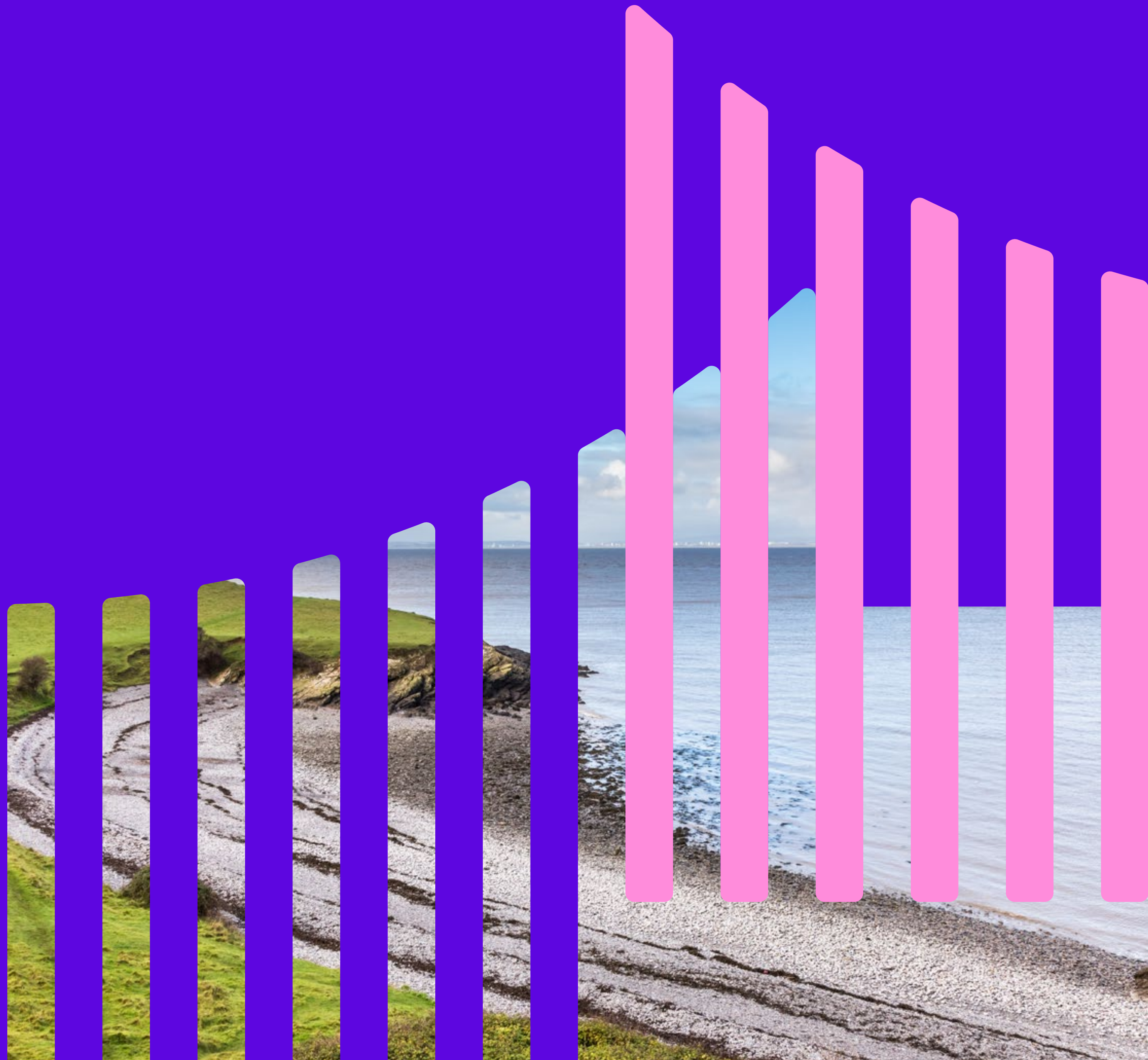
Brunel
Pension
Partnership

Climate Change Progress Report
2024

Reporting how Brunel are progressing against our Climate Change objectives.



