



2025/26 TCFD Report

Task Force on Climate-Related Financial Disclosures

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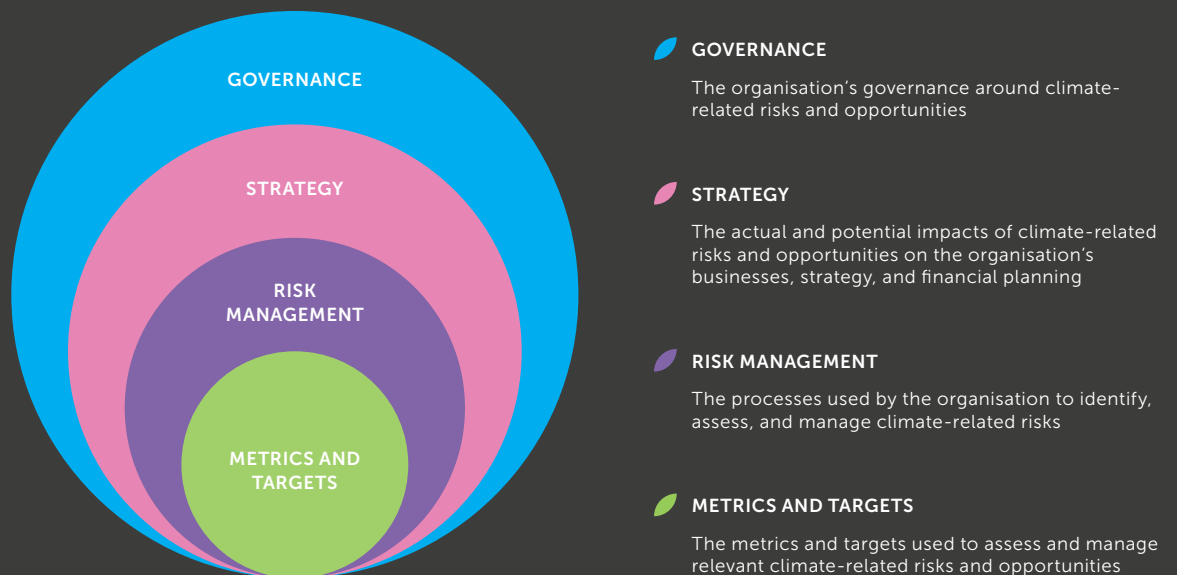
Introduction

This is the third year that Gloucestershire Pension Fund has published a report based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) framework. The report covers the period from 1 April 2025 to 31 March 2026. It provides an update on specific actions taken by the Fund to support the transition to a low carbon economy and manage climate risks within its investments.



The Task Force on Climate-related Financial Disclosures (TCFD) was established in 2015 by the Financial Stability Board (FSB), an international body set up by the G20 to monitor and make recommendations about the global financial system. In 2017, the TCFD issued its recommendations to standardise climate-related financial disclosures across four core elements: Governance, Strategy, Risk Management, and Metrics & Targets. These aim to assist all stakeholders in understanding climate risks and opportunities. These elements are illustrated in the figure below.

CORE ELEMENTS OF RECOMMENDED CLIMATE-RELATED FINANCIAL DISCLOSURES



(Recommendations of the Task Force on Climate-related Financial Disclosures, 2017)

In 2020, the UK Government committed to implementing the TCFD framework and published a "TCFD Roadmap" to make these disclosures mandatory across financial sectors. While legislation has already been introduced for UK-listed companies and large occupational pension schemes in 2021, there is currently no statutory requirement for funds in the Local Government Pension Scheme (LGPS) to report under this framework.

As of October 2023, the TCFD has officially disbanded, with its responsibilities and guidance now fully integrated into the International Sustainability Standards Board (ISSB) under the IFRS Foundation. The ISSB's IFRS S2 standard on climate-related disclosures builds upon the TCFD recommendations and is now considered the global baseline for climate reporting. The Fund is committed to aligning its disclosures progressively with IFRS S2 requirements, and this report reflects a further step in that direction.

The Fund is fully supportive of this initiative, recognising the importance of transparent disclosures for all our stakeholders, particularly our employers and individual members. The TCFD framework provides a clear structure for demonstrating how the Fund considers climate-related risks and opportunities when formulating investment strategies and asset allocations. The Fund believes this approach enhances decision-making and supports effective strategic policy implementation.

Having produced its first TCFD report for the 2023/24 financial year, the Fund is committed to publishing such a report annually. This proactive approach has been adopted in advance of any formal legislative requirement for LGPS funds. Should reporting under the TCFD framework become mandatory for LGPS in future, the Fund acknowledges that its reporting may need to evolve in line with final regulations.

During the reporting period, the Fund's investment pooling arrangements underwent a significant transition. As part of the UK Government's wider reform of the LGPS, and following the Government's Fit for the Future consultation, LGPS pools were consolidated and the Fund transitioned to LGPS Central with effect from April 2026. Throughout this process, the Pension Committee ensured that the Fund's responsible investment beliefs, climate targets and net zero commitments were fully carried forward. The Fund is confident that its climate approach remains robust, and that continuity of investment management has been maintained.

Whilst the Fund and its partners continue to use available data to identify, monitor, and analyse carbon emissions across its investment holdings, it is recognised that the availability and quality of data, particularly for Scope 3 emissions (which capture emissions within a company's broader supply chain) are not yet at the desired level across the industry. As climate-related reporting becomes more embedded, it is expected that data quality will improve. This will further enhance the Fund's ability to assess and manage climate risks.

The Fund uses diversification as an effective tool to manage investment risks and opportunities as can be seen in the Strategic Asset Allocation (SAA) which is detailed below:

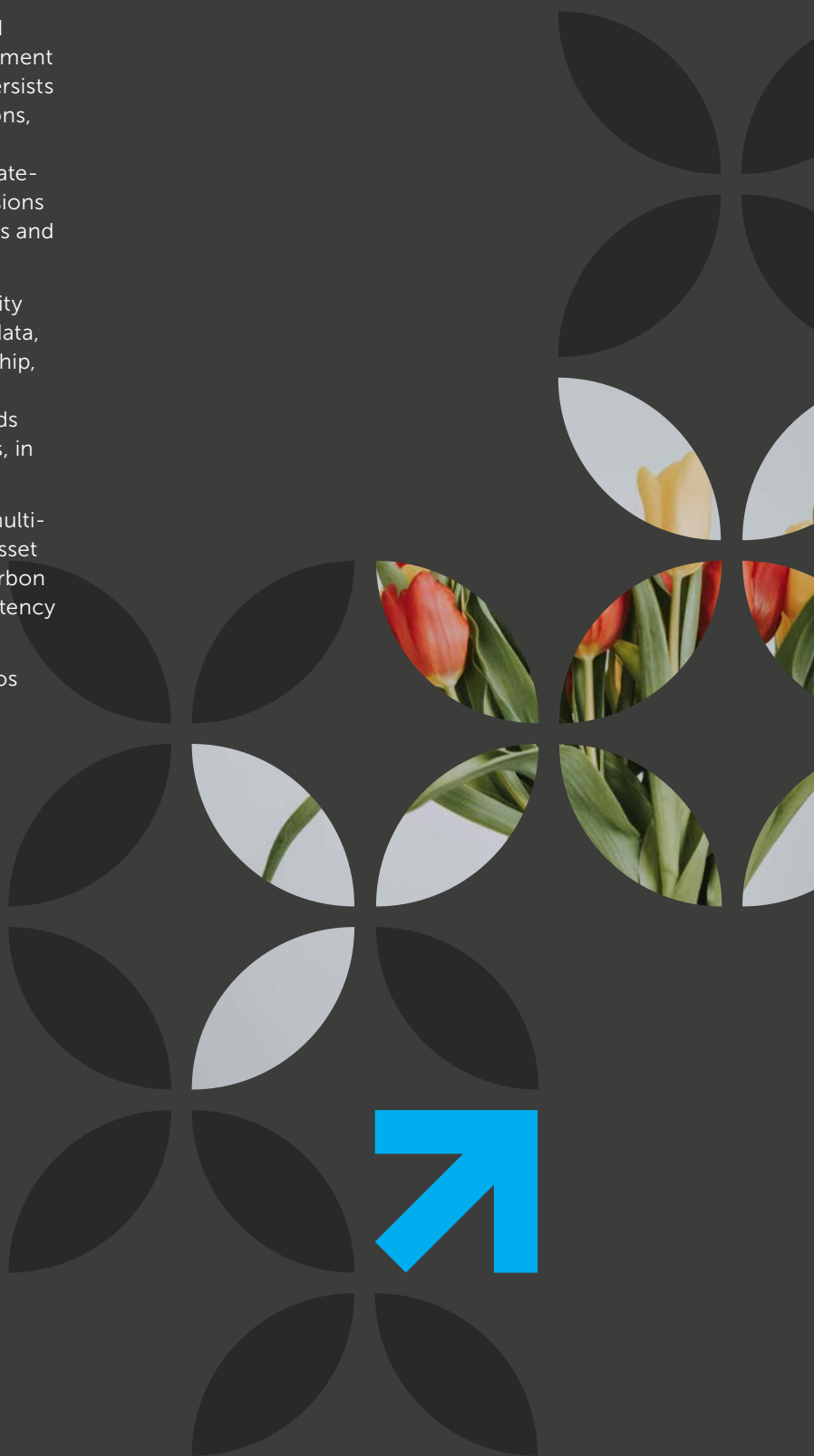
	Actual Asset Allocation as at 31 March 2025 %	SAA Target 2025-26 %	Actual Asset Allocation as at 31 March 2026 %
EQUITIES			
UK Active Equities	11.4	10.0	12.2
Global High Alpha	13.9	13.5	13.5
Emerging Markets	5.8	5.0	6.8
Global Sustainable Equities	12.3	13.0	11.9
Passive Paris Aligned	10.8	8.5	11.3
Total Equities	54.2	50.0	55.8
FIXED INCOME			
Multi Asset Credit	7.4	7.0	7.1
Sterling Corporate Bonds	10.3	13.0	9.9
Total Fixed Income	17.7	20.0	17.0
ALTERNATIVE MARKETS			
UK & Global Property	7.8	8.0	6.3
Diversified Returns	4.7	0.0	0.0
Infrastructure	5.6	7.0	5.1
Private Equity	2.9	5.0	2.9
Private Debt	4.3	5.0	3.9
Venture Capital	0.1	0.0	0.1
Social & Affordable Housing	0.9	5.0	2.2
Risk Management Framework	0.3	0.0	5.9
Total Alternative Markets	26.6	30.0	26.4
CASH	1.5	0.0	1.0
TOTAL	100.0	100.0	100.0

The Fund has continued to enhance the quality and coverage of carbon emissions data across its investment portfolio. Although limitations in data availability persists across the industry, particularly for Scope 3 emissions, the Fund remains committed to improving data completeness and transparency to strengthen climate-related analysis, support informed investment decisions and the ongoing assessment of climate-related risks and opportunities.

To date, the Fund has been able to focus on its equity and bond portfolios in obtaining carbon emission data, based on data provided by Brunel Pension Partnership, which manages the Fund's assets within the LGPS pooling framework. Data coverage currently exceeds 85% for listed equities and 50% for corporate bonds, in line with Brunel's threshold.

Methodologies for private markets, property, and multi-asset credit portfolios are still evolving, and these asset classes are not yet included in the product-level carbon metrics reporting due to concerns over data consistency and comparability.

The Fund will expand its coverage to these portfolios when data becomes more readily available and of appropriate quality.





Executive Summary

Gloucestershire Pension Fund's third Task Force on Climate-related Financial Disclosures (TCFD) report outlines the actions taken during 2025/26 to identify, assess and manage climate-related risks and opportunities across the Fund's investment portfolio. Although reporting under the TCFD framework is not currently mandatory for funds in the LGPS, the Fund remains committed to transparent climate-related reporting and continues to align its approach with emerging international standards, including IFRS S2.

Climate change is recognised as a financially material and systemic investment risk. The Fund has embedded climate considerations throughout its governance arrangements, investment strategy, risk management framework and decision-making processes. Oversight is provided by the Pension Committee, supported by Fund officers, external advisers and investment partners, ensuring climate-related risks and opportunities are considered alongside all other material investment and funding risks.

During the reporting period, the Fund underwent a significant transition in its pooling arrangements following UK Government reforms of LGPS pooling. After many years as a partner fund within Brunel Pension Partnership, the Fund joined LGPS Central from April 2026. Throughout this process, the Fund ensured that its responsible investment beliefs, climate objectives, stewardship expectations and net-zero commitments were maintained and carried forward into the new arrangements.

In partnership with Brunel Pension Partnership, the Fund has maintained a proactive stewardship approach, integrating Environmental, Social, and Governance (ESG) factors into investment decisions and manager selection. Brunel's climate policies and reporting continue to support the Fund's transparency and engagement efforts, including quarterly updates on high-emitting companies and annual carbon metrics reporting.



The Fund remains an active member of several climate-focused investor initiatives, including:

➤ **Institutional Investors Group on Climate Change (IIGCC)** - Unites investors to drive progress toward a net-zero, climate-resilient future by 2030, aligned with the Paris Agreement.

➤ [Visit website](#)

➤ **Climate Action 100+** - An investor-led initiative urging major corporate emitters to address climate risks and enhance long-term asset value.

➤ [Visit website](#)

➤ **Transitional Pathway Initiative (TPI)** - Provides independent, authoritative data on the progress of corporate and sovereign entities toward a low-carbon economy.

➤ [Visit website](#)

➤ **Investors for Purpose** - Facilitates collaboration between asset managers, pension funds, and advisers to direct capital toward impact investments, enabling pension funds to pursue positive outcomes and manage associated risks.

➤ [Visit website](#)

These affiliations support collaboration, knowledge sharing, and alignment with global best practices in sustainable investing.

During 2025/26, the Fund continued to make good progress towards its climate-related objectives and net zero ambition. Key achievements include:

➤ **Net Zero by 2045** - The Fund remains committed to achieving net zero greenhouse gas emissions across the investment portfolio by 2045 and continues to monitor progress against this long-term objective.

➤ **50% Total Fund Carbon Reduction by 2030 (Scope 1 & 2)** - Positive progress continues to be made across areas of the portfolio where sufficient data is available, alongside ongoing work to improve data coverage and reporting.

➤ **30% Allocation to Sustainable and Low-Carbon Investments by 2025** - Achieved, with approximately 31% of the Fund's strategic asset allocation invested in sustainable and low-carbon assets.

➤ **60% Decarbonisation of Listed Equities by 2030 (2020 Baseline)** - Achieved ahead of schedule, with the listed equity portfolio recording a 68% reduction in carbon footprint relative to the 2020 baseline as at 31 December 2025.

➤ **50% Decarbonisation of Corporate Bonds by 2030 (2021 Baseline)** - Strong progress made, with the corporate bond portfolio recording a 49% reduction in carbon footprint relative to the 2021 baseline and remaining on track to achieve the 2030 target.

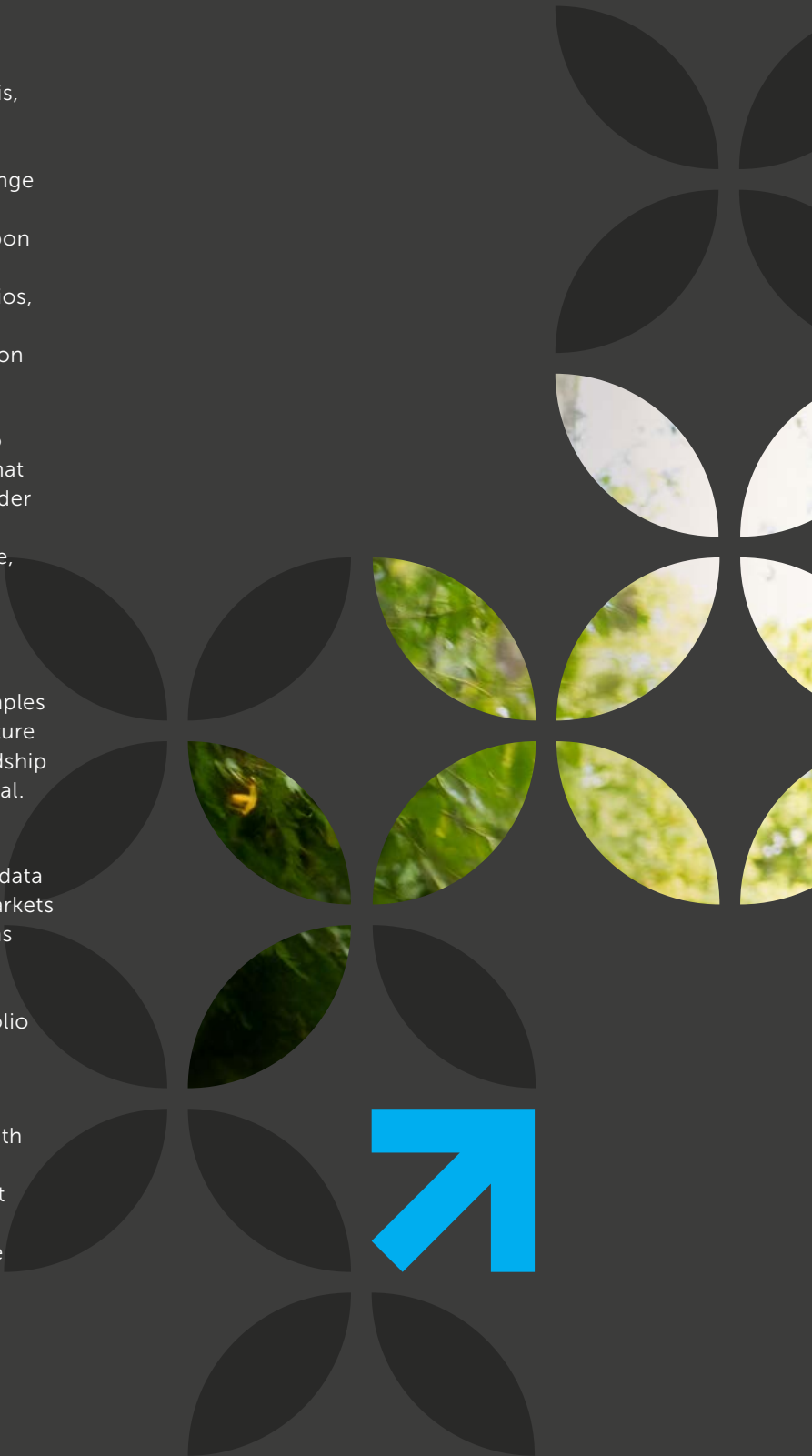
➤ **Engagement and Stewardship Targets** - The Fund continues to work with investment managers and pool partners to ensure effective engagement with companies in high-impact sectors and to support alignment with net zero objectives.

