

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

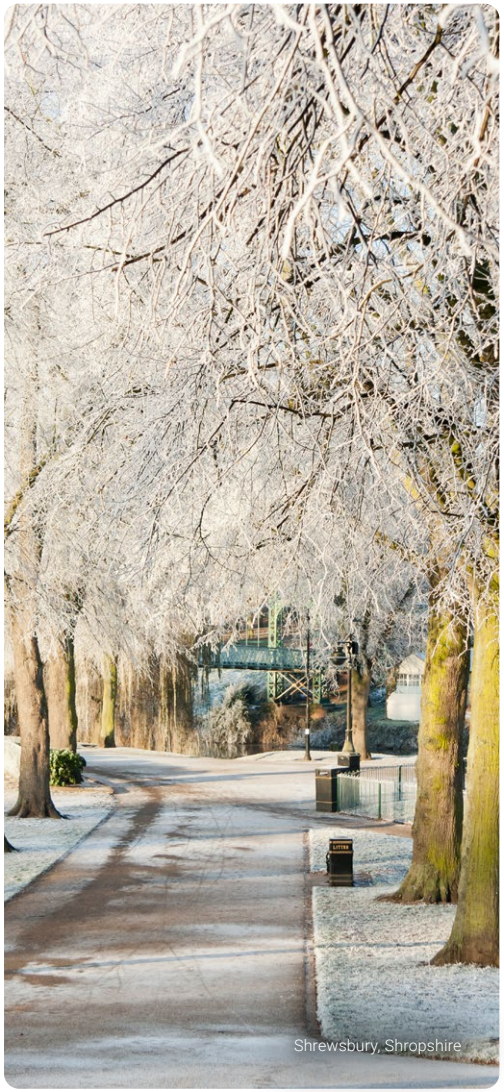
Climate in Funding Strategy

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

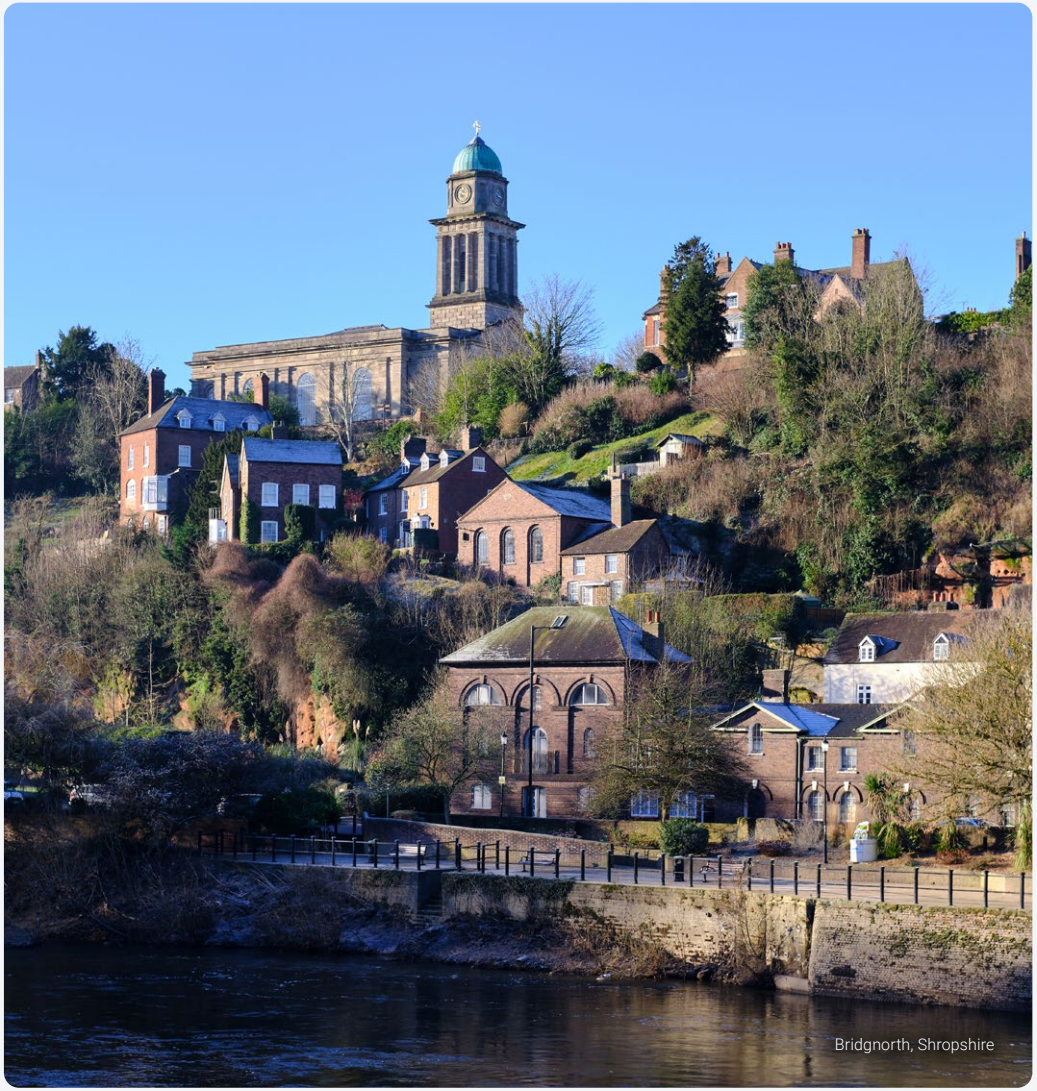
[6] Training Policy, December 2024. Available on the Fund's website.