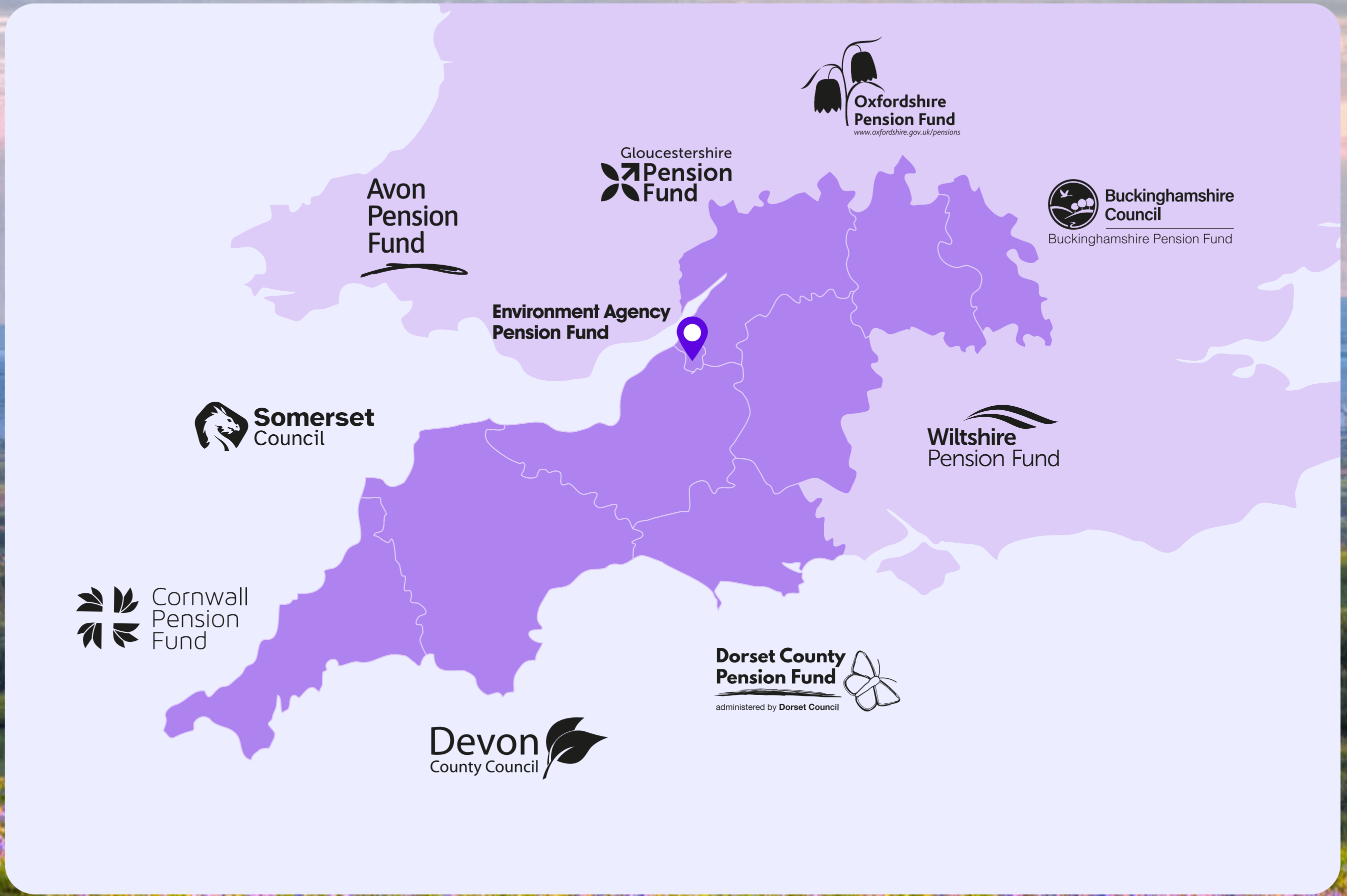
Progressing the requirements of

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

NET ZERO INVESTMENT FRAMEWORK 1.5°C

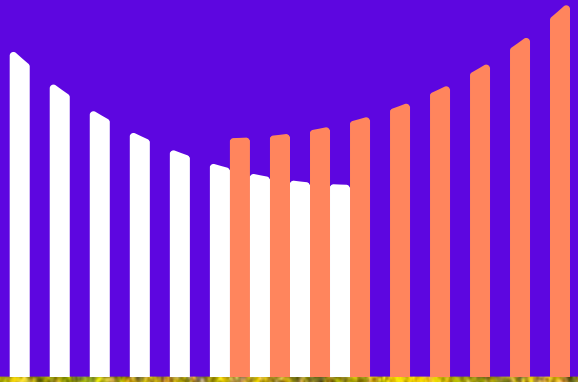
This report reflects data gathered and progress made in the year beginning 1 January 2023 and ending 31 December 2023.

Forging better futures by investing for a world worth living in



Brunel Pension Partnership Limited (Brunel) is one of eight national Local Government Pension Scheme (LGPS) pools, bringing together circa £35 billion investments of 10 like-minded pension funds: Avon, Buckinghamshire, Cornwall, Devon, Dorset, Environment Agency, Gloucestershire, Oxfordshire, Somerset, and Wiltshire.

We believe in making long-term sustainable investments supported by robust and transparent processes. We are here to protect the interests of our clients and their beneficiaries. In collaboration with all our stakeholders, we are forging better futures by investing for a world worth living in.



Our mission, **to invest for a world worth living in,** encapsulates our commitment to embed Responsible Investment (RI) into everything we do.

This report provides an update on the spectrum of activity we undertake to support our Climate Objectives. Not only does it encompass our TCFD Entity Report requirements, but also reports on progress against our Climate Change Policy 2023-30, that fulfills the asks of the Paris Aligned Asset Owner Commitment.

A word from our CEO

This report offers a unique opportunity in the year to reflect on how we are doing. I am proud to see the significant progress that has been made towards our targets set as part of the Climate Change Policy 2023-2030.

Laura Chappell
Chief Executive Officer

For us to pursue our mission to invest for a world worth living in, we must acknowledge that climate change is a significant investment factor. Climate change presents an immediate, systemic and material risk to the ecological, societal, and financial stability of every economy and country on the planet.