The Fund continues to use climate scenario analysis, carbon metrics reporting and Mercer's Analytics for Climate Transition (ACT) framework to monitor progress and assess portfolio resilience under a range of climate pathways. Long-term analysis indicates that achieving a successful transition to a low-carbon economy is expected to produce more favourable investment outcomes than higher warming scenarios, reinforcing the financial importance of managing climate-related risks and supporting decarbonisation efforts.

Alongside risk management, the Fund continues to pursue climate-related investment opportunities that support both long-term investment returns and wider sustainability objectives. During the year, the Fund maintained investments in renewable infrastructure, social and affordable housing, sustainable equity strategies and other climate-aligned assets. These investments contribute to the transition to a low-carbon economy while delivering positive environmental and social outcomes. Notable examples include the Wessex Gardens Renewable Infrastructure Fund, affordable housing programmes and stewardship initiatives focused on biodiversity and natural capital.

Whilst progress continues to be made, the Fund recognises ongoing challenges relating to climate data quality and coverage, particularly within private markets and Scope 3 emissions reporting. The Fund remains committed to improving data coverage, enhancing climate analysis and expanding climate-related monitoring across a wider proportion of the portfolio as methodologies continue to develop.

Overall, the Fund believes it is well positioned to manage climate-related risks and opportunities, with governance, strategy, risk management processes, metrics and targets continuing to evolve in support of its fiduciary duty to members and employers while contributing to the transition towards a more sustainable and resilient economy.



01



Governance

01



Governance

TCFD RECOMMENDED DISCLOSURE A

DESCRIBE THE ORGANISATION'S GOVERNANCE AROUND CLIMATE-RELATED RISKS AND OPPORTUNITIES.

The Fund's governance arrangements are set out in its Governance Policy & Compliance Statement. This can be found on the Fund's website via the following link:

[↗ Governance Policy & Compliance Statement](#)

PENSION COMMITTEE

All functions relating to the management of the Pension Fund have been delegated by Gloucestershire County Council, acting as the administering authority for the Fund, to the Pension Committee. As such, the Pension Committee is responsible for the Fund's long-term strategy and the management of climate-related risks and opportunities.

The compliance statement outlines the terms of reference for the Pension Committee, its structure, roles, and responsibilities, including membership requirements of seven appointed County Councillors, in addition to co-opted employer and employee representatives who undertake a non-voting role. The Pension Committee normally meets four times a year.

The Pension Committee is responsible for setting its Investment Strategy Statement, which includes the Fund's approach to responsible investment and its strategic asset allocation. This strategy is formulated having taken external advice and guidance from the Fund's actuary and from its Independent Investment

Advisor. The assessment of all associated risks, including climate-related and wider Environmental, Social and Governance (ESG) considerations, is embedded and considered fully in the formulation of this strategy, and kept under constant review, and is included within the Fund's risk register.

The assessment of climate-related risks and opportunities is also fully embedded in the formulation of the training strategy for Committee members, where specific training workshops are delivered where appropriate using external consultancy services or officers to enhance the knowledge and skills of the Pension Committee and inform decision-making. As part of the 2025-26 training programme, a joint workshop with Oxfordshire Pension Fund in October 2025 was provided, which included presentation on natural capital together with a presentation from the Fund's actuary, Hymans Robertson on how climate change modelling and scenarios are embedded within the review and setting of the Funding Strategy.



CASE STUDY

Exploring Regenerative Farming

In November 2025, Gloucestershire Pension Fund officers were joined by Committee members Councillor Colin Hay (Chair) and Councillor Chloe Turner (Vice Chair) for a site visit, following an invitation from Savills Investment Management, to explore investment opportunities in natural capital – with a particular focus on regenerative farming.

The visit centred on the practical implementation of regenerative agriculture at scale, demonstrating its potential to deliver profitable outcomes for both people and the planet. The group toured a leading regenerative farm in Ampney St Mary, Cirencester, and this was followed by a visit to Matthews Cotswold Flour in Shipton-under-Wychwood, Oxfordshire, offering insights into a supply-chain business and the broader long-term market benefits of improved soil management and high-quality regenerative yields – building sustainable resilience and value.

The Fund, together with its pooling partners, continues to explore future investment opportunities in natural capital.

Climate-related assessments are also embedded in the annual budget-setting process undertaken by the Pension Committee, ensuring resources are appropriate for the ongoing identification, monitoring, and reporting of investment holdings.

Throughout 2024/25, the Pension Committee, with the assistance of Mercer, undertook a full review of its responsible investment beliefs. The Pension Committee updated and approved this policy in February 2025 to reflect evolving priorities, including the integration of the United Nations Sustainable Development Goals (SDGs).

The Pension Committee has identified priority SDGs through a risk, return, and impact lens, with targeted investments in social and affordable housing, sustainable infrastructure, and nature-based solutions. This has been discussed in detail in a later section.

The Responsible Investment Policy is intended to be a 'live' document, reviewed annually, and sets out the Fund's governance approach to managing climate-related risks and opportunities, including its Net Zero commitment and interim carbon reduction targets.





PENSION BOARD

The Pension Board has an oversight role in ensuring the effective and efficient governance and administration of the Fund, including securing compliance with the LGPS Regulations and any other legislation relating to the governance and administration of the LGPS.

ROLE OF EXTERNAL ADVISORS

The Fund recognises that the support and expertise of external partners is required to support the Fund in providing metrics and scenario analysis, which will enable the tracking of carbon footprints and monitoring performance in meeting its decarbonisation targets and Net Zero aspirations.

The Fund commissioned Mercer, an investment consultancy, to undertake an assessment of the carbon emissions of the Fund through their Analytics for Climate Transition (ACT) framework; this analysis covering 31 December 2019 to 31 December 2025 was used to set and monitor performance against carbon reduction targets. Since then, Mercer undertakes an annual ACT assessment of the Fund's listed equities and bond portfolios, to monitor performance against these benchmarks and assess the decarbonisation pathway against agreed targets.

In addition, Mercer have provided scenario analysis against the Fund's strategic asset allocation to assess the potential impact of climate change and assist in the ongoing assessment of these risks and opportunities. The assessment of climate-related risks and opportunities is considered fully when advice and services are provided to the Fund by both the actuary, Hymans Robertson and the independent investment advisor, John Arthur of Apex.

BRUNEL PENSION PARTNERSHIP

The Brunel Pension Partnership is a Financial Conduct Authority (FCA) regulated investment pooling company, which was formed in 2017, following pooling requirements set out by the UK Government. Formed through the partnership of 10 LGPS funds, located mostly within the South-West of England, with each separate Pension Fund acting as both a shareholder (equal 1/10th) and client within this agreement. As at 31 March 2026, 89% of the Fund's investments were managed through the Brunel Pool, including 100% of the listed assets of the Fund.

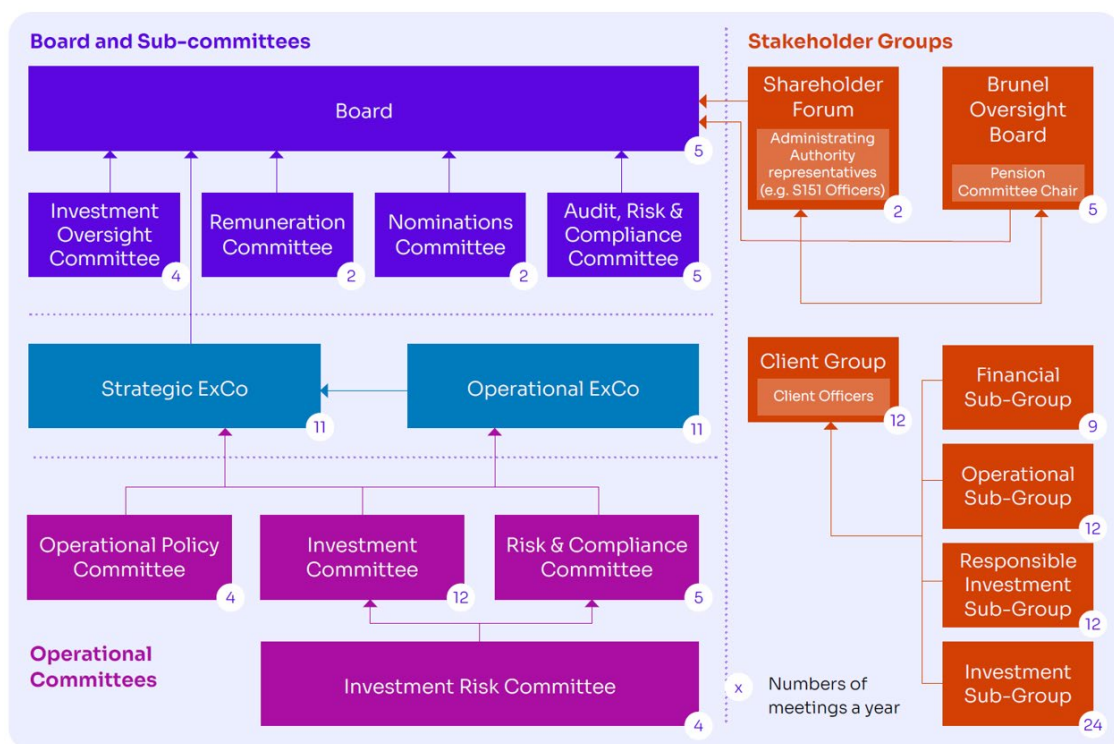
The Fund engaged with Brunel and the other partner funds through a structured governance framework. This includes participation in the Shareholder Forum, Brunel Oversight Board, and Client Group. The Fund also contributes to four specialist sub-groups as can be seen below:

- Shareholder Forum
- Brunel Oversight Board
- Client Group
 - Financial Sub-Group
 - Operational Sub-Group
 - Responsible Investment Sub-Group
 - Investment Sub-Group

In 2024, Brunel introduced the Investment Oversight Committee (IOC). The IOC provides assurance that Brunel is fulfilling its fiduciary responsibilities to its partner funds and remains true to its Responsible Investment principles. It also considers compliance with product governance obligations under applicable regulations and board level assurance across all investing activities.



BRUNEL POOL GOVERNANCE STRUCTURE



Source: Brunel Pension Partnership, Climate Change Progress Report 2026

Since its inception, Brunel Pension Partnership has taken a leading role in developing responsible investment strategies and processes. Its stated aim is to “systematically change the investment industry to ensure that it is fit for purpose for a world where the temperature rise needs to be kept to 1.5°C compared to pre-industrial levels.”

Brunel aims to deliver stronger long-term investment returns by protecting clients’ interests through its contribution to a more sustainable and resilient financial system, one that supports sustainable economic growth and fosters a thriving society.

While the Fund retained responsibility for asset allocation, investment strategy, and climate risk exposure, its partnership with Brunel during the reporting period was essential in managing these risks. Through Brunel’s expertise and collaborative approach, the Fund is better positioned to achieve sustainable investments that offer appropriate risk-adjusted returns over the long term.

Brunel's Climate Change policy identifies five priority areas:

- Policy Advocacy
- Product Governance
- Portfolio Management
- Positive Impact
- Persuasion

These five priority areas and the associated actions outlined in Brunel's Climate Change Policy were designed to support the alignment of Brunel investment portfolios with the goals of the Paris Agreement on Climate Change during the period in which the Fund's assets were pooled through Brunel.

During the reporting period, Brunel had a dedicated Responsible Investment team and played a proactive role in stewardship, influencing change and providing regular, transparent reporting. Brunel published several key reports to track and communicate progress, including:

- Annual TCFD Reporting through its Climate Change Progress Report.
- Annual Responsible Investment & Stewardship Outcomes Report, which outlines performance against ESG goals, including climate-related objectives.
- Annual Carbon Metrics Reporting, which discloses the carbon exposure of all actively managed holdings.
- Regular Climate Stocktake Reports, which assess progress toward strategic climate goals, including the net zero carbon target by 2050.



Source: Brunel Pension Partnership, Climate Change Progress Report 2026

During the reporting period, Brunel remained committed to achieving net zero carbon emissions by 2050, in line with the goals of the Paris Agreement to limit global temperature rise to 1.5°C above pre-industrial levels.

As part of this commitment, Brunel had set an explicit target to reduce the carbon emissions intensity of all listed equity and corporate bond portfolios by 50% by 2030, following a minimum 7% per annum reduction trajectory from a baseline of 31 December 2019, or an appropriate subsequent date.

These targets were considered by the Fund when developing its own Responsible Investment (RI) policy and setting climate-related goals, which are outlined later in this report.



The full set of Brunel's climate targets can be found in its Climate Change Policy 2023–2030 and are reported on annually through the Climate Change Progress Report.

➤ Brunel: Climate Change Policy 2023–2030

➤ Brunel: Climate Change Progress Report 2026

The Fund supported Brunel's investment strategy and climate policies during the period in which its assets were pooled through Brunel. Following the transition to LGPS Central, the Fund will continue to seek alignment between its Responsible Investment beliefs, climate targets and stewardship expectations and the arrangements in place through its new pool.

LGPS POOLING REFORM AND TRANSITION FROM BRUNEL TO LGPS CENTRAL

As already noted in the Introduction, during the reporting period the Fund's investment pooling arrangements underwent a significant transition as part of the UK Government's wider reform of the LGPS. In 2024–25, the Government's wider Pensions Investment Review included the "Fit for the Future" consultation, which set out proposals to reform the LGPS in England and Wales. The consultation focused on three key areas:

- Reforming the LGPS asset pools.
- Boosting LGPS investment in their localities and regions in the UK.
- Strengthening the governance of both Administrative Authorities and LGPS pools.

Following the Government's "Fit for the Future" consultation, the number of LGPS pools in England and Wales is being reduced from eight to six. As Brunel Pension Partnership did not form part of the Government's future pooling model, the Fund worked with the wider Brunel partner funds to identify alternative arrangements and has entered into new pooling arrangements with LGPS Central Limited. With effect from 1 April 2026, the Fund became a shareholder in LGPS Central alongside thirteen other LGPS funds, with combined assets under management of approximately £100 billion. As at the balance sheet date of 31 March 2026, there had been no formal legal transfer of investment assets from Brunel to LGPS Central. Throughout the transition, the Fund's priority has been to ensure that its Responsible Investment beliefs, climate targets, net zero commitment and stewardship expectations are carried forward into the new pooling arrangements.

TCFD RECOMMENDED DISCLOSURE B

DESCRIBE MANAGEMENT'S ROLE IN ASSESSING AND MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES.

The day-to-day responsibility for the integration of climate-related risks and opportunities is managed by the Fund, through a scheme of delegated authorities, to the Deputy Chief Executive & Executive Director of Corporate Resources as Section 151 Officer, the Director of Finance, and the Head of Pensions (together referred to below as "management").

Climate risks are fully considered by management in the formulation and ongoing monitoring and review of its strategic investment strategy, along with its Funding Strategy Statement. Management seeks appropriate advice and analytical services as required from its Independent Investment Advisor, its Fund actuary, and Mercer, as set out in the previous section. Officers also obtain a greater understanding of these risks and opportunities through attendance at investment conferences, webinars, or workshops where appropriate.

As part of this oversight, climate scenario analysis is refreshed at least every three years, or when there is a material change in the Fund's investment strategy, to ensure continued alignment with the Fund's risk management framework.

With the majority of the Fund's investments being managed directly by Brunel during the reporting period, management had a clear role in monitoring Brunel's performance and delivery in the management of climate and associated responsible investment policies. This monitoring was undertaken by officers through regular attendance at the respective Brunel meetings and sub-groups, and through the receipt of regular monitoring reports, including an annual carbon metrics report. This included quarterly updates on the Climate Engagement Target List, which tracks engagement with high-emitting companies across listed equity and bond portfolios.

These meetings were invaluable to the Pension Fund in ensuring that the planned governance arrangements within the Pool were operating as intended and aligned to the Fund's strategic goals and objectives.

Environmental, Social, and Governance considerations are all embedded within the selection of fund managers and pooled investment vehicles, both within pooling arrangements and within any direct award initiated by the Fund.

Officers are also responsible for the ongoing monitoring of progress against the Fund's target to achieve 'Net Zero' carbon emissions within its investment portfolio by 2045, in accordance with the objectives of the Fund's Responsible Investment Policy. This includes tracking progress against interim targets such as a 50% carbon reduction by 2030 and a 30% allocation to sustainable/low-carbon assets by 2025.

An engagement monitoring framework for the Fund's highest carbon emitters within the listed equity and bond holdings has been developed with Brunel and partner Pension Funds so that management can review progress of these companies on a regular basis and can consider the requirement for any further action where necessary. Reporting was being integrated into the Fund's oversight processes during the reporting period.

Management also has access to additional industry data, shared information, and expertise through the Fund's membership of the following external bodies:

- The Institutional Investor Group on Climate Change (IIGCC)
- Climate Action 100+
- Local Authority Pension Fund Forum (LAPFF)
- The Transitional Pathway (TPI)
- Pensions for Purpose

02



Strategy

02



Strategy

TCFD RECOMMENDED DISCLOSURE A

DESCRIBE THE CLIMATE-RELATED RISKS AND OPPORTUNITIES THE ORGANISATION HAS IDENTIFIED OVER THE SHORT, MEDIUM, AND LONG TERM.

Given the open nature and longevity of the scheme, the pension liabilities held by the Fund will remain decades into the future. As a result, the Fund takes a long-term view in setting investment strategies, policies and decision making. The Fund seeks to hold diverse investment vehicles and holdings which operate throughout the world geographically, and across most industry sectors. The Fund believes that climate change poses a systemic risk that will affect all asset classes and geographies, and that managing and mitigating climate risk is a key part of the overall fiduciary duty to members of the Fund.

The Fund recognises that failure to meet the objectives of the Paris Agreement would increase the likelihood of significant physical climate risks and could materially affect the value and performance of its investments. An abrupt or disorderly transition to a low-carbon economy could also expose the portfolio to policy, market, technological and stranded-asset risks. In response, the Fund has committed to achieving net-zero emissions across its investment portfolio by 2045 and has established interim decarbonisation targets. As at 31 December 2025, the carbon footprint of the Fund's listed equities had reduced by 68% from its 2020 baseline, exceeding the 60% reduction target for 2030, while the carbon footprint of corporate bonds had reduced by 49% from the 2021 baseline and remained on track to achieve the 50% target by 2030.