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)
31,068
Benchmark: 80,949

Scope 3
601,530
Benchmark: 801,364

Emissions Intensity (tCO_2e/£m invested)
15.9
Benchmark: 40.6

WACI (tCO_2e/$m sales)
51.3
Benchmark: 119.8

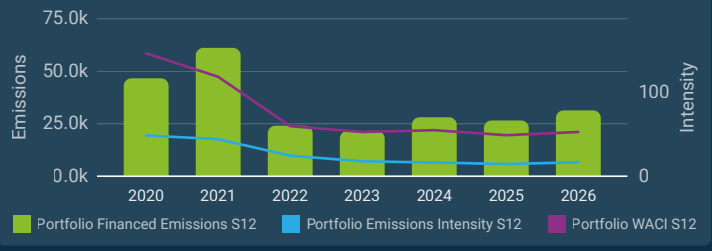
Engagement and Alignment Status

	Engagement	NZ Alignment	Engaged / Aligned
2.6°C Portfolio ITR	76.9% by emissions	25.0% by emissions	86.9% by emissions
98.4% ITR Data Coverage	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
3.0%
Benchmark: 7.4%

FF Power Generation Exposure
4.3%
Benchmark: 6.9%

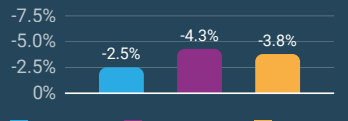
Climate Solutions Exposure
41.0%
Benchmark: 44.8%

Fossil Fuel Revenue
1.8%
Benchmark: 5.3%

FF Power Generation Revenue
0.2%
Benchmark: 0.6%

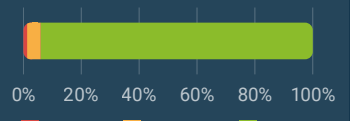
Climate Solutions Revenue
9.6%
Benchmark: 9.3%