It has direct implications for our clients and their beneficiaries. It is therefore a strategic priority for us.

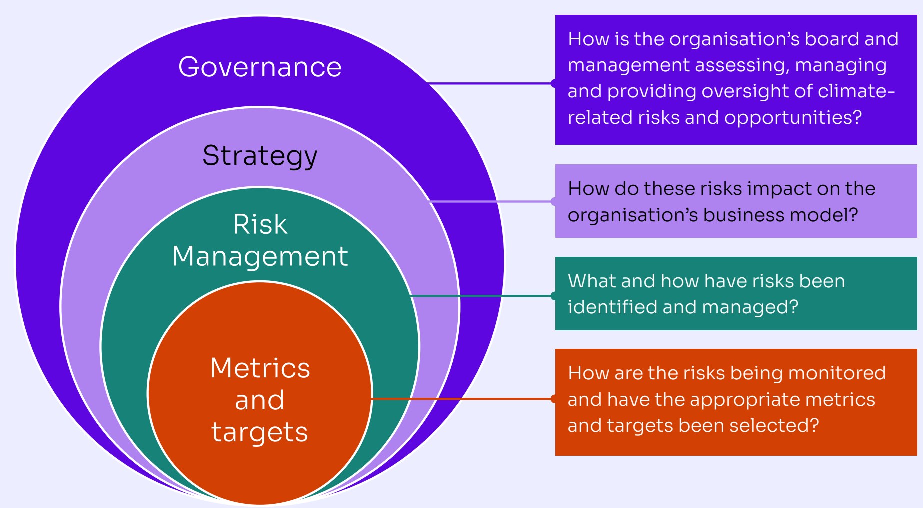
All our investing is done 'responsibly' and climate change has always been the highest priority of Brunel's Responsible Investment (RI) agenda. In our inaugural year, 2017, we committed to report to the Task Force on Climate-related Financial Disclosures (TCFD), voluntarily providing a summary statements as part of our Annual Report and Financial Statements each year, an action that stood us in good stead to make annual disclosures and demonstrations of how we prioritise climate related activity. This Climate Progress Report 2024 marks our mandatory submission and follows the TCFD recommended format.

2019 saw our first positioning statement on Climate Change, with our inaugural Climate Change Policy being published in 2020, following client and stakeholder engagement. We signed the UN Race to Net-Zero compliant Paris Aligned Asset Owner Commitment (see next page) in 2021. Our latest Climate Change Policy 2023-2030 was published last year, following extensive engagement with our clients and stakeholders and being informed by our independent Climate Stocktake.

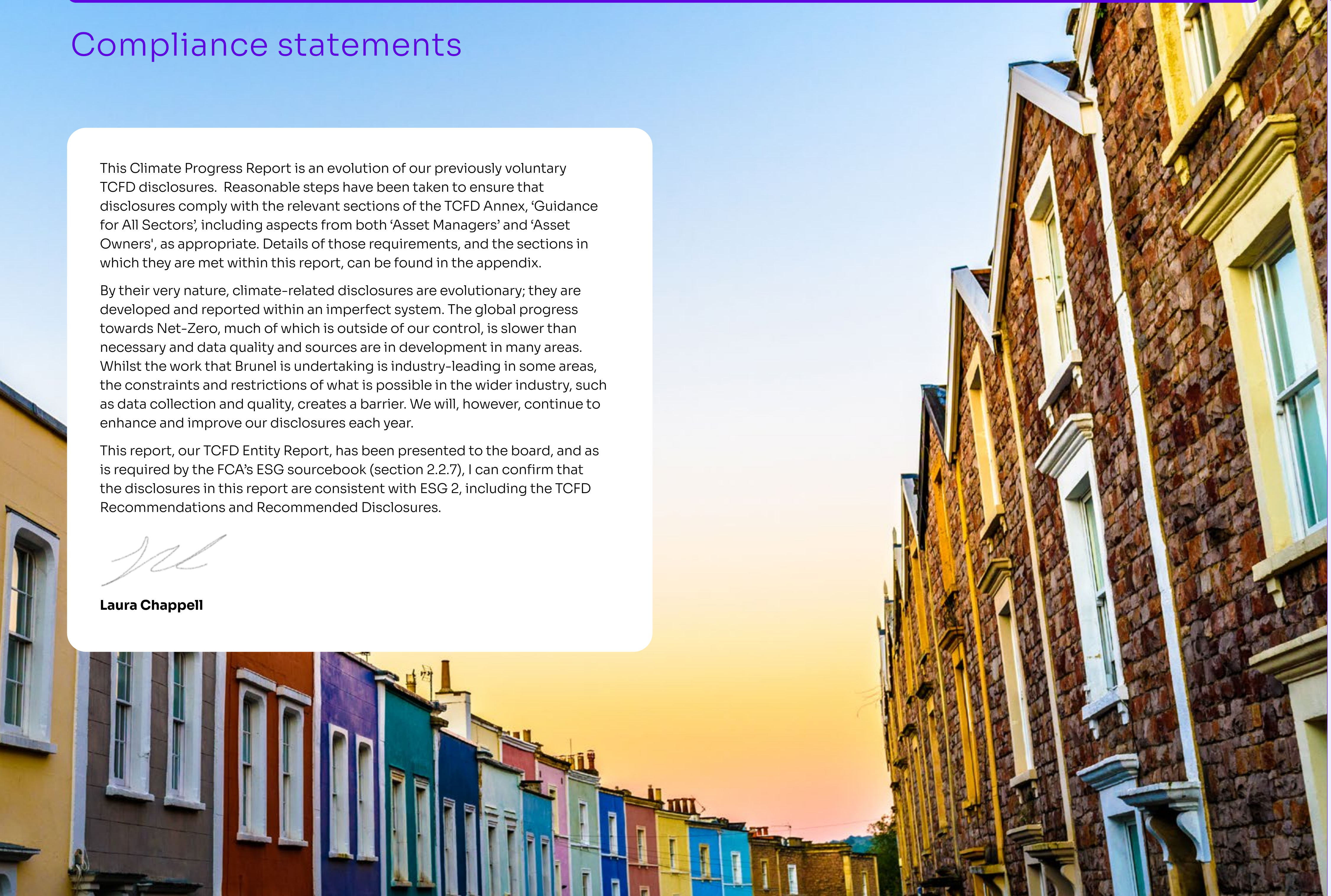
As with any report of this type, and more so with the dynamic nature of climate related reporting, we will continue to evolve the content, format and approach to our climate reporting.

