PENSIONS BOARD

1 MAY 2026

Public Questions

Question 1 from Dr Jamie Rusell

Is the Board aware of the recent report by the Bureau of Investigative Journalism which found that UK public sector pension schemes are bankrolling rapid expansion of liquefied natural gas production in the US South, posing a major climate threat?

In total, they found eight US-based LNG terminals backed by UK pension money. Taken together, those terminals would give rise to more CO_2 every year than the entire UK several times over, according to Sierra Club data.

Residents say these terminals are already causing health problems in their communities. Experts say they represent one of the biggest threats to the future of the planet.

Is the Board confident that the Shropshire County Pension Fund is not directly or indirectly invested in this rapid expansion of gas infrastructure?

And if the fund is invested in this sector, how does it fit with both the fund's and the council's ethical investment policy?

Report link: http://thebureauinvestigates.com/stories/2026-04-22/green-uk-pensions-are-bankrolling-us-fossil-fuels

Response:

Thank you for your question, and for bringing the recent Bureau of Investigative Journalism report to the Boards attention. The report examines UK pension funds' indirect exposure to US LNG infrastructure through pooled private market vehicles. LGPS Central as the Funds stewardship advisor are aware the article raises system-level issues relevant to long-term climate-risk management across the LGPS as a whole.

It is important to clarify that Shropshire Council does not operate an ethical investment policy. The Fund instead follows the LGPS regulatory framework, which requires administering authorities to invest in the best interests of beneficiaries and to integrate financially material ESG factors, particularly climate risk, into investment decision making. This approach is set out in the Fund's Investment Strategy Statement and LGPS RI&S Framework and Stewardship Strategy.

Managers are selected based on their ability to integrate climate related risks, demonstrate good stewardship, and responsibly manage transition exposed assets.

We are also working with managers to collect the data needed to improve ESG oversight, but there remains a data limitation in private markets.

Regarding the specific assets referenced in the article, any exposure would arise only indirectly through diversified pooled funds, particularly in private markets, where holdings are determined by the vehicle's structure rather than individual asset selection. These exposures are monitored through LGPS Central's climate risk framework, which includes financed emissions analysis, manager reporting, and transition-alignment assessment.

The Fund and LGPS Central will be liaising with any investment managers with investments in LNG to review the claims in the article.

Question 2 from Joanna Blackman

Are Board members aware of two developments this last fortnight which are highly relevant to the Fund's Responsible Investment and Stewardship principles?

The first is a scientific paper which concludes that the critical Atlantic current system (the Atlantic meridional overturning circulation or AMOC) is more than 50% likely to collapse this century as a result of air temperatures rising rapidly in the Arctic because of global heating. Scientists called the new finding “very concerning” as a collapse would have catastrophic consequences for Europe, Africa and the Americas. The UK would be plunged into Arctic winters and it would be impossible to grow crops here.

Prof Stefan Rahmstorf, at the Potsdam Institute for Climate Impact Research in Germany, who has studied the AMOC for 35 years, has said a collapse must be avoided “at all costs”. He says: “I argued this when we thought the chance of an AMOC shutdown was maybe 5%, and even then we were saying that risk is too high, given the massive impacts. Now it looks like it’s more than 50%. The most dramatic and drastic climate changes we see in the last 100,000 years of Earth history have been when the AMOC switched to a different state.”

The second significant development is the announcement that BP's new CEO Meg O’Neill is to return to upstream and downstream divisions, abandoning former CEO Bernard Looney's restructuring of the company to include a gas and low-carbon energy division as part of its previous mission to “reimagine” BP as a green energy company.

Does the Board agree that investing in BP can no longer be seen to be compatible with the Fund's Responsible Investment and Stewardship principles, especially in relation to its commitment to decarbonise?

For reference:

AMOC study:

News report: https://www.theguardian.com/environment/2026/apr/15/critical-atlantic-current-significantly-more-likely-to-collapse-than-thought

The science report itself: https://www.science.org/doi/10.1126/sciadv.adx4298

BP's restructuring:

https://www.envirolink.org/2026/04/15/bp-abandons-green-transition-returns-to-traditional-oil-and-gas-structure/

https://www.theguardian.com/business/2026/apr/14/bp-trading-oil-prices-iran-war-profit-forecast

Response

*T*he Fund through its pooling company LGPS Central closely monitors developments in climate science, including the article highlighted below on AMOC. The finding that there is a much higher probability of a slowdown by 2100, and ultimately a collapse beyond that, is indeed concerning and widens the range of potential end-of-century climate outcomes facing the UK and Europe. This reinforces the case for our net-zero strategy. Our commitment to ESG integration and stewardship will help position our portfolio for the energy transition and manage our exposure to climate-related physical risks.

Regarding BP specifically, please note that none of LGPS Central's active equity managers currently hold the company. The Fund's remaining exposure is residual and arises from passive index mandates, where holdings reflect the benchmark's composition rather than from active investment decisions and within the Corporate Bond portfolio where BP accounts for 0.2% of the portfolio at this time.

Despite these small holdings, LGPS Central continue to engage with BP because we believe all systemically important energy companies should have a credible climate action plan that correctly prices climate risk, transition dynamics, and long-term investor sentiment. At the most recent AGM, investors delivered significant setbacks to the Board, underscoring widespread concerns about the company's strategic direction and weakening climate commitments.

The decarbonisation of the global economy is critical to achieving climate targets. This is not realised by the decarbonisation of the Shropshire pension fund investment portfolio alone. Our stewardship objective is to press for a strategy that adequately reflects climate-related risks and delivers enduring competitiveness by aligning capital allocation, governance, and transition planning with long-term value creation.

LGPS Central are scheduled to meet with the representatives from BP in two months and will use that meeting to reiterate our expectations that the Company maintain credible climate commitments, strengthen governance oversight, and demonstrate a transition pathway consistent with long-term shareholder value.