Climate Value-at-Risk



97.9%
CVaR Data Coverage

Emissions Data Quality



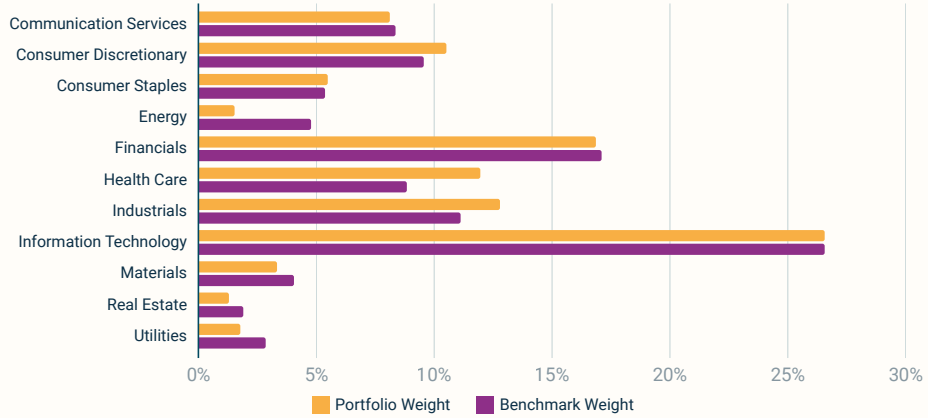
1.3
PCAF Data Quality Score

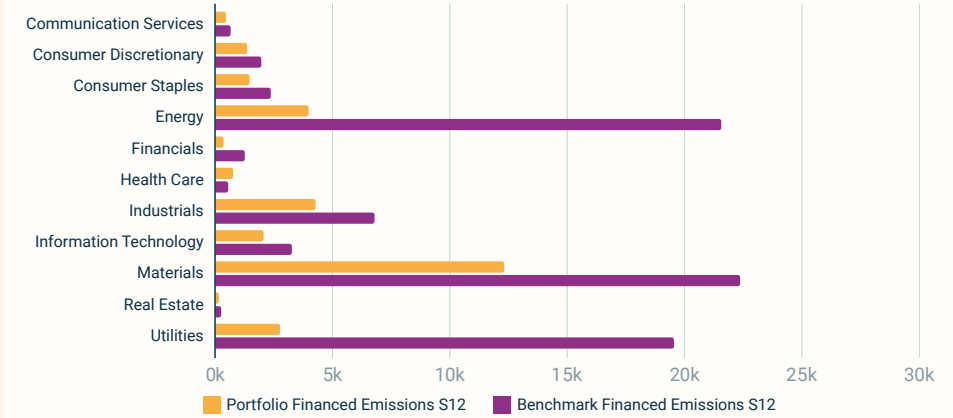

The Wrekin, Shropshire

Metrics and Targets *(continued)*

Listed Equity

Sources of Emissions





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

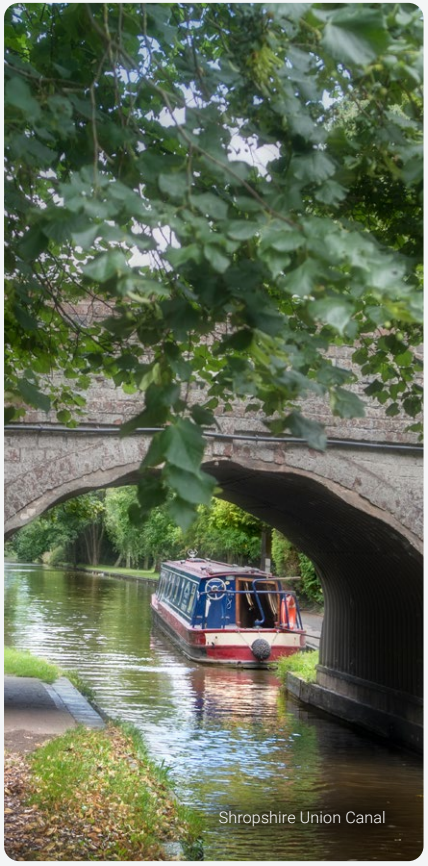
The Fund has historically monitored changes in normalised financed emissions and WACI through its headline climate metrics. This year, the analysis has been supplemented with **attribution analysis**, providing additional insight into how changes in sector allocation and stock selection have influenced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