This report offers a unique opportunity in the year to reflect on how we are doing. I am proud to see the significant progress that has been made towards targets set as part of the Climate Change Policy 2023-2030. Our current trajectory, the foundations we are laying, and the work with the wider sector, put us in a good position to achieve our objectives and influence as much as we are able. We will never rest on our laurels and will continue to strive for progress across the board. In 2024 we have extended our coverage, which means that 85% of all of our assets are now covered by a Paris Alignment target. In addition to progressing and evolving our reporting, we are continuing to drive systemic change, hopefully benefitting society as a whole and bringing us closer to our aim of a world worth living in.

I am grateful for the work of the whole Brunel team for their work in managing and reporting on one of the most important challenges we face as investors and as a society. Our formal compliance statements follow.



Compliance statements



This Climate Progress Report is an evolution of our previously voluntary TCFD disclosures. Reasonable steps have been taken to ensure that disclosures comply with the relevant sections of the TCFD Annex, 'Guidance for All Sectors', including aspects from both 'Asset Managers' and 'Asset Owners', as appropriate. Details of those requirements, and the sections in which they are met within this report, can be found in the appendix.

By their very nature, climate-related disclosures are evolutionary; they are developed and reported within an imperfect system. The global progress towards Net-Zero, much of which is outside of our control, is slower than necessary and data quality and sources are in development in many areas. Whilst the work that Brunel is undertaking is industry-leading in some areas, the constraints and restrictions of what is possible in the wider industry, such as data collection and quality, creates a barrier. We will, however, continue to enhance and improve our disclosures each year.

This report, our TCFD Entity Report, has been presented to the board, and as is required by the FCA's ESG sourcebook (section 2.2.7), I can confirm that the disclosures in this report are consistent with ESG 2, including the TCFD Recommendations and Recommended Disclosures.

Laura Chappell

Paris Aligned Asset Owner Commitment Statement

As asset owners with millions of beneficiaries around the world, we reiterate our full support for the Paris Agreement and strongly urge governments to implement the actions that are needed to achieve the goals of the accord, with utmost urgency.

Recognising the need to address the risks that investors and their beneficiaries face from climate change, investors are taking action. We acknowledge that there is an urgent need to accelerate the transition towards global Net-Zero greenhouse gas emissions and do our part in helping deliver the goals of the Paris Agreement.

In this context, Brunel Pension Partnership commits to the following, consistent with our fiduciary obligations:

1. Transitioning our investments to achieve Net-Zero portfolio Green House Gas (GHG) emissions by 2050, or sooner
2. Implementing this commitment with the aim of achieving real economy emissions reductions and undertaking a comprehensive set of actions available to investors, drawing on the Paris Aligned Investment Initiative's Net-Zero Investment Framework
3. Setting objectives and targets, including an interim target for 2030 or sooner for reducing Scope 1, 2 and 3 emissions associated with our portfolios and setting a target for increasing investment in climate solutions, consistent with a fair share of the 50% global reduction in CO2 identified as a requirement in the Intergovernmental Panel on Climate Change special report on global warming of 1.5°C
4. Where offsets are necessary and where there are no technologically and/or financially viable alternatives to eliminate emissions, investing in long-term carbon removals
5. Ensure any direct and collective policy advocacy we undertake supports policy and regulation relevant for achieving global Net-Zero emissions by 2050 or sooner
6. Implementing a stewardship and engagement strategy, with clear voting policy that is consistent with an objective for all assets in the portfolio to achieve Net-Zero emissions by 2050 or sooner
7. Engaging with asset managers, credit rating agencies, auditors, stock exchanges, proxy advisers, investment consultants, and data and service providers to ensure that funds, products and services available to investors are consistent with achieving global Net-Zero emissions by 2050 or sooner
8. Setting a target and reducing our operational (Scope 1 and 2) emissions in line with achieving global Net-Zero emissions by 2050, or sooner
9. Disclosing objectives and targets and publishing a clear Investor Climate Action Plan for achieving these goals as soon as possible, no later than one year from making this commitment, and reviewing and updating targets every five years or sooner
10. Reporting annually on the strategy and actions implemented and progress towards achieving objectives and targets, and in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations

Brunel's commitment recognises that investors across the globe have different opportunities, constraints and starting points for achieving Net-Zero emissions and there are a range of methodologies and approaches available to investors to set targets and implement strategies. In some asset classes, or for some investment strategies, agreed Net-Zero methodologies do not yet exist. We will, therefore, work to address these challenges.