However, the Fund recognises that part of the measured reduction reflects changes in portfolio composition and company valuations rather than reductions in underlying company emissions. Continued stewardship, engagement and monitoring of companies' transition plans will therefore remain essential to achieving real-economy decarbonisation and managing climate-related investment risk.

An approach taken in the assessment and management of these risks is through the use of climate change scenario modelling to assist understanding, and that these risks are considered when formulating strategies going forward. In early 2024, the Fund commissioned Mercer to undertake scenario modelling against its investment portfolio and asset allocation. The modelling undertaken has been structured to provide analysis of key risks over the short (1–5 years), medium (5–20 years) and long term (20–40+ years). Further information on this can be found later in this report.



The Pension Committee and the officers have identified two primary types of climate-related risks and opportunities that are relevant over the timeframes identified above. These are set out in the graphic below, which illustrates the shift from transition risks in the near term to physical risks in the longer term. This aligns with Mercer's scenario modelling of systemic climate risk across asset classes and geographies.



Source: Mercer, MSCI. ©2024 MSCI ESG Research LLC. Reproduced by permission.

Over the short to medium term, the Fund may be exposed to transition risks arising from changes in climate policy and regulation, technological developments, shifts in consumer preferences and increased costs for companies adapting their operations. These changes may affect company profitability, asset valuations and the risk of carbon-intensive assets becoming stranded.

Over the longer term, physical risks are expected to become increasingly significant. More frequent and severe weather events, including extreme heat, flooding, drought and water stress, could damage assets, disrupt supply chains and reduce economic productivity, with potential consequences for investment returns.

Alongside managing climate-related risks, the Fund also seeks to identify investment opportunities, including renewable infrastructure, energy-efficiency solutions, sustainable assets and technologies that support the transition to a low-carbon and climate-resilient economy. The Fund will consider these opportunities where they are consistent with its fiduciary duty and required risk-adjusted returns.

Stewardship and engagement remain important tools for managing climate-related risks. The Fund will continue to work with Brunel and LGPS Central to monitor investment managers and encourage portfolio companies to adopt credible transition plans, reduce emissions and improve climate-related disclosures. These activities will support the Fund's net-zero commitment alongside asset allocation, manager selection and ongoing risk monitoring.

TCFD RECOMMENDED DISCLOSURE B

DESCRIBE THE IMPACT CLIMATE-RELATED RISKS AND OPPORTUNITIES HAVE HAD ON THE ORGANISATION BUSINESSES, STRATEGY, AND FINANCIAL PLANNING.

The Fund continues to take a long-term view in managing its investment portfolio, recognising that this is fundamental to meeting its pension obligations. Climate-related risks are considered material and are fully embedded across the Fund's business activities, investment strategy and financial planning processes. Whilst diversification remains an important risk management tool, the Fund recognises that the systematic nature of climate risk limits its effectiveness under more extreme warming scenarios, reinforcing the importance of active decarbonisation and stewardship.

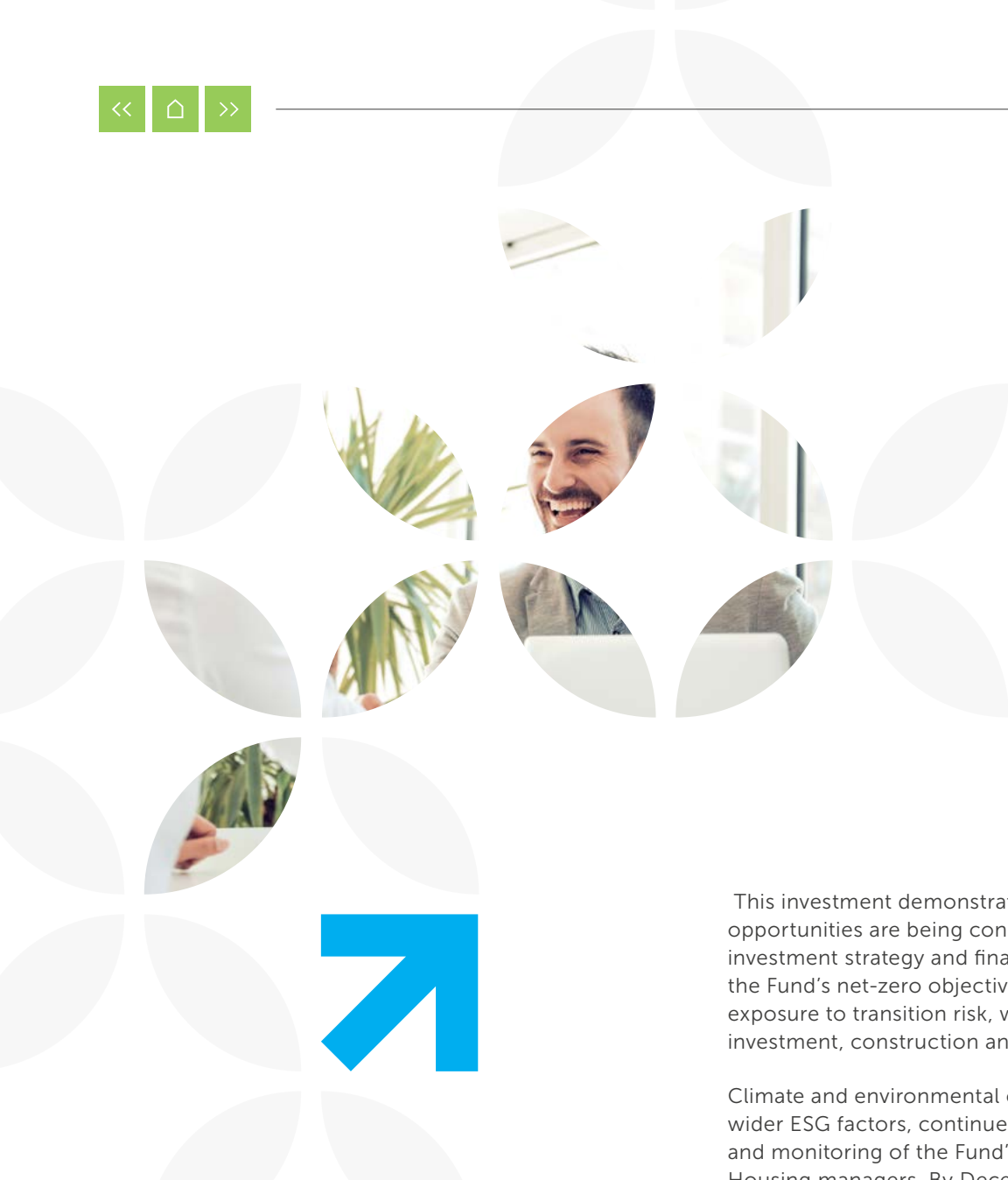
Climate-related risks are formally embedded across the Fund's key strategic documents. The Fund's Investment Strategy Statement, reviewed and updated in 2026, recognises climate change as a core investment belief and requires ESG factors to be integrated into all investments and risk management processes. Climate risk is also considered when the funding strategy statement and triennial valuation are compiled, agreed and reviewed, ensuring it informs the Fund's financial planning at every level. The Fund's responsible

investment policy that was updated in February 2025, further strengthens this commitment by setting out the Fund's approach to stewardship, climate risk management and its net-zero pathway to 2045.

The Fund seeks investment opportunities that can deliver positive environmental or social outcomes while also providing appropriate financial returns in line with its fiduciary duty. Following the review of its strategic asset allocation in 2021–22, the Fund invested in the Brunel Paris-Aligned Benchmark Passive Global Equities and Brunel Global Sustainable Equities portfolios. As at 31 December 2025, the Fund estimated that approximately 31% of its strategic asset allocation was invested in sustainable and low-carbon assets, meeting its target of allocating 30% by 2025. This included 24% of total Fund assets invested in global sustainable equity and Paris-aligned strategies.

In 2024, the Fund invested in the Schroders Greencoat Wessex Gardens Renewable Infrastructure Fund alongside five other LGPS funds: Avon, Cornwall, Devon, Oxfordshire and Wiltshire. Wessex Gardens was established in 2023 as a place-based renewable-energy infrastructure fund. Its portfolio mainly comprises solar-energy assets, with scope to invest in other energy-transition technologies. As at 31 December 2025, total commitments to the Wessex Gardens Fund were £340.0 million, following a second close of £10.0 million in August 2025. Of this amount, £254.7 million had been called, leaving £85.3 million available for future investments or other purposes permitted under the Limited Partnership Agreement. The Fund's net asset value was £229.1 million. During 2025, it made four distributions totalling £23.8 million to investors.





The portfolio included 17 operating ground-mounted solar farms and Project Ducklington, which remained under construction at the reporting date. During 2025, the operating portfolio generated 198.1 GWh of renewable electricity, 6.1% above budget, mainly because solar irradiation was higher than expected. This was equivalent to the annual electricity use of approximately 73,136 homes and resulted in an estimated saving of approximately 72,372 tonnes of CO₂.

During 2025, the Wessex Gardens Fund invested £21.4 million in Project Ducklington, a 27.5 MWp solar farm in Witney, Oxfordshire, acquired in January 2025. The investment meets the Technical Screening Criteria of the EU Taxonomy. Once operational, the project is expected to benefit from a 15-year Contract for Difference from April 2028 at approximately £70/MWh in 2023 prices, providing a degree of long-term revenue certainty. At 31 December 2025, construction was in its final stages, although the timing of energisation remained dependent on completion of the grid-connection process.

This investment demonstrates how climate-related opportunities are being considered within the Fund's investment strategy and financial planning. It supports the Fund's net-zero objectives and may help reduce its exposure to transition risk, while remaining subject to investment, construction and operational risks.

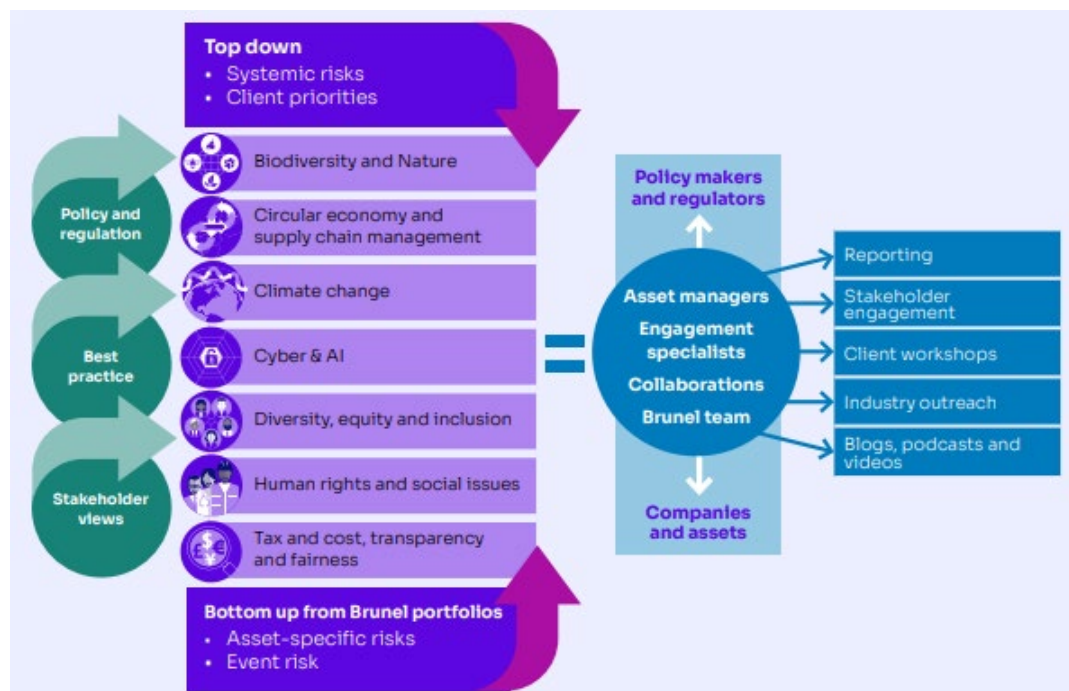
Climate and environmental considerations, alongside wider ESG factors, continued to inform the selection and monitoring of the Fund's Social and Affordable Housing managers. By December 2025, £84 million had been invested across the portfolio. This included £10 million through Gresham House's Gloucestershire allocation, 22 affordable homes secured at Lydney through Octopus, and 61 Gloucestershire properties acquired through the Resonance National Homelessness Property Fund II, with properties generally refurbished to EPC C or above. These investments support the delivery of energy-efficient homes, improvements to existing housing stock and positive social outcomes while targeting appropriate long-term financial returns.

Following a review of the portfolio, the Pension Committee approved a further £60 million commitment to Gresham House in February 2026, increasing the Fund's total Social and Affordable Housing commitments to £225 million. The Fund will continue to monitor deployment, financial performance and environmental and social outcomes through regular engagement with its appointed managers.

Brunel strives to align all its investment decisions and operations with its Responsible Investment objectives across three pillars. An overview of how this works in practice is set out in the graphic below:

Responsible Investment Overview of ESG in action at Brunel

	 To Integrate	 To Collaborate	 To be Transparent
Own Operations	- Board commitment - In all we do - Staff objectives	- Contributing to local and global community initiatives - Diversity and inclusion ambassadors	Best practice own reporting including climate change, diversity and tax
Portfolio Implementation	- All asset classes globally - Fully integrate into managers selection - Low carbon and sustainability portfolio options	- Innovating investment solutions - Cross pool collaboration - ESG risk metrics and tools	- Impact reporting - Positive case studies - Carbon and sustainability metrics
Responsible Stewardship	- Single voice - Active engagement	- Annual engagement plan - See Partnerships and Affiliations	- Proxy voting Policy and records - Pre-declaration on selective votes



Source: Brunel Pension Partnership



Alongside its investment-related approach to climate risk, the Fund also considers the environmental impact of its operational activities.

Gloucestershire County Council, as administering authority for the Fund, continues to work towards its net-zero target for 2045. The Fund supports this objective through operational practices that help reduce emissions, including hybrid working, remote meetings where appropriate, reduced business travel, and the use of public transport or electric pool vehicles.

The Fund also continues to review and improve its operational delivery, with a focus on increasing the use of electronic communications with members and reducing reliance on printed or posted materials. These efforts support the Fund's broader commitment to sustainability and align with the Council's climate strategy.

TCFD RECOMMENDED DISCLOSURE C

DESCRIBE THE RESILIENCE OF THE ORGANISATION'S STRATEGY, TAKING INTO CONSIDERATION DIFFERENT CLIMATE-RELATED SCENARIOS, INCLUDING A 2°C OR LOWER SCENARIO.

The Fund keeps abreast of the latest climate-related research, data and projections to help ensure that its strategic asset allocation remains appropriate for meeting its decarbonisation targets while generating the returns required to achieve its financial objectives.

Recognising the importance of assessing the resilience of its portfolio under different climate pathways, the Fund commissioned Mercer to undertake scenario analysis of its strategic asset allocation, based on the position as at 31 March 2024. The analysis models the potential impact of four climate scenarios, each highlighting different aspects of climate-related risk, as illustrated in the graphic below



Source: Mercer



1.5°C Rapid Transition

An average temperature increase of 1.5°C by 2100, in line with the Paris Agreement. This scenario assumes a sudden, large-scale downward repricing of multiple securities during the early years of the modelling period. This could be driven by a policy change, the expectation of an inevitable policy response, the recognition of stranded assets, or anticipated transition costs. The initial shock is partly sentiment-driven and is therefore followed by a partial market recovery. Physical climate damages are most limited under this scenario.



<2°C Orderly Transition

An average temperature increase of less than 2°C by 2100. This scenario assumes that governments and other institutions act in a coordinated manner to implement the Paris Agreement and limit global warming to below 2°C. Transition impacts occur but are relatively limited across the broader market.



2.6°C Limited Transition

An average temperature increase of around 2.6°C by 2100. This scenario assumes that policymakers implement limited nationally determined contributions (NDCs) and fall short of meeting the Paris Agreement goals. The attempted transition results in a slight downward repricing of securities in the late 2020s and reduces physical damages to some extent compared with a Failed Transition. Some of these damages are priced into markets in the late 2020s and late 2030s.



3.7°C Failed Transition

An average temperature increase of around 3.7°C by 2100. This scenario assumes the world fails to co-ordinate a transition to a low carbon economy and global warming reaches 3.7°C above pre-industrial levels by 2100. Physical climate impacts cause large reductions in economic productivity and increasingly negative impacts from extreme weather events. These are reflected in re-pricing events in the late 2020s and late 2030s.

These climate scenarios are constructed to explore a range of plausible futures over the next 40 years (i.e. taking us beyond the point where 'Net Zero' needs to be achieved if the goals of the Paris Agreement are to be achieved), rather than simply exploring tail risks. The scenarios variably demonstrate the impact of the two primary types of climate risk; transition risk (which dominates over shorter time periods) and physical damages risk (which dominates over longer time periods). In designing scenario analysis, a fundamental decision is whether to assume that any climate impacts are priced in today. The analysis below is expressed relative to a 'climate-informed' baseline ; the implication is that all return impacts are presented in terms of how they are different to what we are assuming is priced in today.

¹ The baseline represents what Mercer are assuming the market is currently pricing in. The baseline includes a 10% weight to a Failed Transition, 40% weight to an Orderly Transition, 10% to a Rapid Transition and 40% to a range of low impact scenarios.





The following diagrams demonstrate the potential impact on returns under different climate scenarios which are used by the Fund:

The two graphs below show the annualised returns in absolute terms and the impact from climate effects. The Climate Impact chart shows the impact relative to the baseline under each scenario (e.g. Rapid Transition: Climate Impact at year 4 = absolute year 4 return on Rapid Transition – Absolute Level Baseline at year 4 (-1.0% = 7.1% - 8.1%):

5 Years – Over this time period, transition risk dominates. The Rapid Transition is the most impactful scenario. Under this scenario there is a shock to returns of about -3.9% p.a. in 2025 followed by a partial recovery the following year. Overall, annualised returns are reduced by 0.8% p.a. over the 5 year period under a Rapid Transition.