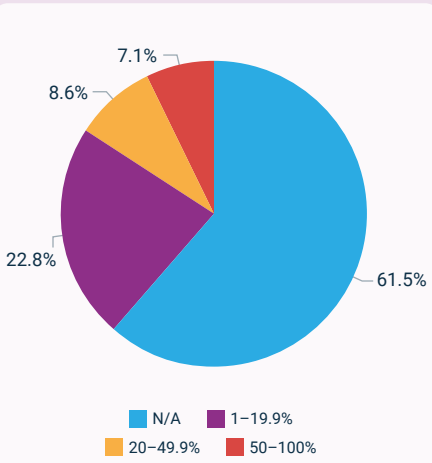
The portfolio's exposure to fossil fuel-related activities remains substantially below the benchmark. Fossil fuel revenue represents **1.8%** of the portfolio compared with **5.3%** for the benchmark, while fossil fuel reserves exposure is **3.0%**, compared with **7.4%**.

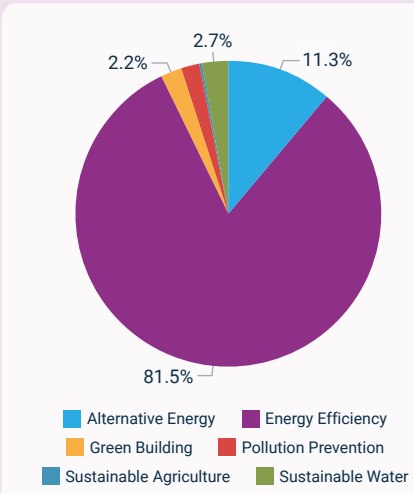
Climate-solutions exposure presents a more balanced picture. **41.0%** of the portfolio is exposed to companies providing climate solutions, compared with **44.8%** of the benchmark. However, climate-solutions revenue is marginally higher at **9.6%**, compared with **9.3%**. The underlying strategies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