Our commitment is based on the expectation that governments and policy makers will deliver on their commitments to achieve the 1.5°C temperature goal of the Paris Agreement, in the context of fulfilling our fiduciary obligations.

Laura Chappell

In the beginning of 2024, Faith Ward, Brunel's Chief Responsible Investment Officer was re-appointed to the Paris Aligned Investor Initiative (PAII) Steering Group.

We manage more than we can measure

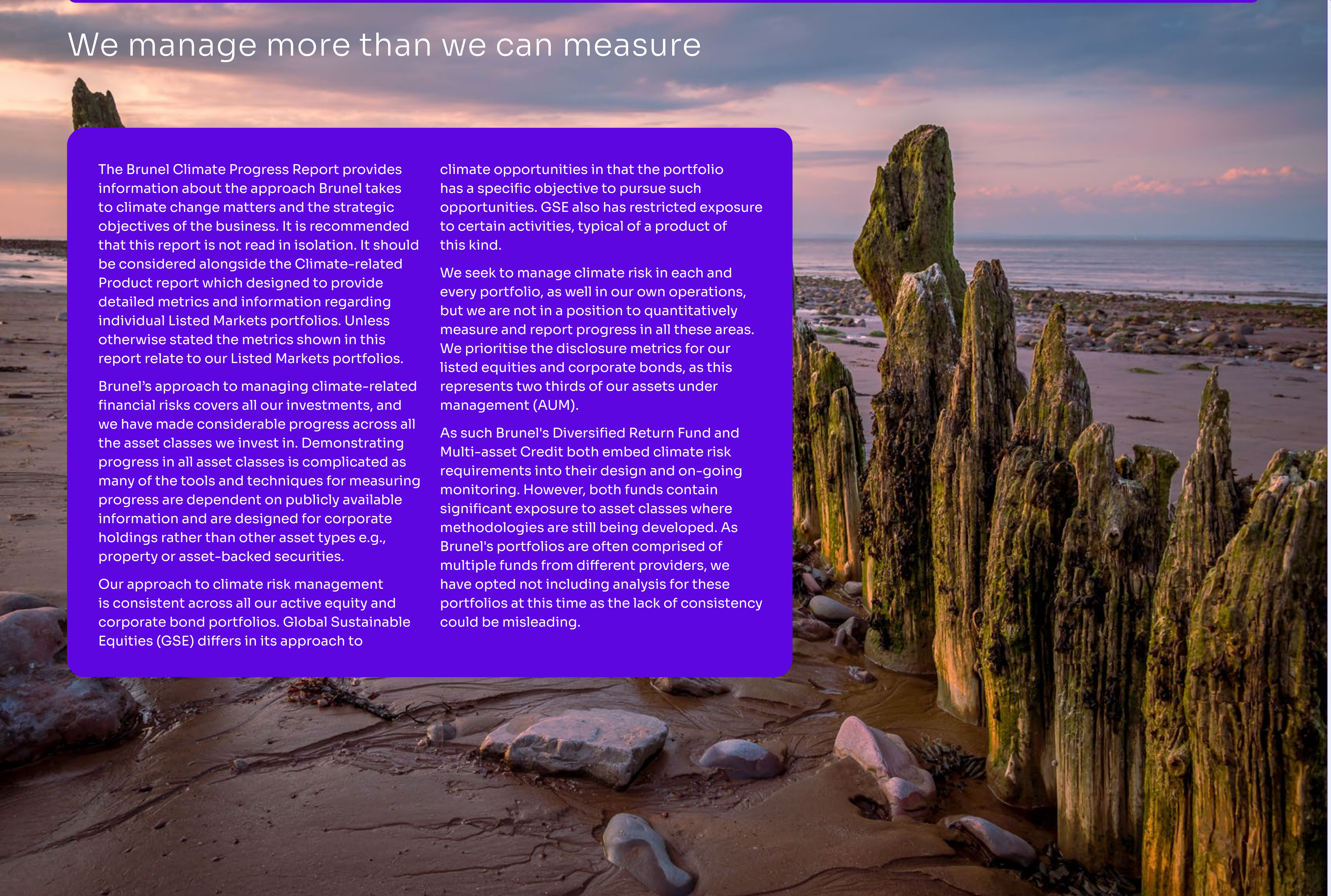
The Brunel Climate Progress Report provides information about the approach Brunel takes to climate change matters and the strategic objectives of the business. It is recommended that this report is not read in isolation. It should be considered alongside the Climate-related Product report which designed to provide detailed metrics and information regarding individual Listed Markets portfolios. Unless otherwise stated the metrics shown in this report relate to our Listed Markets portfolios.