20 Years – As longer term physical damages begin to be priced in, the Failed Transition becomes the most impactful scenario. The Failed Transition causes a reduction in annualised returns of around 1.9% p.a.

40 Years – Over the long term, physical damages are the dominant driver, and the Failed Transition is by far the worst scenario. The Failed Transition causes a reduction in annualised returns of around 1.4% p.a.

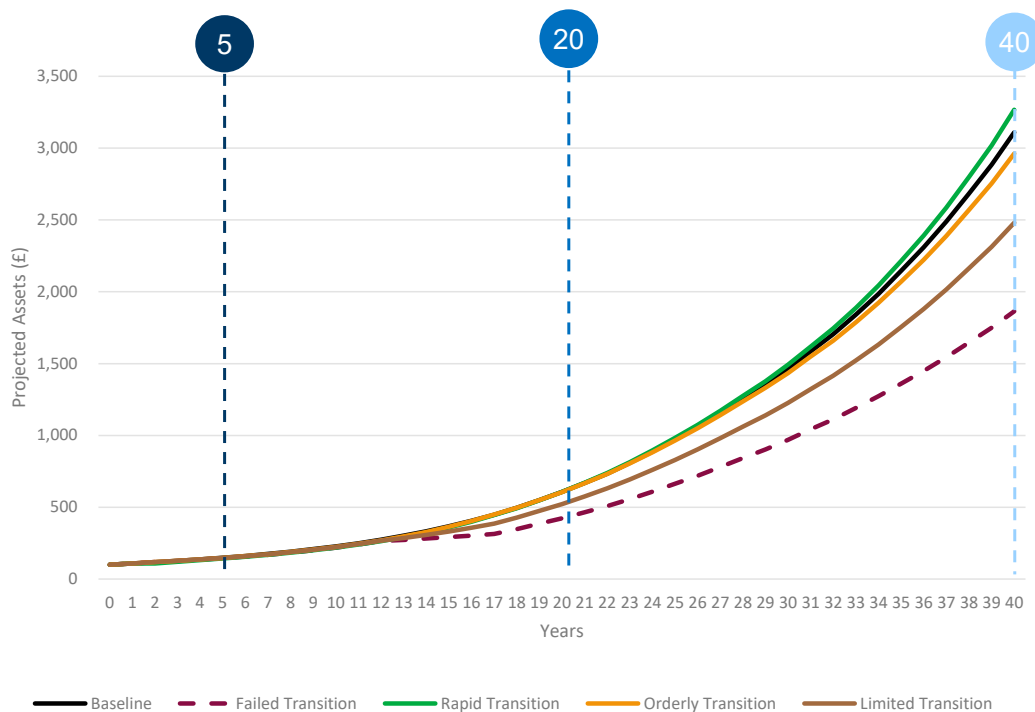


Source: Mercer, MSCI. ©2024 MSCI ESG Research LLC. Reproduced by permission.

The chart below shows an asset projection assuming a starting value of £100 and an investment strategy in line with the Fund's current SAA.

Over the long term, a successful transition to a low carbon economy leads to enhanced outcomes when compared to scenarios associated with higher temperature outcomes, due to lower physical damages. The long term is most relevant given the Fund is an open DB Scheme with a very long time horizon, making a successful transition hugely important.

Asset Projection



Source: Mercer, MSCI. ©2024 MSCI ESG Research LLC. Reproduced by permission.

Scenario analysis is also considered by the Fund Actuary in assessing the potential impact on the Fund's liabilities of different climate scenarios.

In addition to the scenario analysis the Fund also receives annual carbon metric reports from the Brunel Pool on listed equity and bond portfolios, and Mercer also undertakes an annual assessment of carbon emissions and climate transition capacity (through the "ACT" framework) to assess the Fund's pathway towards meeting its net zero targets.

Whilst the Fund acknowledges challenges with the quality of climate metrics and the landscape for scenario analysis is evolving rapidly, the Fund remains confident that the approach taken provides decision-useful information and helps ensure that climate-related risks and opportunities are kept under review.

It is anticipated that the scenario analysis would be re-run if there is a material change to the Fund's strategic asset allocation and will be used as part of the decision-making framework for any proposed strategic changes.

03



Risk Management

03



Risk Management

TCFD RECOMMENDED DISCLOSURE A

DESCRIBE THE ORGANISATION'S PROCESSES FOR IDENTIFYING AND ASSESSING CLIMATE-RELATED RISK.

A key responsibility of Fund officers and the Pension Committee is to identify and assess risks that could have a financially material effect on the Fund's investments, funding position and ability to pay benefits over the long term. Climate-related risks are assessed alongside the Fund's other investment and funding risks, taking account of their potential impact, likelihood and relevant time horizon.

Climate change is recorded within the Fund's risk register. Risks are assessed using impact and likelihood scores before and after existing controls are considered, and are assigned a Red, Amber or Green rating. The risk register is reviewed and reported to each Pension Committee and Pension Board meeting, enabling changes in exposure, controls and required actions to be monitored and escalated where appropriate.

The Fund meets regularly with Brunel and discusses climate issues, including any identified from the narrative reporting or climate metrics provided by Brunel. In turn, Brunel meets with their appointed fund managers, who also have a responsibility to consider climate-related risks and opportunities.

Mercer also undertakes an annual assessment of carbon emissions and climate transition capacity through the "ACT" framework to assess the Fund's progress in meeting its Net Zero and pathway decarbonisation and alignment targets.

The Fund also takes a proactive approach in working with Brunel through regular attendance at the respective Client Group, Investment Sub-Group, and Responsible Investment Sub-Group meetings.

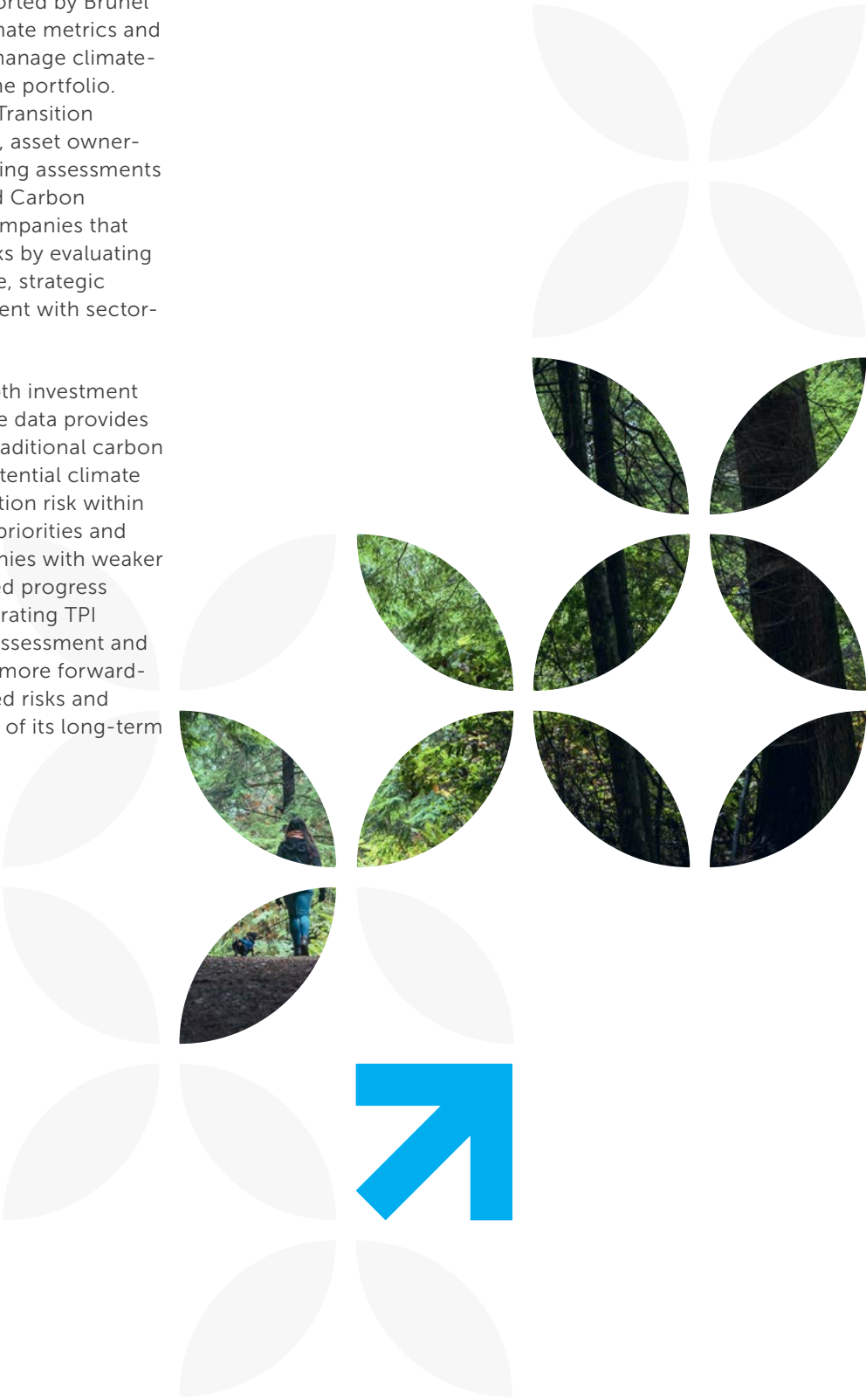
Existing fund managers are monitored on a regular basis by the Fund and the Brunel Pool to review the integration of climate risks into the managers' portfolio management approaches and to understand their engagement activities.

Brunel and their engagement partner EOS Hermes have a proactive approach to stewardship and responsible investment and provide regular outcome reporting throughout the year.

Use of Transition Pathway Initiative (TPI) Data

The Fund’s investment managers, supported by Brunel Pension Partnership, use a range of climate metrics and analytical tools to identify, assess and manage climate-related risks and opportunities across the portfolio. One of the key frameworks used is the Transition Pathway Initiative (TPI), an independent, asset owner-led initiative that provides forward-looking assessments of companies’ Management Quality and Carbon Performance. TPI data helps identify companies that may be exposed to higher transition risks by evaluating the strength of their climate governance, strategic response to climate change and alignment with sector-specific decarbonisation pathways.

TPI assessments are used to support both investment oversight and stewardship activities. The data provides an additional layer of analysis beyond traditional carbon footprint metrics, helping to identify potential climate laggards and areas of heightened transition risk within portfolios. It also informs engagement priorities and voting decisions by highlighting companies with weaker climate management practices or limited progress towards net zero objectives. By incorporating TPI insights into manager monitoring, risk assessment and stewardship activities, the Fund gains a more forward-looking understanding of climate-related risks and opportunities and supports the delivery of its long-term climate objectives.



TCFD RECOMMENDED DISCLOSURE B

DESCRIBE THE ORGANISATION'S PROCESSES FOR MANAGING CLIMATE-RELATED RISKS.

The Fund manages climate-related risks through its strategic asset allocation, investment-manager oversight, stewardship and engagement, climate-related targets, portfolio monitoring and formal risk-management arrangements. These measures are applied alongside the Fund's wider investment and funding controls and are intended to support its ability to pay benefits over the long term.

The Pension Committee retains responsibility for setting the Fund's investment strategy, including its strategic asset allocation and Responsible Investment Policy. Climate-related risks are considered when investment objectives are established, asset classes and pooled investment arrangements are selected, and the expected risk and return characteristics of the portfolio are reviewed. Diversification remains an important risk-management measure, although the Fund recognises that climate change is a systemic risk that cannot be managed through diversification alone.

Each investment manager, whether appointed by Brunel or directly by the Fund, is expected to produce metrics on climate risk and to manage these risks as part of their investment process and portfolio construction. Brunel integrates climate risk into all stages of its engagement with investment managers, including the design, selection, and monitoring of underlying funds.

A critical component of the Fund's climate risk management strategy is stewardship. Stewardship and engagement are key tools for managing climate-related risks. The Fund expects its pool and investment managers to engage with investee companies on emissions reduction, transition plans, governance and climate disclosure, and to exercise voting rights appropriately. Where engagement does not achieve sufficient progress, the method and timing of escalation will depend on the circumstances and may include intensified engagement, collaborative action, voting against relevant resolutions or directors, filing or supporting shareholder resolutions, and ultimately reviewing the investment case. The emerging stewardship arrangements state that escalation should be outcomes-focused rather than treated as a fixed linear process.

As part of the Fund's Responsible Investment Policy, the Pension Committee receives regular engagement updates on the top ten emitters within listed equity and corporate bond portfolios, identified through Mercer's annual Analytics for Climate Transition (ACT) analysis. This supports targeted engagement and monitoring of transition progress.

The Fund also seeks to use scientific data and company-level analysis to inform its ongoing monitoring of climate transition risks and opportunities.



TCFD RECOMMENDED DISCLOSURE C

DESCRIBE HOW PROCESSES FOR IDENTIFYING, ASSESSING, AND MANAGING CLIMATE-RELATED RISKS ARE INTEGRATED INTO THE ORGANISATION'S OVERALL RISK MANAGEMENT.

Climate-related risk is integrated into the Fund's overall risk-management framework rather than treated as a separate issue. It is considered alongside other governance, funding and investment risks through the Fund's Risk Management Policy, risk register, Investment Strategy Statement, Funding Strategy Statement, Responsible Investment Policy, strategic asset allocation and manager-monitoring arrangements.

The Fund receives quarterly reports from Brunel and its investment managers covering key climate metrics, including carbon intensity, fossil-fuel exposure and the main contributors to portfolio emissions. These are reviewed alongside investment performance and stewardship activity to support the monitoring of climate-related risks.

Mercer's annual ACT analysis is also used to assess progress against the Fund's net-zero and decarbonisation targets. This complements the Fund's separate scenario analysis and supports the ongoing assessment of portfolio risk.

Climate-related risks are also addressed through the Fund's Training Strategy, which ensures that Pension Committee members receive ongoing education on climate and wider responsible investment issues. Officers of the Fund also undertake regular training through conferences and workshops, including those delivered in partnership with Brunel. This ensures that ongoing decision-making remains informed, forward-looking, and aligned with the Fund's climate and sustainability objectives.

Stewardship and Engagement

The Fund recognises stewardship and engagement as important tools for managing climate-related risks and supporting the transition to a low-carbon economy. Alongside portfolio monitoring and climate metrics analysis, the Fund uses engagement activity to encourage higher-emitting companies to improve climate governance, strengthen transition plans and reduce emissions over time.

As part of the 2025 ACT analysis, Mercer assessed the extent to which financed emissions in material sectors are aligned with net zero or subject to active engagement. The assessment found that 84.9% of financed emissions within material sectors are either aligned with net zero expectations or are currently subject to engagement activity, compared with the Fund's target of 90% by June 2027. Engagement is undertaken both directly through Brunel's stewardship programme and collaboratively through initiatives such as Climate Action 100+. The Fund will work with LGPS Central going forward to ensure that a proactive approach to engagement continues.

To support engagement prioritisation, Mercer maintains a climate target list focused on the highest contributors to portfolio carbon emissions. The analysis shows that the top ten contributors account for approximately 45% of total listed equity portfolio carbon intensity, while the top ten corporate bond issuers account for approximately 70% of total corporate bond portfolio carbon intensity. This analysis helps identify companies where engagement may have the greatest potential to reduce climate-related risks and support real-world decarbonisation.

The Fund recognises that future progress towards net zero will increasingly depend on the successful transition of underlying companies and therefore considers stewardship and engagement to remain key components of its climate risk management framework.



Metrics & Targets

04



Metrics & Targets

TCFD RECOMMENDED DISCLOSURE A

DISCLOSE THE METRICS USED BY THE ORGANISATION TO ASSESS CLIMATE-RELATED RISKS AND OPPORTUNITIES IN LINE WITH ITS STRATEGY AND RISK MANAGEMENT PROCESS.

The Fund uses a range of climate-related metrics to assess and monitor climate-related risks and opportunities across its listed equity and corporate bond portfolios, where reliable climate-related data is currently available. Climate-related analysis and reporting are primarily provided through Brunel's Carbon Metrics Reports and Mercer's Analytics for Climate Transition (ACT) framework.

Key climate-related metrics monitored by the Fund include:

- **Weighted Average Carbon Intensity (WACI)**, reported using both revenue-based and Enterprise Value Including Cash (EVIC) based methodologies, to assess the carbon intensity of portfolio holdings.
- **Carbon-to-Value (C/V) Intensity**, which measures financed emissions per £1 million invested.
- **Absolute financed emissions**, which measure the total greenhouse gas emissions attributable to the Fund's investments.

- **Fossil fuel exposure metrics**, including exposure to fossil fuel revenues, fossil fuel reserves and potential emissions from reserves.
- **Climate alignment metrics**, including implied temperature rise, Science Based Targets initiative (SBTi) alignment and ACT transition alignment indicators.
- **Stewardship and engagement metrics**, including the proportion of financed emissions covered by engagement and stewardship activity.
- **Sustainable investment and climate solution metrics**, including exposure to sustainable and low-carbon investments and climate mitigation revenues.

The Fund also uses Mercer's Analytics for Climate Transition (ACT) framework to monitor progress against its climate-related objectives, including portfolio decarbonisation pathways and alignment with a low-carbon transition. This analysis also helps identify key contributors to portfolio emissions, supporting the Fund's monitoring of stewardship and engagement activity reported by Brunel.

The Fund continues to review opportunities to expand climate-related monitoring across private market portfolios as data availability improves. Mercer's latest assessment indicates that climate-related data is becoming available across some of the Fund's private market mandates, although coverage and comparability remain less developed than for listed assets. As data quality improves, this may support broader climate-related monitoring and target-setting in future reporting periods and help the Fund assess progress towards its net zero ambitions across a wider proportion of the investment portfolio.



TCFD RECOMMENDED DISCLOSURE B

DISCLOSE SCOPE 1, 2 AND IF APPROPRIATE, SCOPE 3 GREENHOUSE GAS EMISSIONS, AND THE RELATED RISKS.

The assessment of carbon footprint within listed equity and bond portfolios is an important tool that enables the Fund to measure the level of carbon intensity across both portfolios and specific holding company investments. Measuring carbon emissions provides granular insight and supports the Fund in the ongoing management and monitoring of climate-related risks.