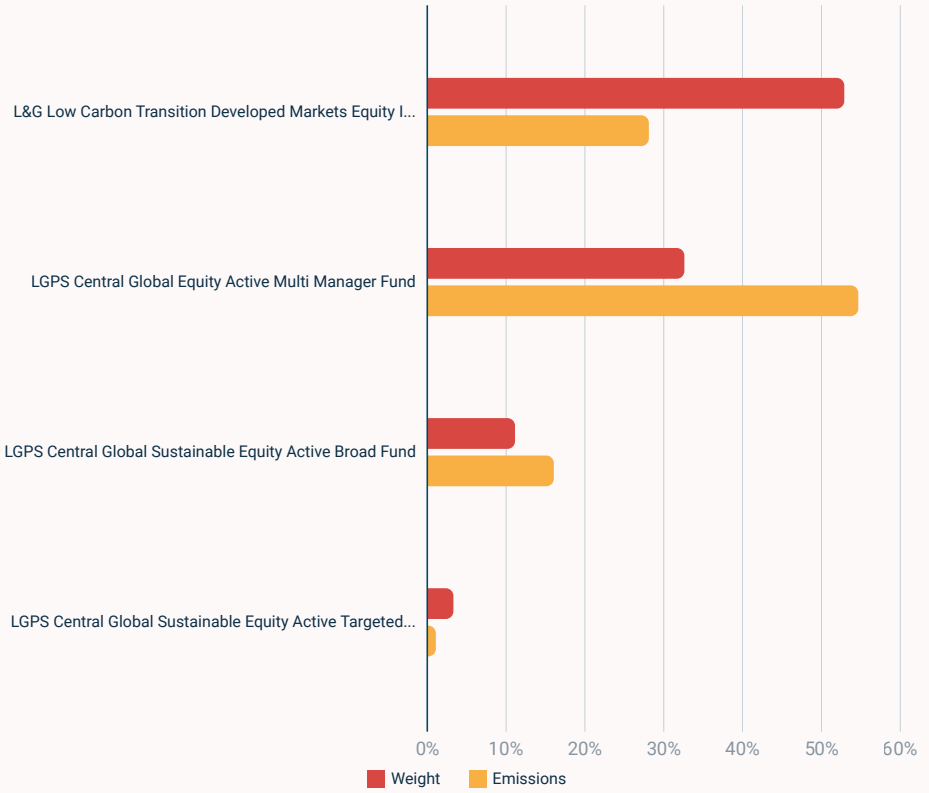
Metrics and Targets *(continued)*

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%



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

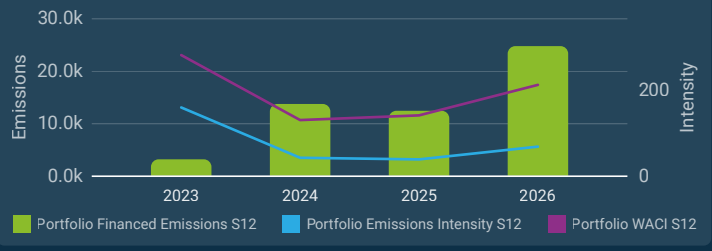
Engagement and Alignment Status

	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%

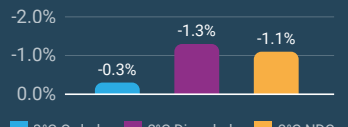
Climate Solutions Exposure
29.2% ✓
Benchmark: 26.8%

Fossil Fuel Revenue
6.6% ✓
Benchmark: 6.7%

FF Power Generation Revenue
2.2% ⚠
Benchmark: 1.5%

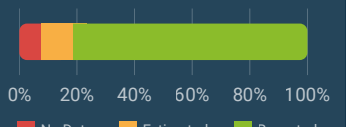
Climate Solutions Revenue
3.8% ✓
Benchmark: 3.6%

