personal data into OpenAI tools.

If you rely on misleading information from an AI tool and suffer a loss as a result, it is unlikely you would be able to recover compensation from the AI provider. We cannot accept liability for any loss caused by a member's misuse of AI. For this reason, we also recommend that you do not rely solely on AI when making decisions about your pension with the fund.

Shropshire County Pension Fund

Administered by Shropshire Council

Contact details

Shropshire County Pension Fund is a data controller under the General Data Protection Regulations (GDPR). This means we store, hold and manage your personal information in line with statutory requirements to enable us to provide you with pension administration services. To enable us to carry out our statutory duty, we must share your information with certain bodies but will only do so in limited circumstances. For more information about how we hold your information, who we share it with and what rights you have to request this information from the fund, please visit www.shropshirecountypensionfund.co.uk.

If you can read this but know someone who cannot, please contact us on 01743 252130 so we can provide this information in a more suitable format.

Office hours

Monday to Thursday	8:45am to 5pm
Friday	8:45am to 4pm

Helpdesk phonelines: (excluding Bank Holidays)

Monday, Tuesday and Thursday	10am to 4pm
Wednesday and Friday	10am to 1pm

Contact details

Email: www.shropshirecountypensionfund.co.uk/contact-us/

Website: www.shropshirecountypensionfund.co.uk

Tel: 01743 252130

Write: Pensions, PO Box 4826, Shrewsbury, SY1 9LJ

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