Carbon intensity analysis undertaken by Brunel is categorised as follows:

Scope 1 – Greenhouse Gas Protocol’s Scope 1 emissions, plus any other emissions derived from a wider range of greenhouse gases relevant to a company’s operations. Scope 1 emissions are those directly emitted from sources owned or controlled by a company, for example, emissions produced by the internal combustion engines of a trucking company’s lorry fleet.

Scope 2 - Emissions resulting from the consumption of purchased electricity, steam, or other sources of energy generated upstream from a company’s direct operations.

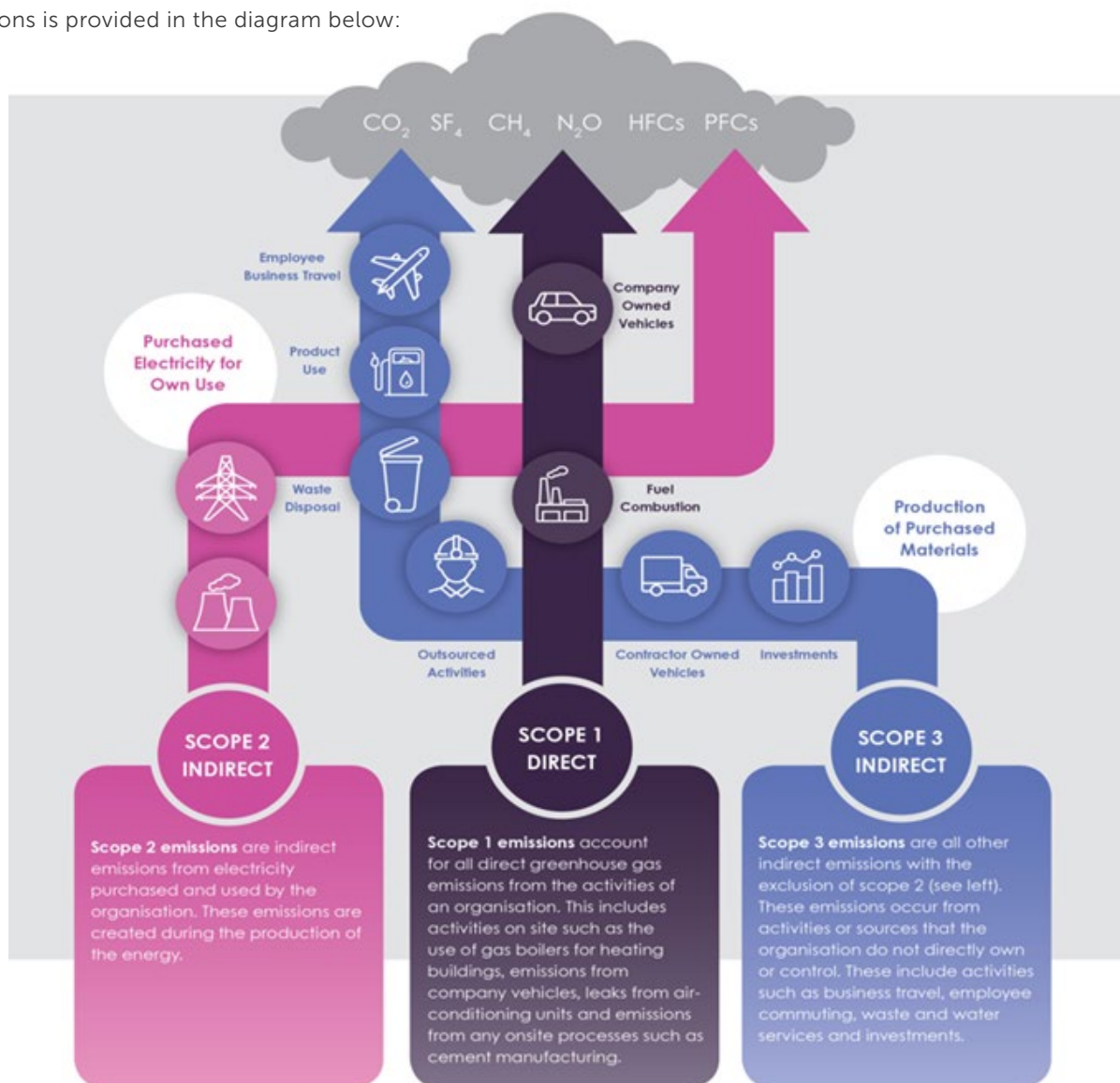
Tier 1 of Scope 3 - The company’s first-tier upstream supply chain - i.e. the emissions of their direct suppliers.

The measurement of carbon intensity includes the calculation of a weighted average carbon intensity (WACI) score which is used to assess companies and enables clear monitoring on their transitional pathway going forward. This WACI score also assists the Fund in assessing specific portfolios and comparing these against a strategic benchmark.

Revenue remains the Fund's primary denominator for Weighted Average Carbon Intensity (WACI). The Fund also considers Enterprise Value Including Cash (EVIC)-based WACI, which provides an additional perspective aligned with the EU methodology for Paris-aligned benchmarks. Using both revenue-based and EVIC-based measures helps provide a broader view of portfolio carbon intensity, recognising that different denominators offer distinct insights into emissions exposure.

The availability and quality of data across the industry are not always at the levels the Fund would prefer, but it is hoped that this will improve through the ongoing adoption of carbon reporting across the financial industry. The WACI is calculated by taking the carbon intensity (total carbon emissions divided by total revenue) of each investee and multiplying it by its weight in the portfolio. Scope 3 emissions data remain subject to greater limitations in coverage and comparability.

Further information on the definition of emissions is provided in the diagram below:

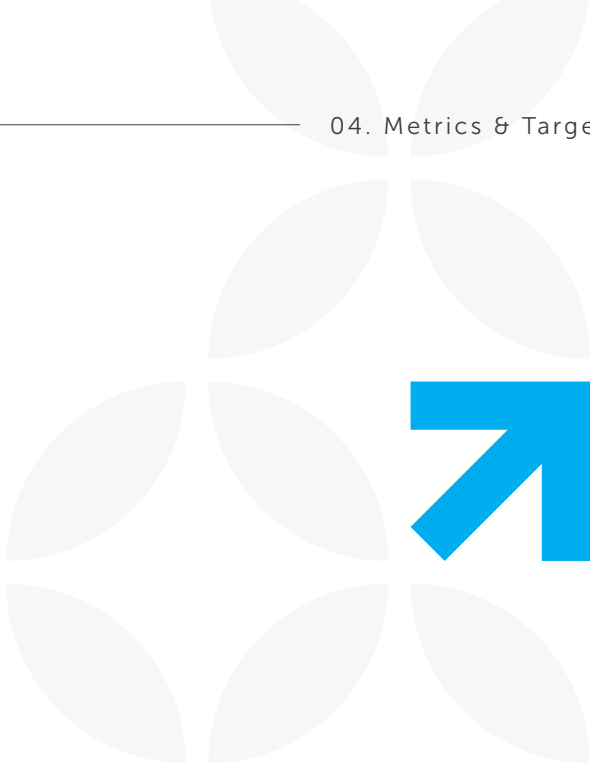


Source: Brunel Pension Partnership

The diagram illustrates the Greenhouse Gas Protocol definitions of Scope 1, Scope 2 and Scope 3 emissions. Brunel's carbon metrics currently incorporate Scope 1, Scope 2 and Tier 1 Scope 3 emissions (direct supplier emissions) for listed equity and corporate bond portfolios.

CARBON METRICS

As part of the carbon metrics analysis, Brunel utilises an aggregate portfolio. This provides a simple way of reviewing the combined impact of the Fund's portfolios and is calculated by combining the underlying Gloucestershire holdings within the Brunel portfolios, weighted by the value of investments as at 31 December 2025. In addition, a custom benchmark is calculated using the same portfolio weightings but substituting each portfolio with its relevant benchmark index. These provide meaningful comparators, assisting further assessment and evaluation of the Fund's carbon exposure and performance relative to benchmark.



Gloucestershire aggregate portfolio



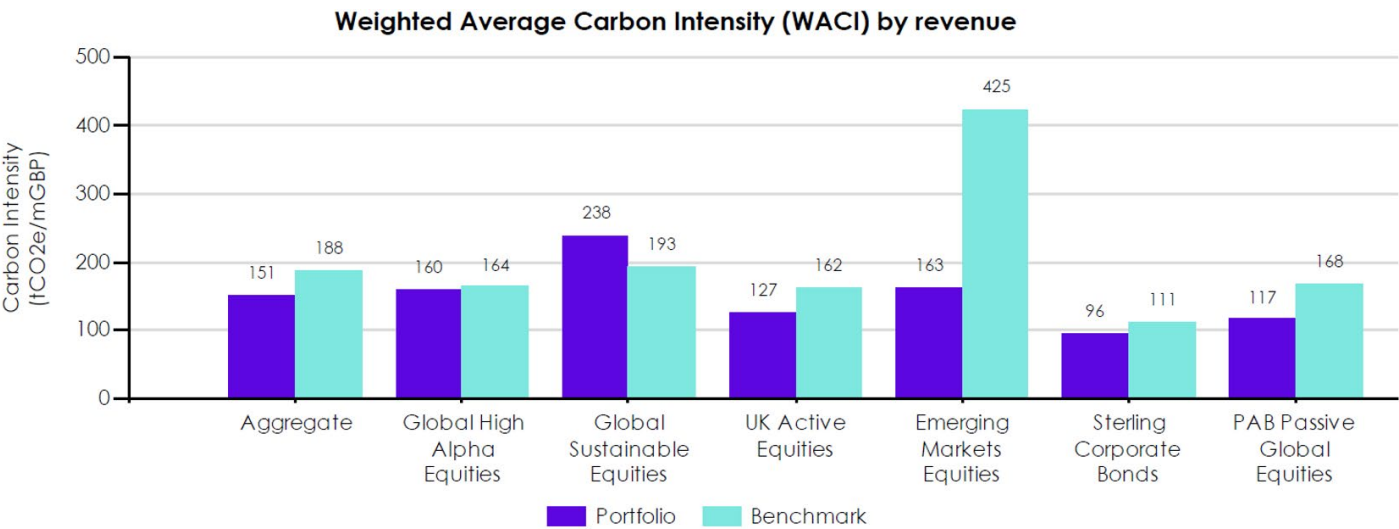
Gloucestershire custom benchmark



As of December 2025, the Weighted Average Carbon Intensity (WACI) by revenue of the Gloucestershire Aggregate Portfolio is below its Strategic Benchmark, with a relative efficiency of +20%.

Of the underlying Brunel Portfolios within the Aggregate, the highest intensity is the Brunel Global Sustainable Equities Portfolio (238 tCO₂e/mGBP), while the lowest one is the Brunel Sterling Corporate Bonds Portfolio (96 tCO₂e/mGBP).

All Gloucestershire active portfolios within the Aggregate have lower levels of carbon intensity compared to their respective benchmarks, except Global Sustainable Equities.



The December 2024 WACI and the 2019 baseline figures are provided below for comparative purposes against the December 2025 position shown above.

While carbon intensity increased across the majority of portfolios over the year, the Fund’s portfolios remain below their respective benchmarks in most cases, with the exception of Global Sustainable Equities. This indicates that the Fund’s portfolios generally continue to compare favourably with their benchmarks, despite some short-term increases in reported carbon intensity.

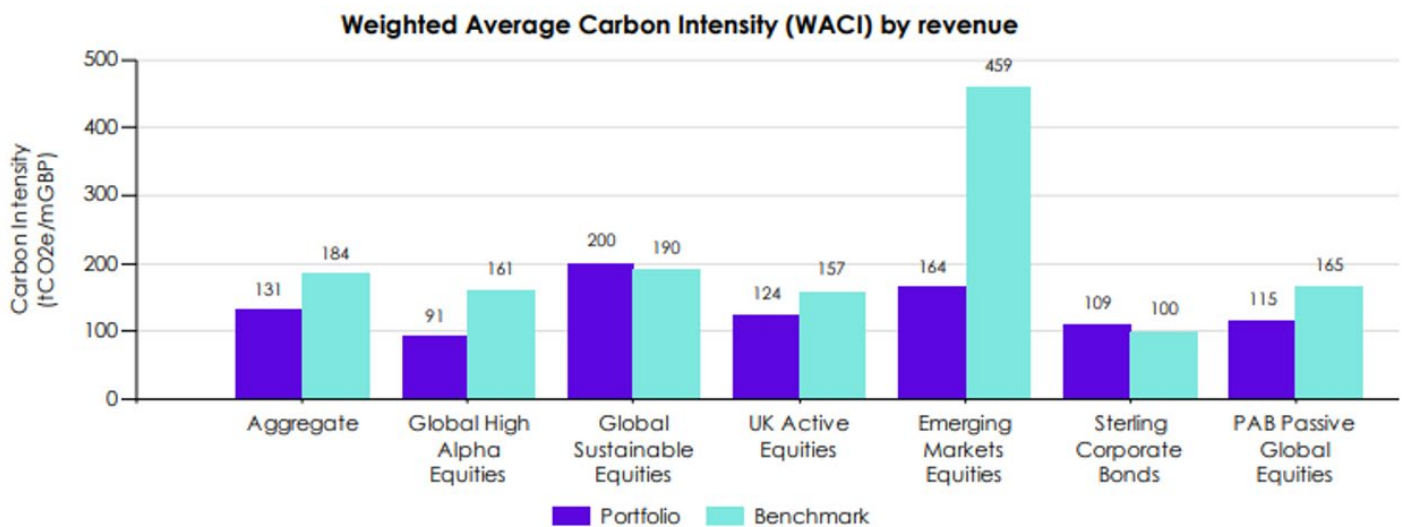
In addition, when compared to the 2019 baseline, most portfolios have achieved significant reductions in carbon intensity, including the Gloucestershire Aggregate Portfolio, which has reduced by almost 58%. This demonstrates that, despite short-term year-on-year movements, the Fund continues to show material progress against its longer-term decarbonisation baseline.

YEAR-ON-YEAR WACI MOVEMENT AND KEY CONTRIBUTORS

At mandate level, WACI reduced or remained broadly unchanged over the year across all mandates except High Alpha, where it increased materially by approximately 67%. The High Alpha mandate was therefore the principal contributor to the increase in the listed equity portfolio's WACI over the period. Much of this movement was attributable to two carbon-intensive holdings: Kinder Morgan, a new energy-infrastructure holding with a reported carbon intensity of 1,232 tCO₂e/\$M revenue, and Joby Aviation, with a reported carbon intensity of 3,170 tCO₂e/\$M revenue.

Joby Aviation's reported intensity should be interpreted with care. The company remains at a pre-revenue or low-revenue stage and is in an early operational phase, when prototyping, testing and the establishment of manufacturing capabilities are inherently energy- and resource-intensive. The use of revenue as the denominator therefore produces a particularly high carbon-intensity ratio. This illustrates the importance of considering WACI alongside other metrics, including EVIC-based measures, and qualitative information about a company's activities, development stage and transition potential. Further detail is provided in the Joby Aviation case study later in this report.

Whilst doubts remain about the quality of data and company disclosures, the Fund will continue to monitor these movements alongside benchmark comparisons and progress against its climate-related targets.

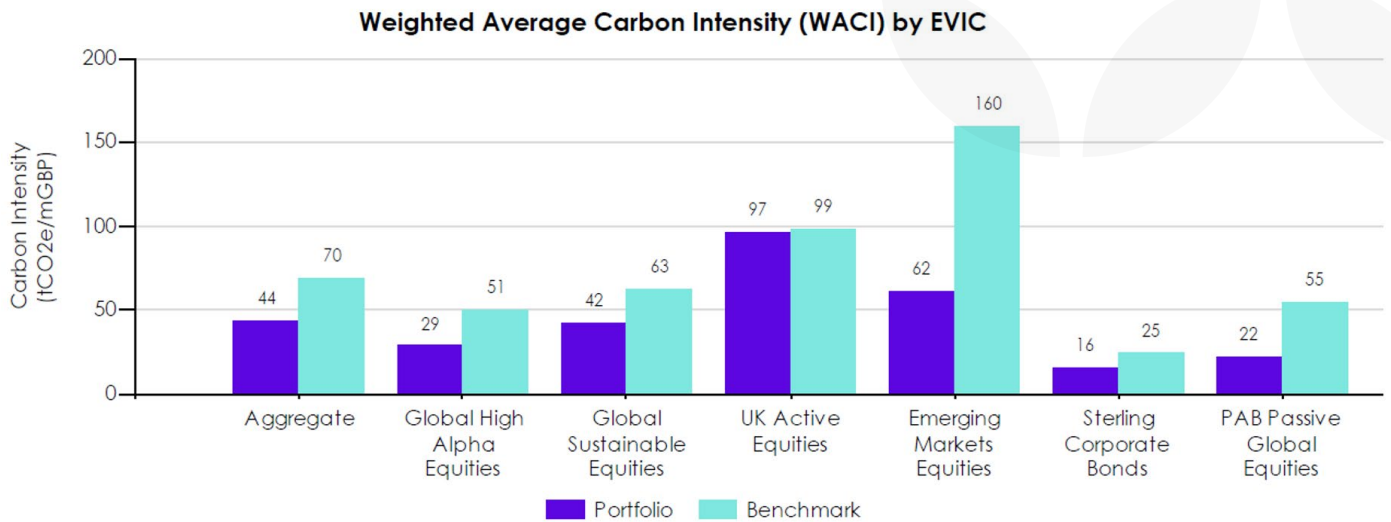


Portfolio	Reduction %	2025 Portfolio	2019 Baseline
Aggregate	58.09%	151	361
Active Portfolios			
Global High Alpha Equities	46.97%	160	301
Global Sustainable Equities	28.69%	238	334
UK Active Equities	55.14%	127	282
Emerging Markets Equities	71.34%	163	570
Sterling Corporate Bonds ¹	47.91%	96	184
Passive Portfolios			
PAB Passive Global Equities	61.46%	117	303

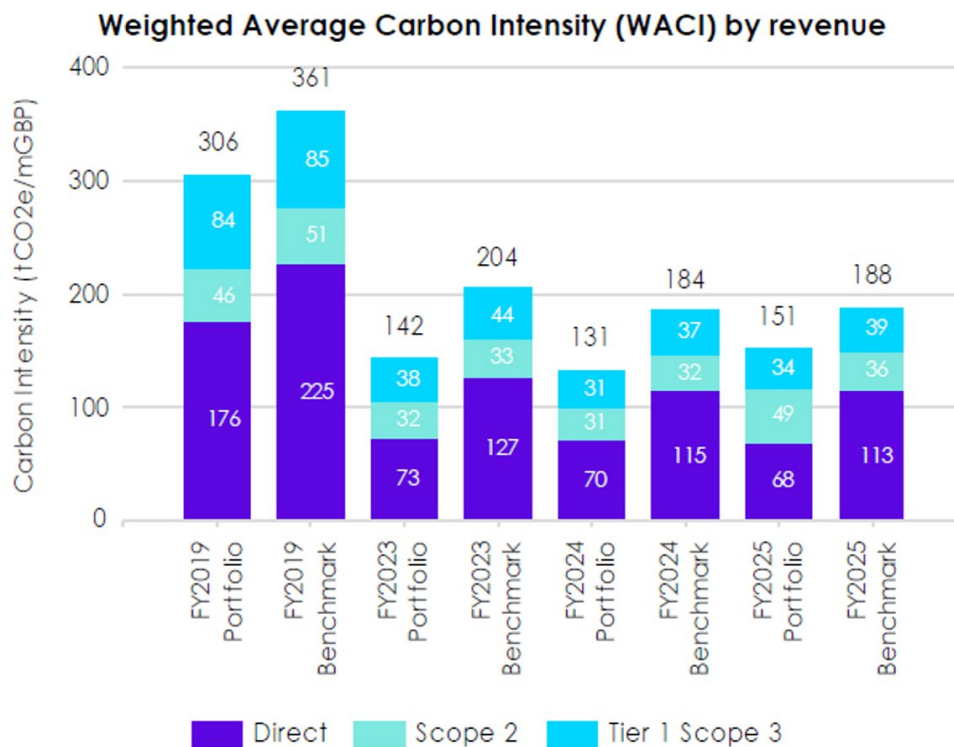
¹ This Portfolio has a baseline of 31 December 2021

WACI (EVIC-denominated) measures a portfolio's exposure to carbon-intensive companies, using Enterprise Value Including Cash (EVIC) as the denominator. EVIC aligns with the EU's defined methodology for Paris-aligned benchmarks, offering

a perspective that considers a company's total market value, including its debt and cash reserves, rather than its revenue alone. By incorporating EVIC, this metric provides an alternative lens on carbon risk, capturing how emissions relate to a company's overall financial structure.