Climate Value-at-Risk



86.1%
CVaR Data Coverage

Emissions Data Quality



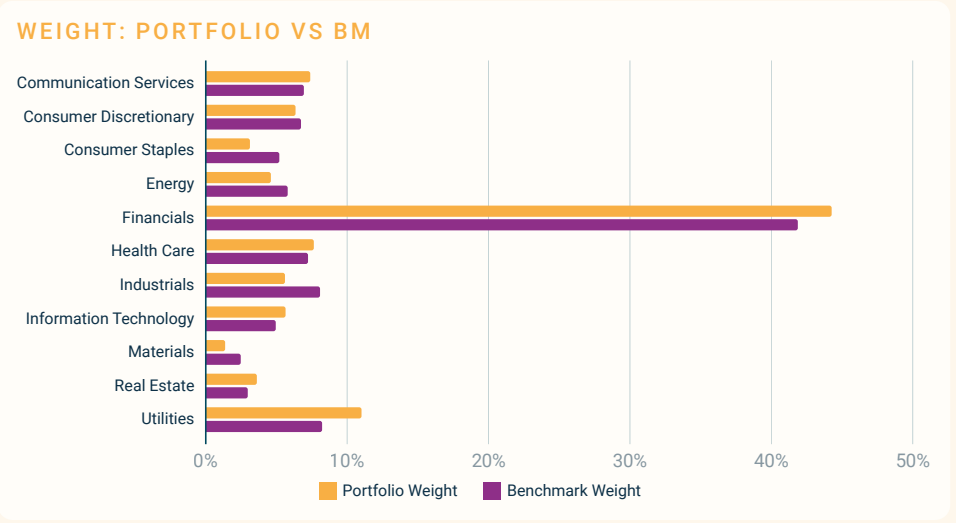
1.6
PCAF Data Quality Score

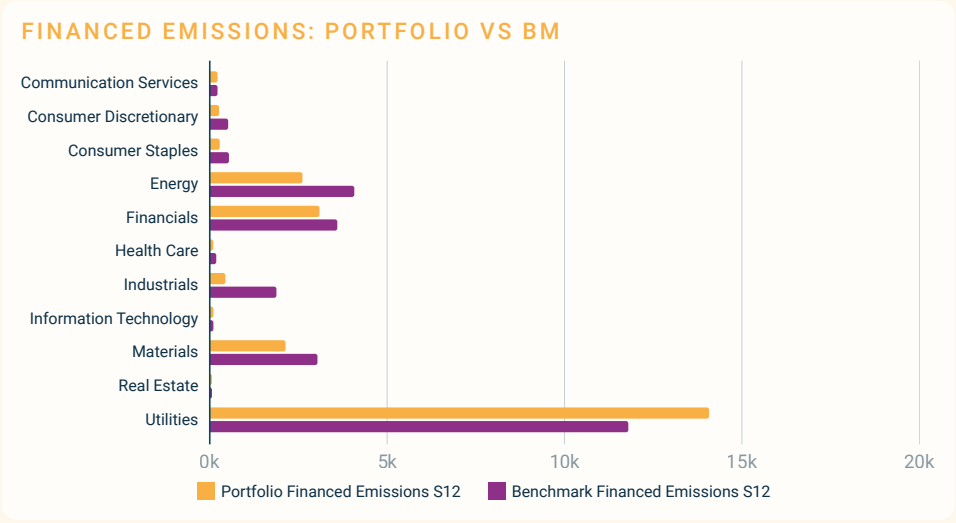


Metrics and Targets *(continued)*

Corporate Fixed Income

Sources of Emissions





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

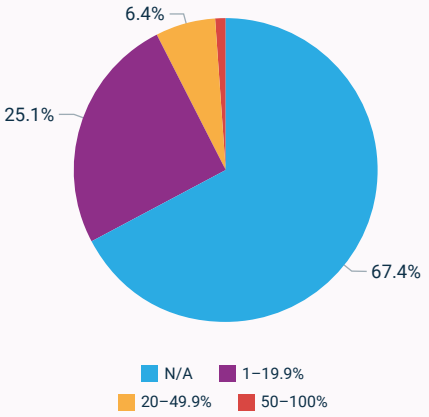
Fossil fuel exposure is broadly comparable with benchmark. Fossil fuel revenue represents **6.6%** of the portfolio compared with **6.7%** for the benchmark, while fossil fuel reserves exposure is **5.9%**, compared with **5.7%**. Exposure to fossil fuel power generation is higher at **11.8%**, compared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

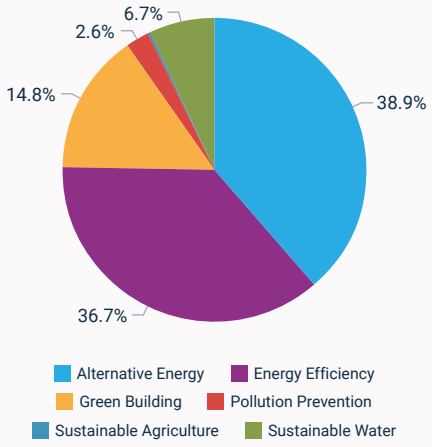
Climate-solutions exposure is modestly higher than benchmark at **29.2%**, compared with **26.8%**, while climate-solutions revenue is **3.8%**, compared with **3.6%**.

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**.