Brunel's approach to managing climate-related financial risks covers all our investments, and we have made considerable progress across all the asset classes we invest in. Demonstrating progress in all asset classes is complicated as many of the tools and techniques for measuring progress are dependent on publicly available information and are designed for corporate holdings rather than other asset types e.g., property or asset-backed securities.

Our approach to climate risk management is consistent across all our active equity and corporate bond portfolios. Global Sustainable Equities (GSE) differs in its approach to climate opportunities in that the portfolio has a specific objective to pursue such opportunities. GSE also has restricted exposure to certain activities, typical of a product of this kind.

We seek to manage climate risk in each and every portfolio, as well in our own operations, but we are not in a position to quantitatively measure and report progress in all these areas. We prioritise the disclosure metrics for our listed equities and corporate bonds, as this represents two thirds of our assets under management (AUM).

As such Brunel's Diversified Return Fund and Multi-asset Credit both embed climate risk requirements into their design and on-going monitoring. However, both funds contain significant exposure to asset classes where methodologies are still being developed. As Brunel's portfolios are often comprised of multiple funds from different providers, we have opted not including analysis for these portfolios at this time as the lack of consistency could be misleading.

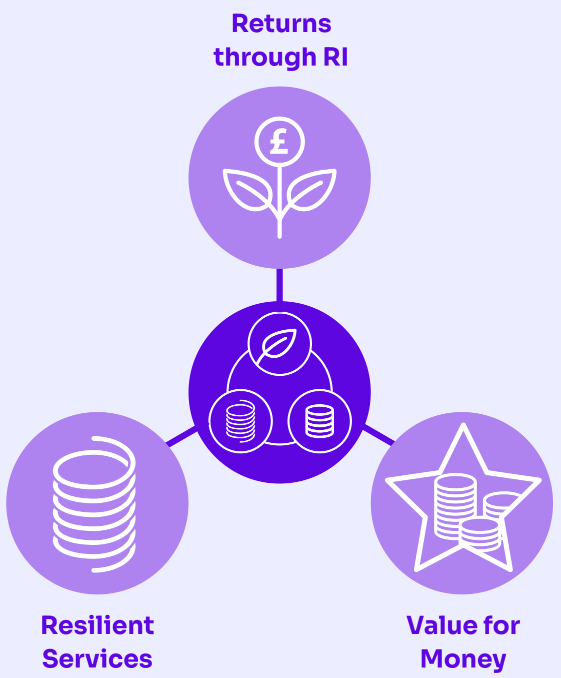


Investing for a world worth living in – our mission and vision

Brunel is guided in everything it does by its vision.

Forging better futures by investing for a world worth living in

Our priority is to meet our fiduciary duties to our clients, by efficiently managing their LGPS funds, on behalf of their members. Our dynamic strategy allows us to navigate the pace of change, whilst prioritising returns through responsible investment.

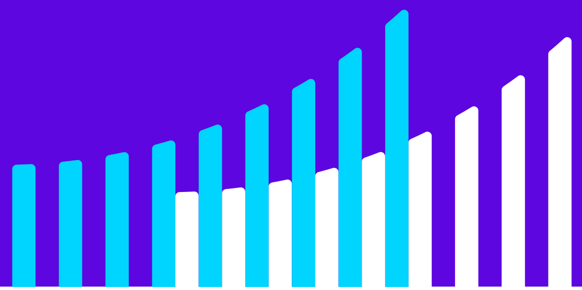


Investing responsibly is at the heart of everything we do. We take a long-term view of our fiduciary duty, as do our clients, and believe that the integration of environmental, social and governance (ESG) risks, is most likely to deliver successful long-term performance.

To keep us true to our objectives, we are guided by our investment principles.

Brunel Pension Partnership Investment Principles

1. Long-term investors
2. Responsible investors
3. Best practice governance
4. Decisions informed through experts and knowledgeable officers and committees
5. Evidence and research at heart of investments
6. Leadership and innovation
7. Right risk for right return
8. Full risk evaluation
9. Responsible stewardship
10. Cost-effective solutions
11. Transparent and accountable
12. Collaborate



Responsible Investment approach

"We aim to deliver stronger investment returns over the long term, protecting our clients' interests through contributing to a more sustainable and resilient financial system, which supports sustainable economic growth and a thriving society."