The Fund's aggregate WACI by scope as of December 2025 is shown in more detail as follows:

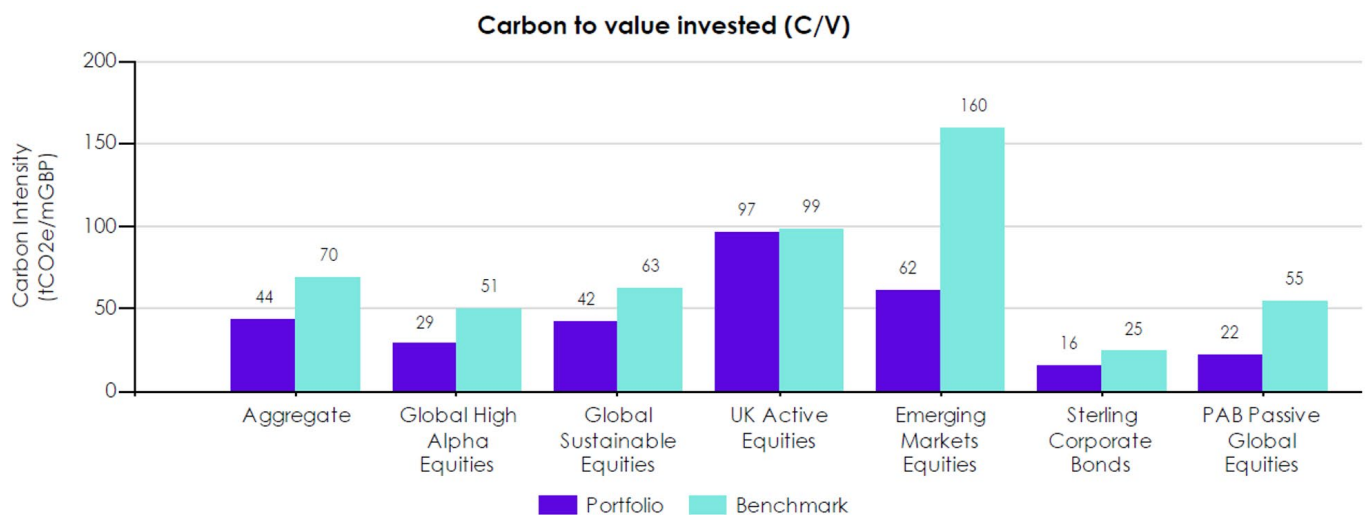


Carbon-to-value intensity shows the greenhouse gas emissions attributable to the Fund's investments, divided by the value of those holdings.

It allows for comparisons across investments of different sizes, time periods and indices, as it provides a figure for greenhouse gas impact per £1 million invested.

The picture painted by carbon-to-value intensity is similar to that of weighted average carbon intensity (WACI), but this metric focuses on emissions attributable to portfolio holdings, whereas WACI is an indicator of the carbon risk to which a portfolio is exposed.

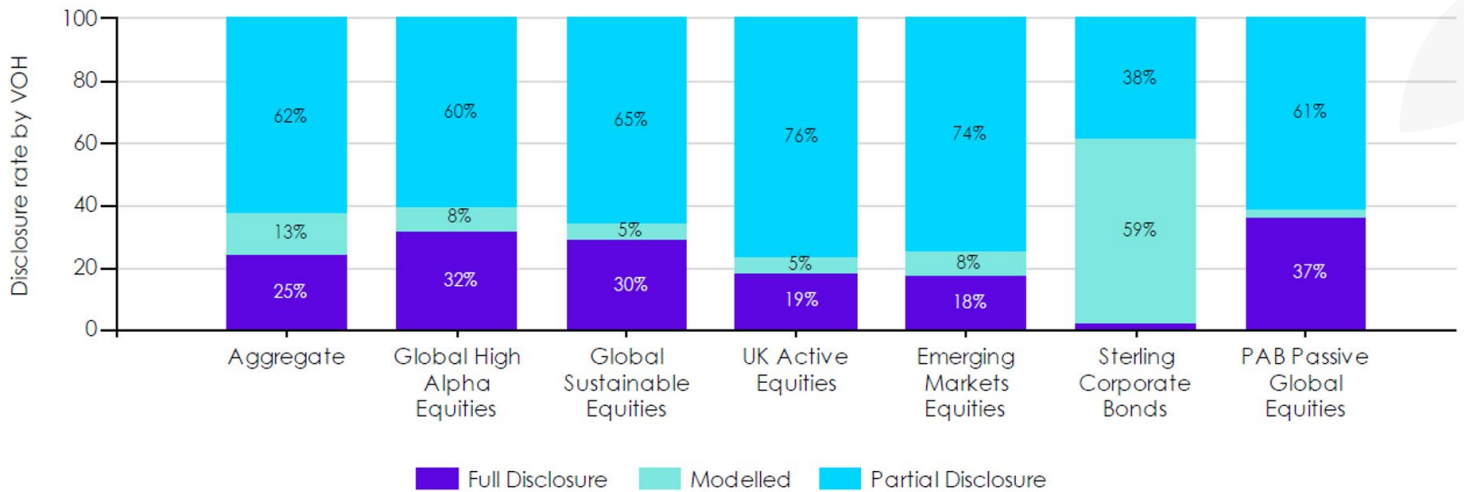
This metric is sensitive to swings in market capitalisation, which can limit the value of year-on-year comparisons.



The Scope 1 disclosures rate of companies in the Gloucestershire Aggregate Portfolio for which fully disclosed carbon data was available is 35% (GHG weighted) and 26% (value weighted).

The Scope 1 aggregate rate of 'full disclosure' for the investment weighted method are highest in the Brunel PAB Passive Global Equities (37%) and lowest in the Brunel Sterling Corporate Bonds (3%).

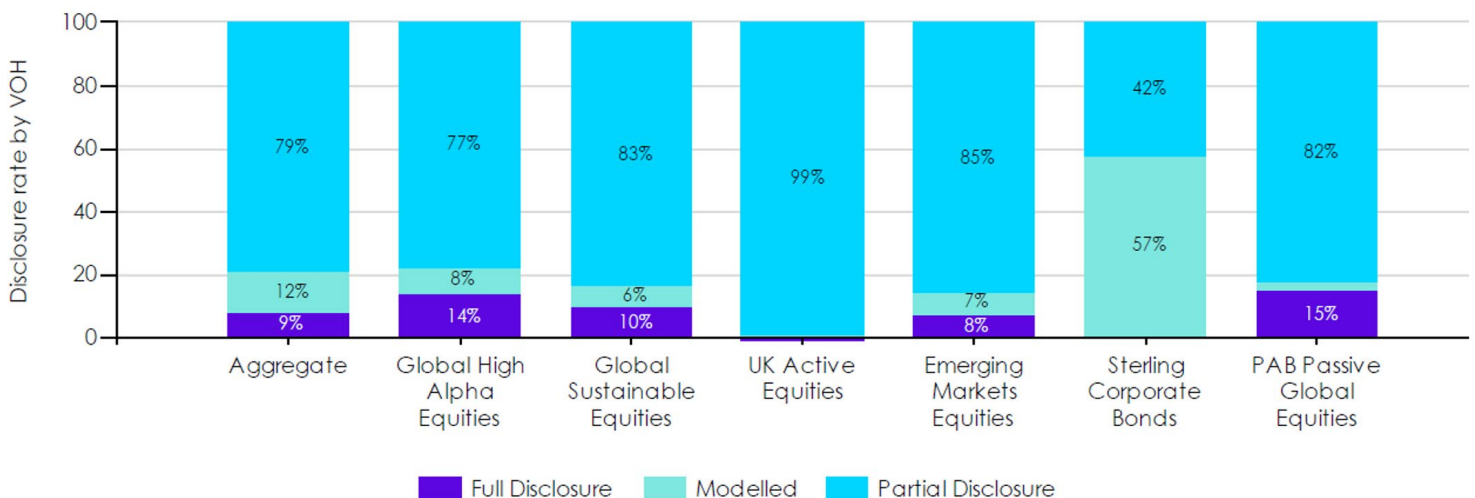
Scope 1 disclosure rates



The Scope 2 disclosure rate of companies in the Gloucestershire Aggregate Portfolio for which fully disclosed carbon data was available is 6% (GHG weighted) and 8% (value weighted). The Scope 2

aggregate rate of 'full disclosure' for the investment weighted method is highest in the Brunel PAB Passive Global Equities (15%) and lowest in the Brunel Sterling Corporate Bonds and Brunel UK Active Equities (1%).

Scope 2 disclosure rates



Full Disclosure - Data disclosed by a company in an un-edited form.

Partial Disclosure - S&P has used data disclosed by a company but has made adjustments to match the reporting scope required by its research process.

Modelled - In the absence of usable disclosures, the data has been modelled.

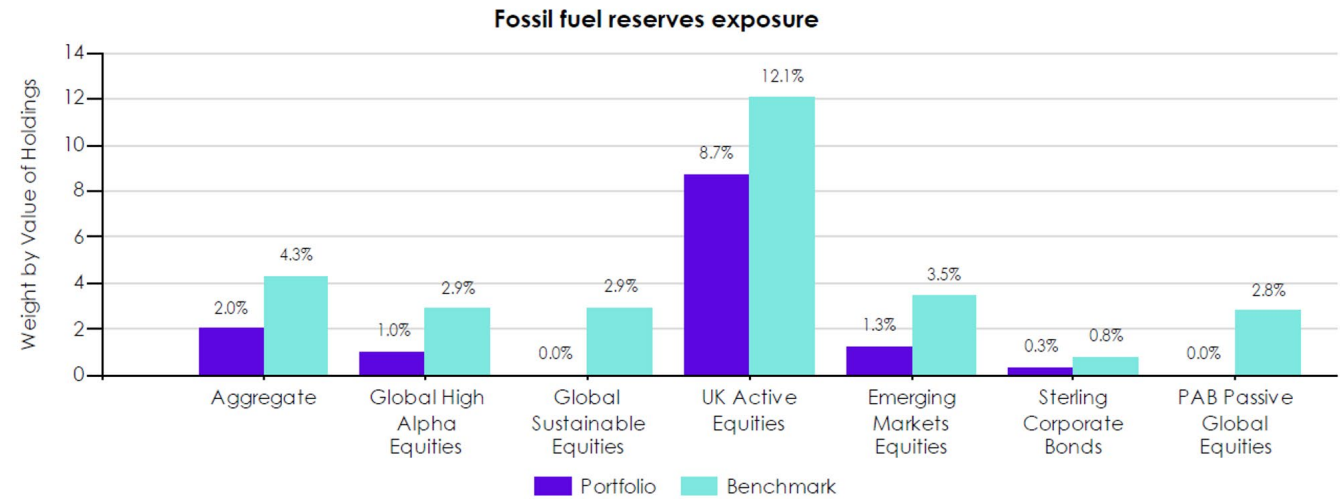
As part of the Fund’s assessment of climate-related risks, the review of fossil fuel reserves provides a valuable insight into the potential for stranded assets going forward, as a result of the global transition. The fossil fuel reserves exposure metric looks at exposure to fossil fuels that have not been realised by an organisation.

Fossil fuel reserves exposure gives a measure of companies that have disclosed their ‘proven’ reserves, as well as capturing companies that have ‘probable’ fossil fuel reserves. Companies that have both proven and probable reserves are assessed.

Proven reserves exposure have a > 90% chance of being present.

Probable reserves exposure have a >50% chance of being present.

Each portfolio is illustrated below against its respective benchmark.

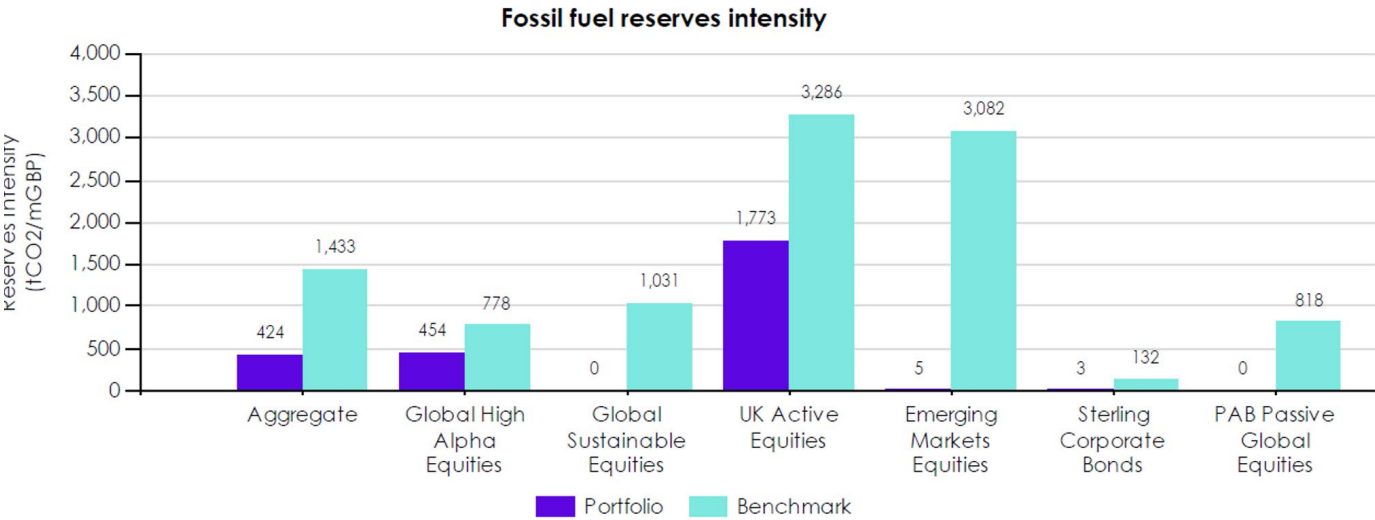


Taking the reserves exposures previously discussed, we can look at an assessment of potential future emissions that may incur from these reserves being realised. This metric is not included in the WACI figure (which focuses on current intensity) - and so it is an important assessment of company's potential contribution to emissions via its stockpile of fossil fuels.

We have been able to assess the potential emissions

associated with the proven and probable reserves for companies within our portfolios, as well as an overall portfolio assessment. The reserves intensity highlights the risk of stranded assets across different portfolios, expressed on a basis of per GBP 1 million invested.

We illustrate the potential emissions from reserves for each of our portfolios and their respective benchmarks below, as well as the Gloucestershire Portfolio.



The full 2025 Carbon Metrics report can be found here:

Notes:

With regards to the carbon intensity of the Global Sustainable Equity portfolio, it is above benchmark when the WACI calculation is based on revenue stream. This figure is materially affected by a single early-stage aerospace company, Joby Aviation whose negligible revenues produce an outsized carbon-to-revenue ratio. The company has a 0.1% position in the portfolio and contributes ~17% of the WACI. If we adjust the WACI for Enterprise Value including Cash (EVIC), rather than revenue, the portfolio exhibits a >30% decline in carbon intensity, relative to the benchmark.

While Joby Aviation skews the headline WACI, it's worth framing this constructively. The company is developing zero-emission electric aircraft — exactly the kind of climate-solution investment that a forward-looking climate strategy should include. The WACI methodology penalises pre-revenue transition companies because carbon-to-revenue ratios are distorted by minimal revenue. This is a useful example highlighting that headline WACI alone is an incomplete measure of climate alignment.

Every active Brunel portfolio delivers lower carbon intensity than its benchmark (with the explainable exception of GSE, which has a specific climate-opportunity mandate).

The Emerging Markets portfolio stands out — 61% below its MSCI EM benchmark on WACI by revenue, in a universe in which achieving carbon underweight is genuinely difficult.

The C/V efficiency across the aggregate (+36%) is also strong, meaning the portfolio generates fewer emissions per pound invested.