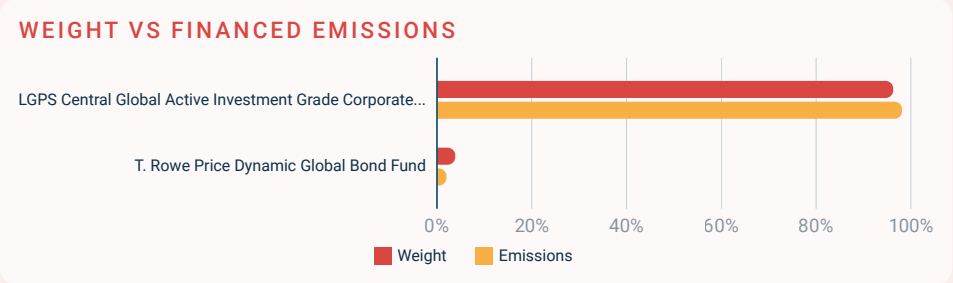


Oswestry, Shropshire

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

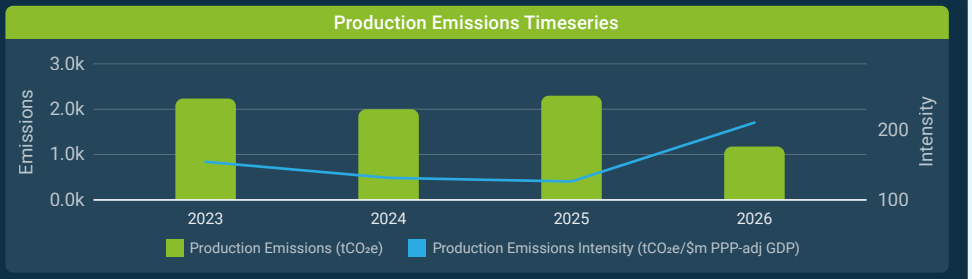
Metrics and Targets *(continued)*

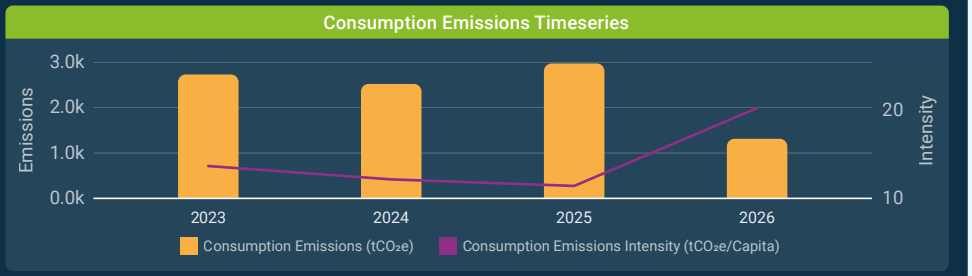
Sovereign Debt

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

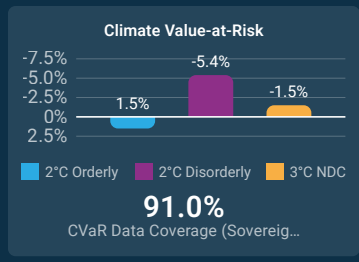
Issuer	Portfolio Weight	Production Intensity	Consumption Intensity	ITR
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN...	32.0%	90.8	8.0	1.8
UNITED STATES OF AMERICA	1.9%	210.8	20.1	3.2
NEW ZEALAND	1.4%	259.8	14.8	2.4
ESTADOS UNIDOS MEXICANOS	1.1%	229.9	5.7	2.0
BUNDESREPUBLIK DEUTSCHLAND	1.1%	109.5	11.9	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