David Vickers, Chief Investment Officer

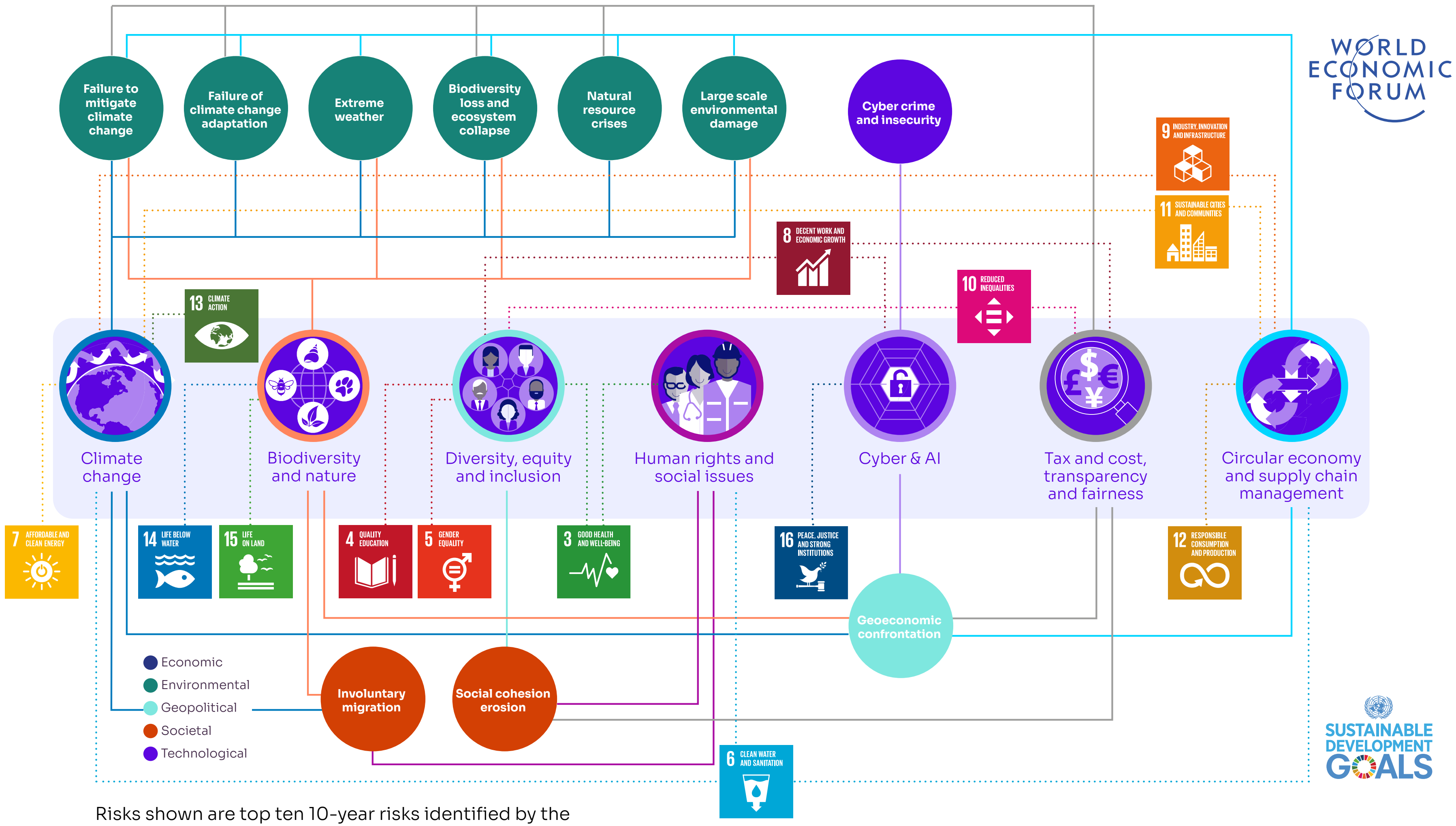
We firmly believe that to meet our fiduciary duty to our clients', we must act, invest, and encourage others to act, as responsible stewards of capital. This requires us to embed and follow an approach of investing responsibly. We consider a wide range of impacts, risks and interdependencies, many outside the traditional purview of financial analysis, but believe them to be financially material when properly assessed and understood. This approach has lead to our seven RI priorities, which underpin all of our actions.

As a small and dynamic organisation, we have to be efficient with resourcing, so leverage every opportunity to influence change. Managing systemic risk is a key, and impactful, way to focus on our priorities, and where possible we seek to collaborate and amplify our voice to drive change as part of wider engagement.

To ensure we are addressing systemic risk and rooting both our climate aspirations and our wider RI priorities in real world change, we have developed and shaped them, not only with our clients, but based on globally recognised priorities. Partnership is one of our key values, and we strongly believe that problems are best tackled together.

Investing for a world worth living in – our mission and vision continued

This diagram demonstrates how our RI priorities fit with key systemic risks, as demonstrated by the Global Risks identified by the World Economic Forum, as well as the United Nations Sustainable Development goals.



Risks shown are top ten 10-year risks identified by the World Economic Forum Global Risks Perception Survey 2023-2024

Investing for a world worth living in – our mission and vision continued

Our RI scope includes all our own operations (buildings, travel, people, and so on), as well as portfolio implementation and responsible stewardship. Details of how we measure our operations against our RI scope are set out in the Operational Risk section of this report. This ensures our own practices align with our expectation of the companies and assets in which we invest, that this approach is seamlessly embedded in everyday activities and that it enables everyone to contribute to forging better futures by investing for a world worth living in.