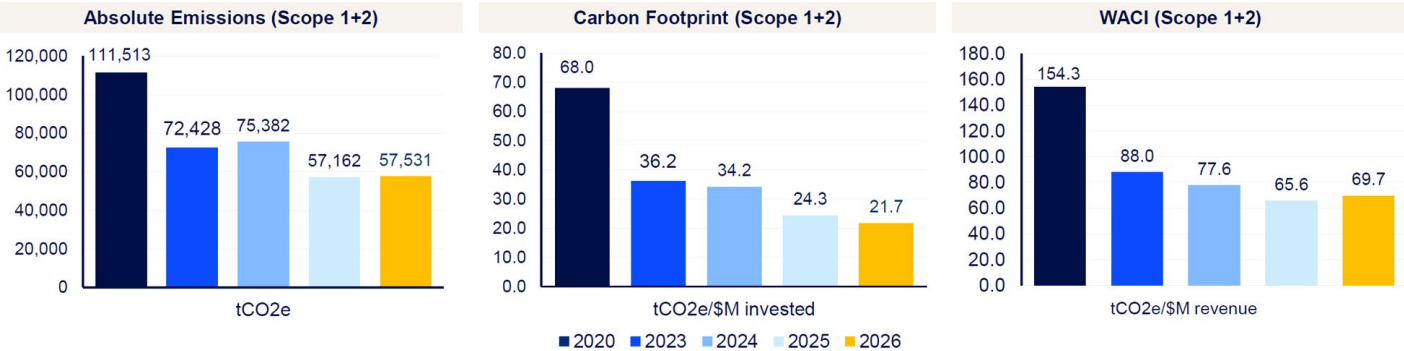
ANALYTICS FOR CLIMATE TRANSITION (ACT)

As previously indicated, the Fund, as part of its full review and development of a Responsible Investment Policy, commissioned Mercer to undertake a baseline carbon footprint assessment of the Fund’s listed equities and corporate bond portfolios as at 31 December 2019 (referred to as the 2020 baseline). Please note that, for target-setting purposes for the corporate bond portfolio, the Fund adopted a revised baseline of 31 December 2020 (referred to as the 2021 baseline), following the termination of the original bond fund and reallocation to the Brunel Corporate Bond fund. This established two baselines against which levels of carbon intensity can be tracked. Through the annual assessment of holdings going forward, this will provide insight into how the Fund is performing in meeting its decarbonisation and net zero targets.

Carbon footprint is an effective measure for monitoring decarbonisation and is calculated by dividing the absolute emissions associated with a portfolio or holding by the \$million invested in that portfolio or holding.



Listed equities



Source: Mercer, using data from MSCI. The most recent data is based on stocklists as at 31 December 2025, using metric calculations and data feeds as at 24 April 2026, or latest available. Prior data corresponds to stocklists from prior years and is taken from previous Mercer reports. Baseline for listed equities is 2020.

The Fund’s listed equity portfolio decreased by 68% on a Carbon Footprint basis, from December 2019 to December 2025. The Weighted Average Carbon Intensity (WACI) decreased by 55% in the same period, and the Absolute Emissions decreased by 48%.

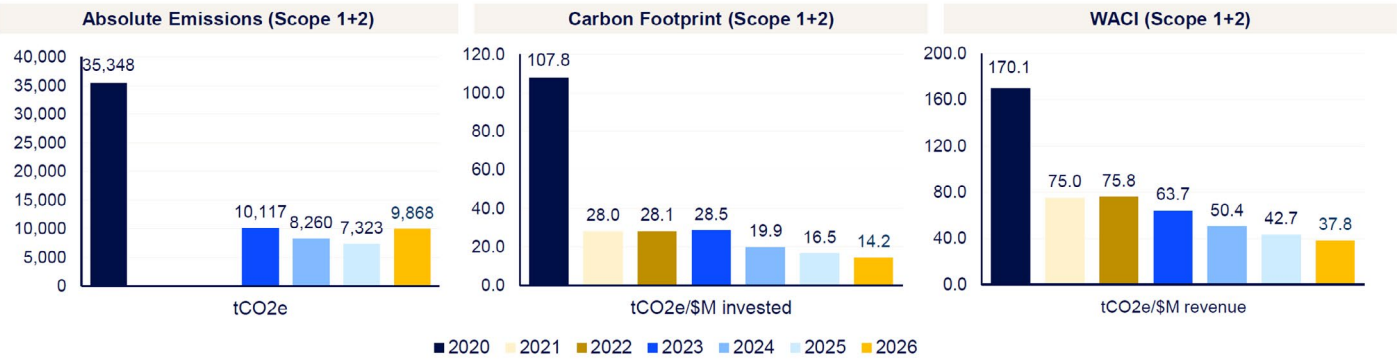
During the 6-year period, the listed equity portfolio underwent strategy changes, including the divestment from the Scientific Beta Multi Factor Developed, World Developed, World Developed (hedged) and MSCI World Carbon Target mandates, and the investment in the Brunel Global Sustainable

and PAB Passive Global Equity mandates. The Brunel Emerging Markets, High Alpha and UK Equity mandates were present throughout the entire analysis period.

From December 2019 to December 2025, Brunel Emerging Markets experienced the most significant reduction in its Carbon Footprint, decreasing from 127.6 to 22.2 tCO₂e/\$M, which corresponds to a decrease of 83%.

As of December 2025, Brunel UK Equity is the least carbon efficient mandate with a Carbon Footprint of 40.5 tCO₂e/\$M.

Corporate Bonds (excl. MAC)



Source: Mercer, using data from MSCI. The most recent data is based on stocklists as at 31 December 2025, using metric calculations and data feeds as at 24 April 2026, or latest available. Prior data corresponds to stocklists from prior years and is taken from previous Mercer reports. Corporate bond target has been set using a 2021 baseline (i.e. for the period the Fund has been invested in the Brunel - Sterling Corporate Bonds mandate).

The Fund’s corporate bond portfolio decreased by 87% on a Carbon Footprint basis, from December 2019 to December 2026. The Weighted Average Carbon Intensity (WACI) decreased by 78% in the same period, and the Absolute Emissions decreased by 72%. Since the 2021 baseline to December 2025, the corporate bond portfolio decreased by 49% on a Carbon Footprint basis.

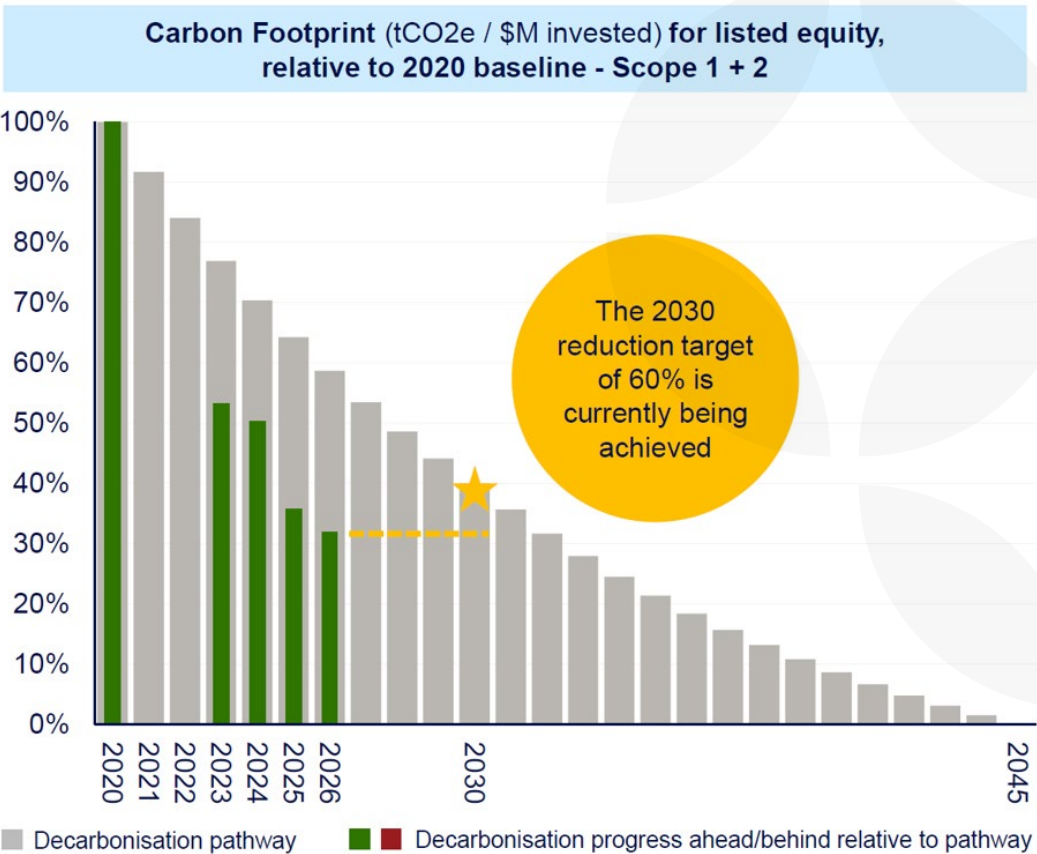
During the 6-year period, the corporate bond portfolio underwent strategy changes, including the replacement of the WAMCO Global Fixed Interest mandate with the RLAM mandate and, in 2024, by the Brunel Sterling Corporate Bonds mandate.

The Carbon Footprint has fallen by 14% over the year. The decrease in Carbon Footprint reflects the underlying decarbonisation of the portfolio, as this metric is unaffected by the value of assets covered.



Decarbonisation progress

Progress relative to target curve – listed equities



Source: Mercer

Notes:

The most recent data is based on stocklists as at 31 December 2025, using metric calculations and data feeds as at 24 April 2026, or the latest available data. Prior-year data corresponds to stocklists from previous years and is taken from earlier Mercer reports. In line with the terminology used by the IIGCC, 31 December 2019 is referred to as the 2020 baseline, 31 December 2022 as 2023, and so on.

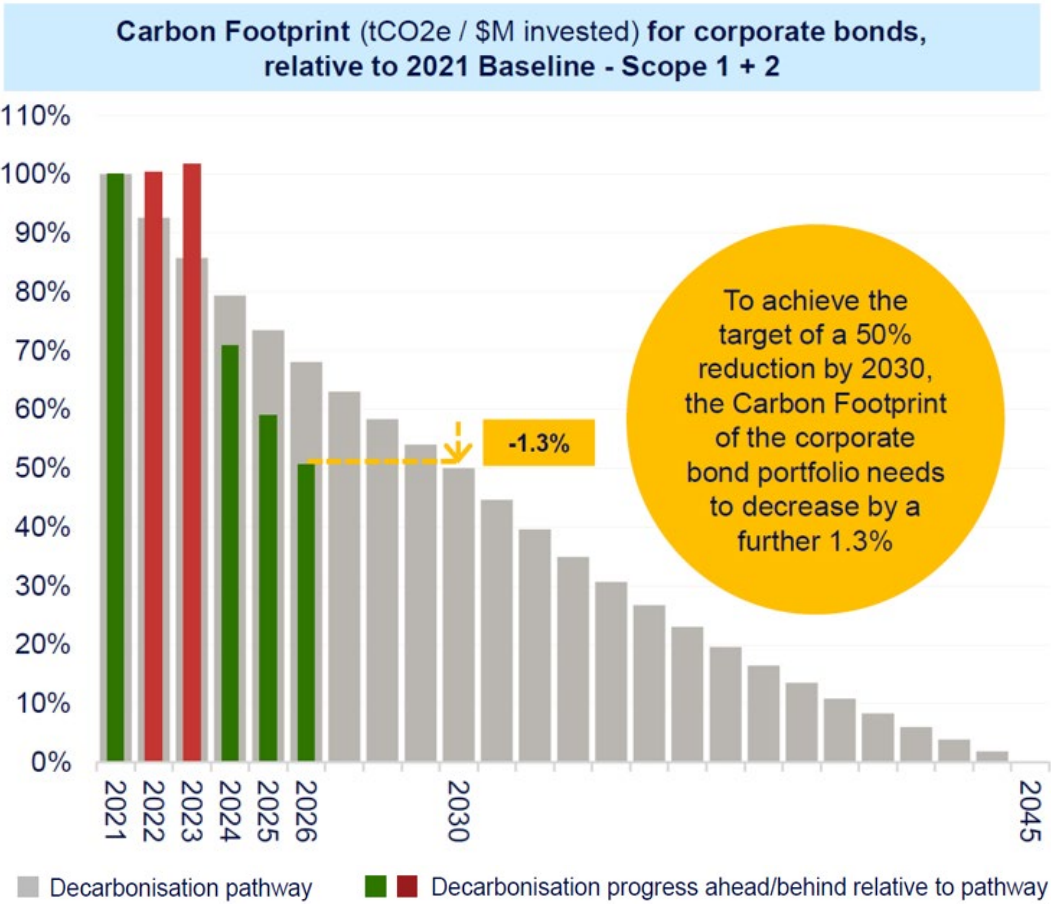
The Fund is currently ahead of its 2030 target. Over the past 6 years the listed equity Carbon Footprint (Scope 1 + 2) has decreased by 68% relative to the 2020 baseline. The Fund is currently achieving the 2030 interim reduction target of 60% from the 2020 baseline. The listed equity portfolio is relatively more carbon efficient when compared to the wider market (39% below MSCI ACWI). Forward looking decarbonisation - progress is likely to rely more heavily on underlying company decarbonisation, including through engagement

(i.e. more aligned with real world decarbonisation), than strategic changes to manager line-up – albeit significant portfolio changes are expected as part of the move to LGPS Central.

Therefore, decarbonisation progress is expected to be more difficult and slower moving towards the Fund’s overall 2045 net zero ambition. This also reinforces the need to manage transition risks holistically, rather than on a narrow emissions-only basis.

Decarbonisation progress

Progress relative to target curve – corporate bonds (excl. MAC)



Source: Mercer

Notes:

The most recent data is based on stocklists as at 31 December 2025, using metric calculations and data feeds as at 24 April 2026, or the latest available data. Prior-year data corresponds to stocklists from previous years and is taken from earlier Mercer reports. In line with the terminology used by the IIGCC, 31 December 2019 is referred to as the 2020 baseline, 31 December 2022 as 2023, and so on.

Over the past 5 years, the corporate bonds excluding Multi Asset Credit (ex MAC) Carbon Footprint (Scope 1 + 2) has decreased by 49% relative to the 2021 baseline. The Fund is currently on track to achieve the interim reduction target of 50% by 2030. To reach the Fund’s

2030 target, the corporate bond portfolio’s Carbon Footprint is required to reduce by a further 1.3% by 2030. This reinforces the need to manage transition risks holistically, rather than on a narrow emissions-only basis.

EVIC-adjusted carbon footprint

Carbon Footprint (tCO ₂ e / \$m invested)	2025 (baseline for this analysis)	2026 (no adjustment)	2026 (EVIC-adjusted)
Listed Equity	24.3	21.7 (-10.9%)	24.0 (-1.4%)
Corporate bonds (excl. MAC)	16.5	14.2 (-14.1%)	14.2 (-13.7%)

Carbon footprint at baseline date Unadjusted carbon footprint at end of observation period EVIC-adjusted carbon footprint at end of observation period

Under standard financed emissions methodologies, intensity metrics (e.g. carbon footprint) can decline simply because financial factors in the denominator of the calculation increase (e.g. EVIC) – even if real-world emissions do not materially improve.

The EVIC-adjusted approach isolates operational decarbonisation by holding issuers’ EVICs constant at the baseline observation date (31 December 2024 for this analysis). The underlying methodology, a worked example and limitations of the approach are included in the appendix.

Portfolio carbon footprint declined under both methodologies over the observation period. For equities, the EVIC-adjusted measure shows a materially smaller reduction (-1.4%) compared to the unadjusted approach (-10.9%). Results suggest that progress towards portfolio decarbonisation targets is less advanced when valuation effects are removed.

KEY OBSERVATIONS

- Carbon footprint, across listed equity and corporate bonds (excl. MAC) portfolios, declined under both methodologies over the observation period.
- The EVIC-adjusted measure shows a smaller reduction than the unadjusted approach for the listed equity portfolio; the difference is minimal for the corporate bonds holdings for the period under review.
- Across the listed equity portfolio, rising issuer EVICs contributed meaningfully to the reduction observed under the unadjusted carbon footprint methodology.
- The EVIC-adjusted methodology may, therefore, provide a more representative view of underlying real-world decarbonisation progress.

Whilst accepting the limitations in the quality of the data available for this analysis, the Fund continues to demonstrate progress against its decarbonisation and Responsible Investment targets, particularly when measured against its longer-term baselines. The Fund will continue to monitor its progress as an integral part of its fiduciary duty.

For the Fund to understand more fully the detail behind the movements in carbon emissions, attribution analysis is incorporated within the annual ACT process undertaken by Mercer. This process provides a greater understanding of what is driving the underlying decarbonisation of portfolios and the extent to which climate transition risk is being managed.

The following considerations are made annually through this analysis:

- Impact of any actual change in scope 1 and 2 emissions of companies.
- Impact of any change in Enterprise Value Including Cash (EVIC) of companies.
- Impact of any changes in portfolio asset allocations or weightings within the portfolio.
- Impact of any divestments or maturing assets over the observed period.
- Impact of changes in the data coverage.
- Impact of any nonlinear effects where several input variables change at the same time.



TCFD RECOMMENDED DISCLOSURE C

DESCRIBE THE TARGETS USED BY THE ORGANISATION TO MANAGE CLIMATE RISKS AND OPPORTUNITIES AND PERFORMANCE AGAINST TARGETS.

Following consultation with members and employers within the Fund, the Pension Committee approved a Responsible Investment Policy in June 2024, which was subsequently updated in February 2025, and this sets out the following carbon transition targets, against the ACT baseline assessment:

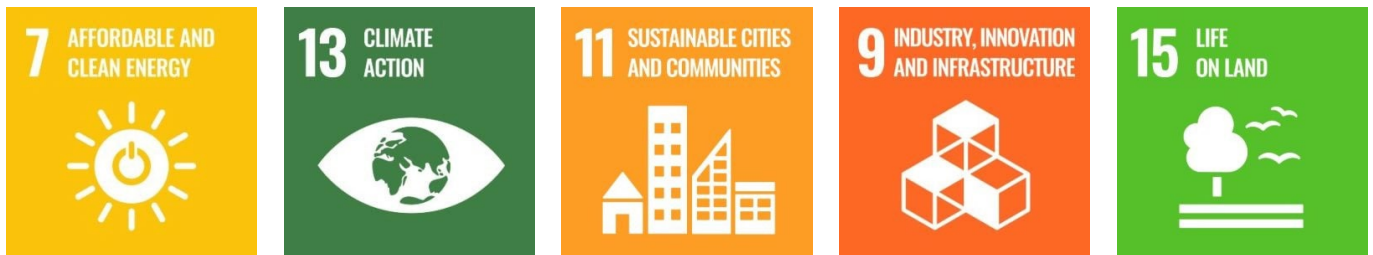
- 'Net Zero' emissions by 2045, across the whole investment portfolio
- Total Fund carbon reduction target of 50% by 2030 (Carbon footprint scope 1+2)
- Allocation of 30% of the Fund to sustainable/low carbon assets by 2025
- A listed equities decarbonisation target of 60% reduction by 2030 (scope 1+2 against the 2020 baseline)
- A corporate bonds decarbonisation target of 50% reduction by 2030 (scope 1+2 against the 2021 baseline)
- Listed Equities and Corporate Bonds – Ensure 90% of financed emissions in material sectors are either aligned or subject to direct or collective engagement and stewardship actions for all listed assets by June 2027.
- Listed Equities and Corporate Bonds – 100% of assets under management in material (high impact) sectors in developed listed equities that are 1) achieving net zero or 2) meeting a criterion considered to be aligned or 3) aligning by 2030 and extending to all developed and emerging markets by 2040.