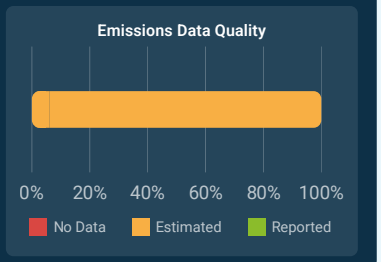


1.9°C
Sovereign ITR

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

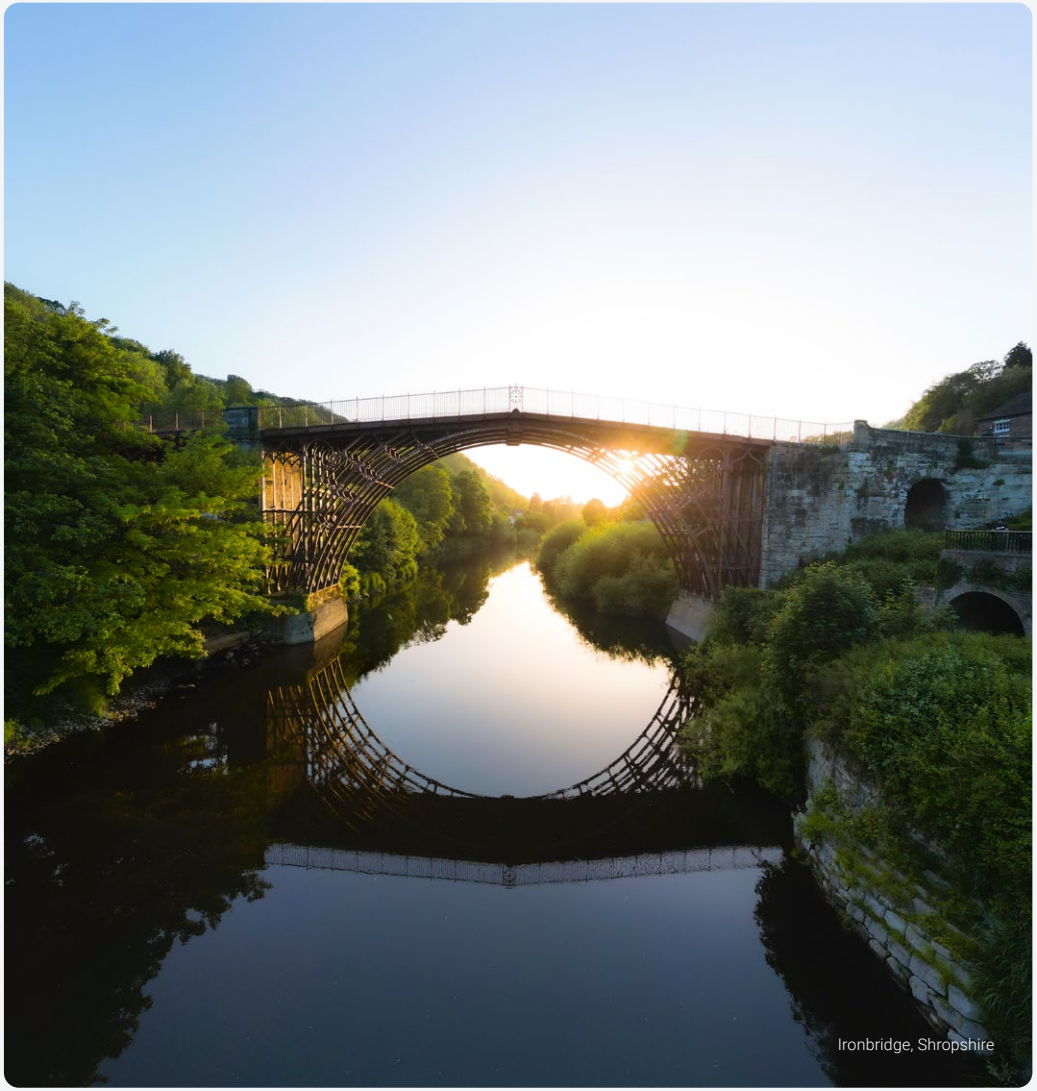
Climate-related data and methodologies continue to develop and results should be interpreted with appropriate caution. Coverage is generally strongest for listed equities and corporate fixed income, while some forward-looking indicators and asset classes have lower levels of coverage. Where reported 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

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Sources

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