The annual ACT analysis of the Fund's listed equities and corporate bond portfolios is undertaken as at the end of December. It is carried out by Mercer and outlines the carbon footprint of investment holdings. It is used to track the Fund's performance in reducing carbon intensity and its pathway to meeting its net zero target by 2045 as set out within its Responsible Investment Policy, as well as the specific interim targets by 2030.

In addition to climate-specific targets, the Fund has aligned its responsible investment policy with the United Nations Sustainable Development Goals (SDGs). Priority SDGs have been identified through a risk, return, and impact lens, and the Fund is committed to increasing exposure to solutions aligned with these goals. This includes investments in social and affordable housing including homelessness initiatives in Gloucestershire and the UK allocations to sustainable infrastructure, and a growing focus on nature-based solutions and biodiversity. These SDG-aligned investments support the Fund's broader sustainability objectives and contribute to its climate transition strategy.

The Fund has made ambitious net zero commitments aligned with the Paris Agreement and has acted through its efforts on climate metrics, target setting, TCFD reporting, and allocations to global and regional climate solutions.

The Fund's SDG-Aligned Investment Themes:



Source: United Nations

A key priority in future will be to expand specific net zero target setting and monitoring of metrics to other asset classes, not currently covered through the baseline analysis (private markets including infrastructure and property).

The Fund is committed to extending the portfolios covered within the ACT analysis, where possible, but recognises that given the current limitations in the provision of accurate, reliable carbon data across the private markets, the Fund may need to use estimates within this analysis in the short-term pending improvements across the industry.

In addition, the Fund also uses the annual carbon metrics report for listed equity and bond investment holdings undertaken within the Brunel Pool, which provides granular data against holdings and portfolios, calculates weighted average carbon intensity, along with comparatives against strategic benchmarks.

Regular responsible reporting on ESG activities and stewardship outcomes including voting and engagement are also received from Brunel, which also assist the Fund in monitoring its performance against these targets.

A framework for enhancing stewardship and engagement on the Fund's top ten carbon emitters is currently being developed. The top ten emitters of carbon within the equity and corporate bond portfolios, identified under the ACT analysis for the Fund, account for a significant proportion of the total portfolio's carbon footprint. It is therefore essential that the Fund, in partnership with Brunel and partners, engages with these organisations to challenge and influence change, monitoring their progress in reducing carbon emissions across their business activities. These companies are expected to have the greatest impact on the Fund's decarbonisation efforts within these portfolios.

CASE STUDIES

1. Integrating Transition Pathway Initiative (TPI) Data Across the Investment Cycle

Gloucestershire Pension Fund, through its partnership with Brunel Pension Partnership, uses Transition Pathway Initiative (TPI) data as a key tool for assessing and managing climate-related risks and opportunities across the investment lifecycle. TPI provides forward-looking assessments of company Management Quality (MQ) and Carbon Performance (CP), helping to identify how companies are positioned for the transition to a low-carbon economy. Rather than relying solely on historical emissions data, TPI enables a broader understanding of climate preparedness and transition risk.

TPI data is incorporated into the selection and monitoring of external investment managers. During manager appointments, TPI metrics are used as part of the due diligence process to understand how prospective managers assess climate-related risks and justify holdings in companies with weaker climate credentials. Once appointed, managers are challenged on holdings that demonstrate poor climate performance, weak governance or misalignment with long-term net zero pathways, helping to ensure climate considerations are embedded in investment decision-making.

The data also supports ongoing stewardship and engagement activities. Tracking changes in TPI scores allows progress to be monitored over time and helps

identify companies where further engagement may be required. Brunel uses TPI data to inform escalation strategies, including voting decisions at company meetings, particularly where companies have not demonstrated adequate progress towards net zero alignment or climate-related disclosure expectations. Higher standards are applied to companies operating in climate-critical sectors such as energy, mining and utilities.

TPI metrics are also integrated into quarterly risk reporting and portfolio monitoring processes. Brunel has developed internal risk assessments using TPI data to identify concentrations of climate-related risk within portfolios and to monitor alignment with 2035 and 2050 decarbonisation pathways. This forward-looking analysis complements traditional carbon metrics and helps identify companies that may appear low carbon today but face significant transition risks in the future.

By embedding TPI data throughout manager selection, portfolio oversight, stewardship, voting and risk reporting processes, Gloucestershire Pension Fund benefits from a structured and consistent approach to managing climate-related financial risks. The framework supports informed decision-making and helps ensure that climate considerations are integrated across the full investment lifecycle.

2. Infrastructure and Biodiversity
– Advancing Nature Protection through Stewardship

As part of its commitment to integrating nature-related risks into investment decision-making, Gloucestershire Pension Fund, through its partnership with Brunel Pension Partnership, has supported engagement with General Partners (GPs) on biodiversity risk and reporting.

Brunel’s engagement has focused on encouraging GPs to identify biodiversity risks within their portfolios and report on mitigation efforts. Supply chain management has emerged as a key area of focus, particularly where resources are sourced from biodiversity-sensitive regions. Positive responses from GPs indicate growing awareness and commitment to reporting on these issues.

Highlights from recent biodiversity-focused due diligence include:

- Ardian conducted a biodiversity mapping exercise in Q1 2024 across its infrastructure portfolio to identify overlaps with protected areas.
- Copenhagen Infrastructure Partners introduced a Biodiversity Action Plan to assess, measure, and restore biodiversity impacts.
- British Solar Renewables (BSR), an ICG portfolio company and Brunel co-investment, committed to achieving a 60% biodiversity net gain (BNG) for each project.
- Little Crow, a recent BSR acquisition, includes a 150MWp solar PV project co-located with a 60MW battery energy storage system, exceeding the 60% BNG target with a 140% net gain.

This case study has been included in the Fund’s TCFD report to demonstrate how biodiversity considerations are being integrated into infrastructure investments and stewardship activities.



3. Place-Based Climate Solutions – Wessex Gardens Renewable Infrastructure Fund

Gloucestershire Pension Fund continues to support place-based climate investment through its allocation to the Schroders Greencoat Wessex Gardens Renewable Infrastructure Fund, alongside five other Brunel partner funds. The Fund invests primarily in operational solar energy assets across the Southwest and wider UK, delivering renewable energy generation while supporting local communities, biodiversity enhancement and responsible supply chains.

During FY25, the Fund generated 197,467 MWh of renewable electricity, avoided an estimated 72,372 tonnes of carbon emissions and produced enough clean energy to power 73,136 homes. The portfolio also supported an estimated 103 full-time equivalent jobs and provided over £100,000 of investment into community benefit and social projects.

Wessex Gardens - KPIs		
Metric	FY25	FY24
Renewable electricity generated (MWh)	197,467	162,264
Carbon avoided (tCO ₂) ¹	72,372	60,719
Equivalent number of homes powered ²	73,136	60,098
Number of community or social projects supported	2	2
Investment into community benefit funds or social projects (£)	100,700	96,873
Estimated number of FTE jobs supported ³	103	90
Scope 1 emissions (tCO ₂ e) ⁴	0	0
Scope 2 emissions (tCO ₂ e) ⁴	0	0
Scope 3 emissions (tCO ₂ e) ⁴	768	275,617
WACI Scope 1+2 (tCO ₂ /£m revenue)	0	0
WACI Scope 3 (tCO ₂ /£m revenue)	21	8,117
Carbon Footprint Scope 1+2 (tCO ₂ /£m invested)	0	0
Carbon Footprint Scope 3 (tCO ₂ /£m invested)	3	1,173

As part of its commitment to sustainable infrastructure management, Schroders Greencoat continued to strengthen oversight of solar supply chains during 2025. Supply chain mapping and due diligence were expanded across major suppliers to improve transparency around the sourcing of key materials such as polysilicon. Potential suppliers were assessed against responsible sourcing standards, supporting efforts to address human rights risks within the solar photovoltaic industry.

The Fund also advanced its biodiversity programme through collaboration with Keele University's Ecology and Biodiversity Department. Building on earlier research into bird and bat activity at solar farms, a larger national study covering more than 20 solar sites was undertaken during 2025. The research aims to improve understanding of biodiversity outcomes and inform future solar farm design, siting and land management practices. In addition, reviews of vegetation management across several sites resulted in improved environmental monitoring, reduced reliance on herbicides and actions to support biodiversity across the portfolio.

Community impact remains an important aspect of the Fund's investment approach. Through the Slade Solar Farm Community Benefit Fund in Kingsbridge, Devon, local initiatives have continued to receive support. During 2025, funding contributed to community events attended by more than 500 residents and helped deliver a new public art installation, demonstrating how renewable energy investments can generate lasting social value alongside environmental benefits.

The Wessex Gardens Fund demonstrates how renewable infrastructure can contribute to Gloucestershire Pension Fund's Net Zero by 2045 ambitions while delivering wider environmental and social benefits. Through renewable energy generation, responsible supply chain management, biodiversity enhancement and community investment, the Fund continues to support climate action and sustainable regional development.

Table source: Schroders Greencoat, 2025. Annual 2025 data. ¹Estimated emissions avoided are calculated assuming that renewable energy generation replaces the marginal generator (i.e., the generation that is most likely to be displaced as the next dispatch option in the electricity system) in each region. Carbon emissions factors (gCO₂/kWh) are sourced from an IEA dataset (2025). ²The number of homes powered is based on the average annual household energy consumption for renewable electricity generation using the latest reported figures and reflecting the Fund's electricity generation. ³Applies a jobs created and supported factors per MW capacity factor for the relevant technology (ONS, 2021). ⁴Applies the GHG Protocol equity share methodology.

4. Resonance National Homelessness Fund II – Energy Efficiency improvements

The National Homelessness Property Fund II was created in response to the growing need for affordable housing, providing safe and decent homes for people in housing crisis, and launched in December 2020. This fund was selected by the Gloucestershire to be part of its Social and Affordable Housing Portfolio, where a total of 5% strategic allocation had been made. The Fund works by acquiring and refurbishing properties and leasing them to its housing partners to provide people at risk of homelessness with a settled home.

By partnering with regionally based housing providers, the Fund not only provides local people facing housing crisis with a safe, decent and affordable home but also ensures they have access to the specialist support services they might need to help them sustain their tenancy and improve their circumstances. This includes access to support for addiction, mental and physical health issues, to find and re-engage with employment or education,

to set down roots in the local community and to save for a deposit, so that they can eventually move into the private rented sector with a track record of maintaining a tenancy. It also means tenants are provided with the right homes and support for them in the areas within which they are already living or would like to move to.

To demonstrate the importance of environmental upgrades undertaken within the Fund the following case study is provided.

This four-bedroom semi-detached family home in Abbeydale, Gloucester was purchased by Resonance National Homelessness Property Fund 2 (NHPF2) in February 2026 for its Southwest housing partner, Developing Health and Independence (DHI). The property includes an en-suite master bedroom, a downstairs wet room, a large living room, a spacious kitchen, and bedrooms suitable for up to five people. It also benefits from a large, low-maintenance garden and a double driveway providing off-road parking.



At purchase, the property was rated EPC D and in need of substantial works to improve its energy efficiencies. This included:

- Cavity wall insulation
- Floor insulation
- Low-energy lighting
- Replacement of the existing boiler with a new condensing boiler

Following completion of these works the property achieved EPC C (SAP score 69).

Refurbishment works

The property also underwent further refurbishment works to improve its condition and suitability for residents, including:

- Improved ventilation systems in bathrooms and kitchens
- Electrical improvement works
- Carpet replacement in bedroom 3
- Flooring replacement in the W/C and en-suite
- Kitchen upgrades
- Decoration throughout
- Bathroom and en-suite upgrades



5. Octopus Affordable Housing Fund – Delivering Affordable, Energy-Efficient Homes

Gloucestershire Pension Fund invests in the Octopus Affordable Housing Fund (OAHF) through its Social and Affordable Housing allocation. OAHF was established to help address the shortage of high-quality affordable homes across the UK. It invests in new and existing homes across Affordable Rent, Social Rent, Intermediate Rent and Shared Ownership, seeking to increase housing supply, reduce fuel poverty and deliver positive outcomes for residents and communities.

The Fund reported strong growth during the year to 31 March 2026. Its portfolio increased by 139% to 1,551 committed homes, including 926 completed homes. Approximately 2,845 people were living in

occupied homes, with capacity for around 5,120 residents once the full portfolio becomes operational. Occupancy reached 99.3%, demonstrating strong demand for the housing provided.

The portfolio also made an increased contribution to new affordable housing supply. OAHF forward funded 210 new-build homes and substantially increased the proportion of forward-committed homes. This approach can help unlock developments and accelerate the delivery of homes that might otherwise be delayed. The Fund also introduced Social Rent homes during the year, broadening the range of affordable tenures available to households.



Reducing household energy costs

Energy efficiency is a central feature of OAHF's investment approach. At March 2026, 99% of homes were rated EPC B or above, compared with a median rating of EPC C across England and Wales, and 4.4% of the portfolio had achieved EPC A. The remaining EPC C homes have confirmed improvement works planned to bring them to at least EPC B. In addition, 38% of the portfolio was communally heated or used an air-source heat pump, supporting lower-carbon heating and reduced household running costs.

Residents were estimated to save an average of £1,366 a year on energy bills compared with the average UK home, equivalent to approximately £1.3 million of annual savings across the portfolio. These savings can increase disposable income, reduce exposure to energy-price volatility and help alleviate fuel poverty.

Pioneering zero-bill homes

During the year, OAHF delivered its first zero-bill housing scheme at Carpenters Yard in Thornwood, Epping Forest. The development includes 25 EPC A-rated homes, comprising 19 Affordable Rent and six Shared Ownership properties. Residents will benefit from no energy bills for a minimum of five years, supported by communal heating, green technology and smart-meter monitoring. Each home has an annual energy allowance of approximately 4,000 kWh, which is above typical local domestic electricity consumption.

The wider Carpenters Yard estate has been designed to support low-carbon living and community wellbeing. Planned features include electric-vehicle charging, an electric car and cycle-sharing club, a DIY and reuse centre, community allotments, a wildlife pond, children's forest play areas and a trail garden. On-site amenities are expected to include a grocery store, café, fitness studio and concierge. As a pilot scheme, the development also has the potential to inform a scalable model for more than 1,000 zero-bill homes.

Improving affordability and quality of life

Housing costs across the portfolio averaged 28.1% of local net median household income, below the 33% benchmark commonly used to indicate affordability. Residents also benefited from savings compared with private-market alternatives. Average monthly savings were estimated at £237 for Shared Ownership homes, £213 for Social Rent homes, £174 for Intermediate Rent homes and £152 for Affordable Rent homes.

The homes were designed and selected using OAHF's Quality Book, which embeds standards relating to energy efficiency, affordability, location, green space, access to services and customer experience. Independent site visits found residents reporting benefits including improved housing suitability, greater stability, access to gardens, better commuting arrangements and a stronger sense of community. Ten Shared Ownership homes have fully staircased since the Fund's inception, enabling residents to take full ownership of their properties.

Supporting local communities and investment

OAHF attracted £65 million of cumulative local co-investment from housing associations, local authorities, LGPS funds and other mission-led organisations. This investment can provide housing partners with capital to improve existing properties, strengthen their finances and support further affordable housing delivery.

A North Devon scheme demonstrates this place-based approach. OAHF is forward funding 82 new affordable homes across Northam and Bideford, providing accommodation for up to 320 residents. The development includes 35 Social Rent, 26 Affordable Rent and 21 Shared Ownership homes. The properties are expected to achieve EPC B and include air-source heat pumps. Rented homes will be promoted through Devon Home Choice, with priority given to applicants who have a local connection.

This investment demonstrates how the Fund's Social and Affordable Housing allocation can support climate-related opportunities while delivering wider benefits for society. Through the expansion of affordable housing, high energy-efficiency standards, lower household costs, zero-bill homes, local investment and community-focused developments, OAHF is contributing to more sustainable homes and improved outcomes for residents.

6. Joby Aviation – Understanding the Limitations of Carbon Intensity Metrics

The Fund uses Weighted Average Carbon Intensity (WACI) to assess portfolio exposure to carbon-intensive companies. Revenue-based WACI compares company emissions with revenue and weights the result according to the size of each holding. Although useful, the measure can produce distorted results for early-stage companies that currently generate little revenue.

Joby Aviation provides an example of this limitation within the Global Sustainable Equities portfolio. The company represented approximately 0.1% of the portfolio but contributed around 17% of its revenue-based WACI because its negligible revenues created a high carbon-to-revenue ratio. This had a material effect on the portfolio's headline carbon-intensity figure.

The result appears different when emissions are assessed against Enterprise Value Including Cash

rather than revenue. On an EVIC-based WACI measure, the Global Sustainable Equities portfolio showed a reduction in carbon intensity of more than 30% relative to its benchmark. The two measures therefore provide distinct but complementary perspectives on carbon exposure.

Joby Aviation is developing zero-emission electric aircraft, illustrating how a company associated with a potential climate solution can nevertheless appear carbon intensive under a revenue-based measure while it remains at an early stage of development. The case demonstrates why the Fund considers both revenue-based and EVIC-based WACI, alongside qualitative information on company activities and transition potential, rather than relying on a single headline metric.



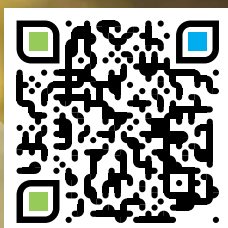


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