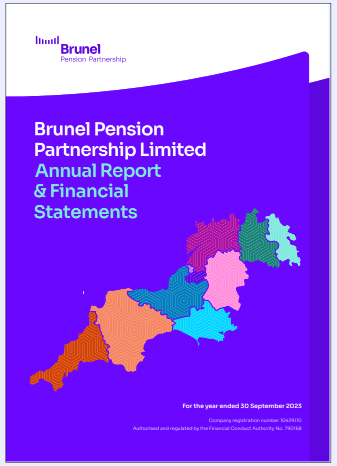
Finding out more

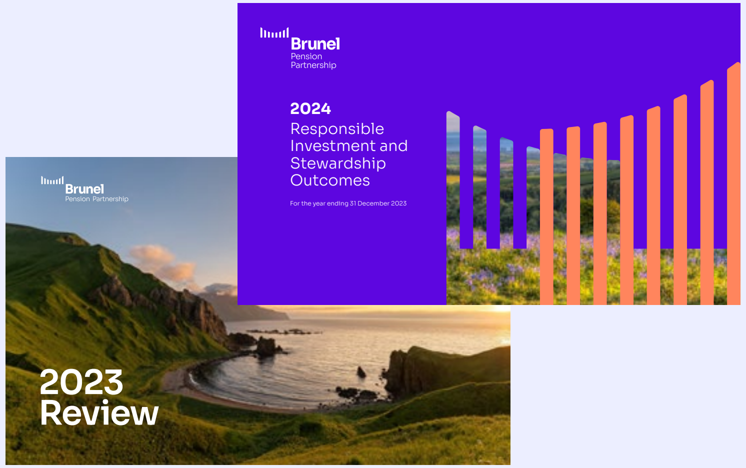
As transparency is a key facet of our culture, we make as much information as we can available.

Our website library hosts easily accessible documents about us, as well as our Responsible Investment and Climate activity.

These documents can help you find out more;

- Annual Report & Financial Statements
- 2024 Responsible Investment and Stewardship Outcomes Report
- Climate Change Policy 2023-30
- Climate-related Product Report (previously Carbon Metrics Reports)

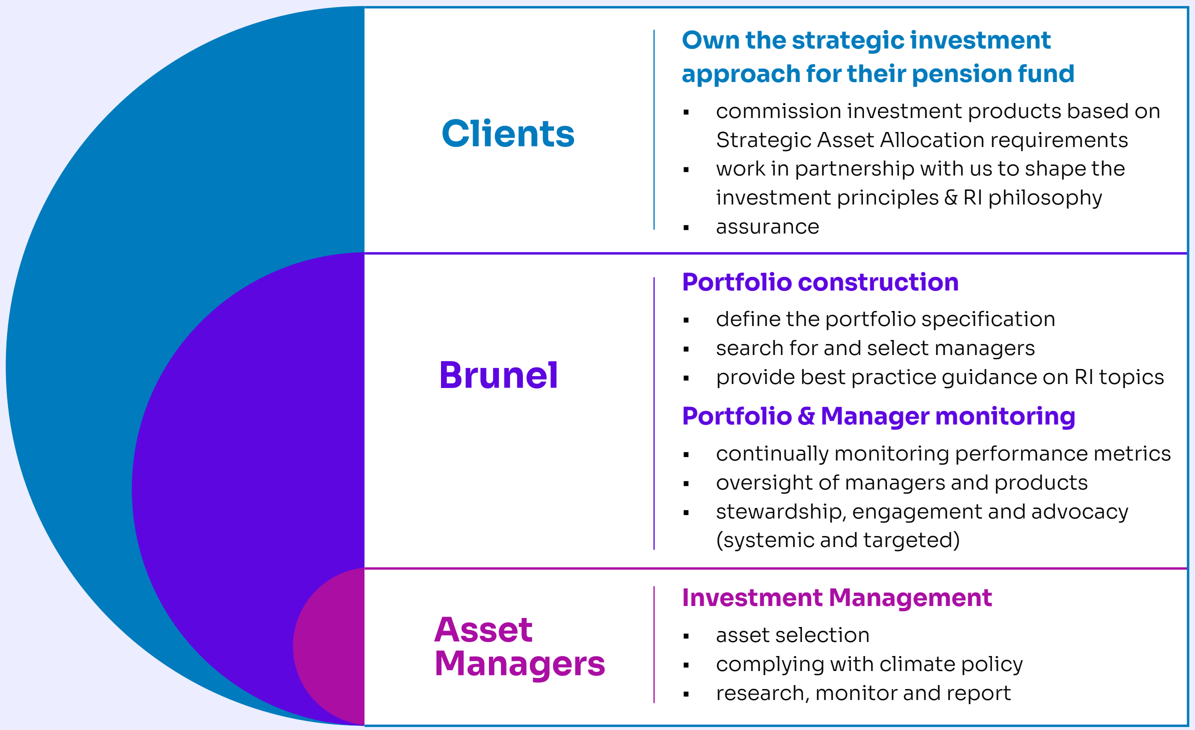




Brunel – an unusual business model

As a UK Local Government Pension Scheme (LGPS) pool, Brunel holds an unusual place in the finance industry. It spans some of the responsibilities associated and linked with an asset owner, and others of an asset manager – yet isn't strictly either of these things. Below is an overview of where some of the key responsibility and ownership lay.

This distinction determines what we include in our reporting, in response to the recommendations of the FCA and TCFD. The accompanying diagram goes some way to explain why some elements are not within the control of Brunel and are therefore not reported against.



Governance

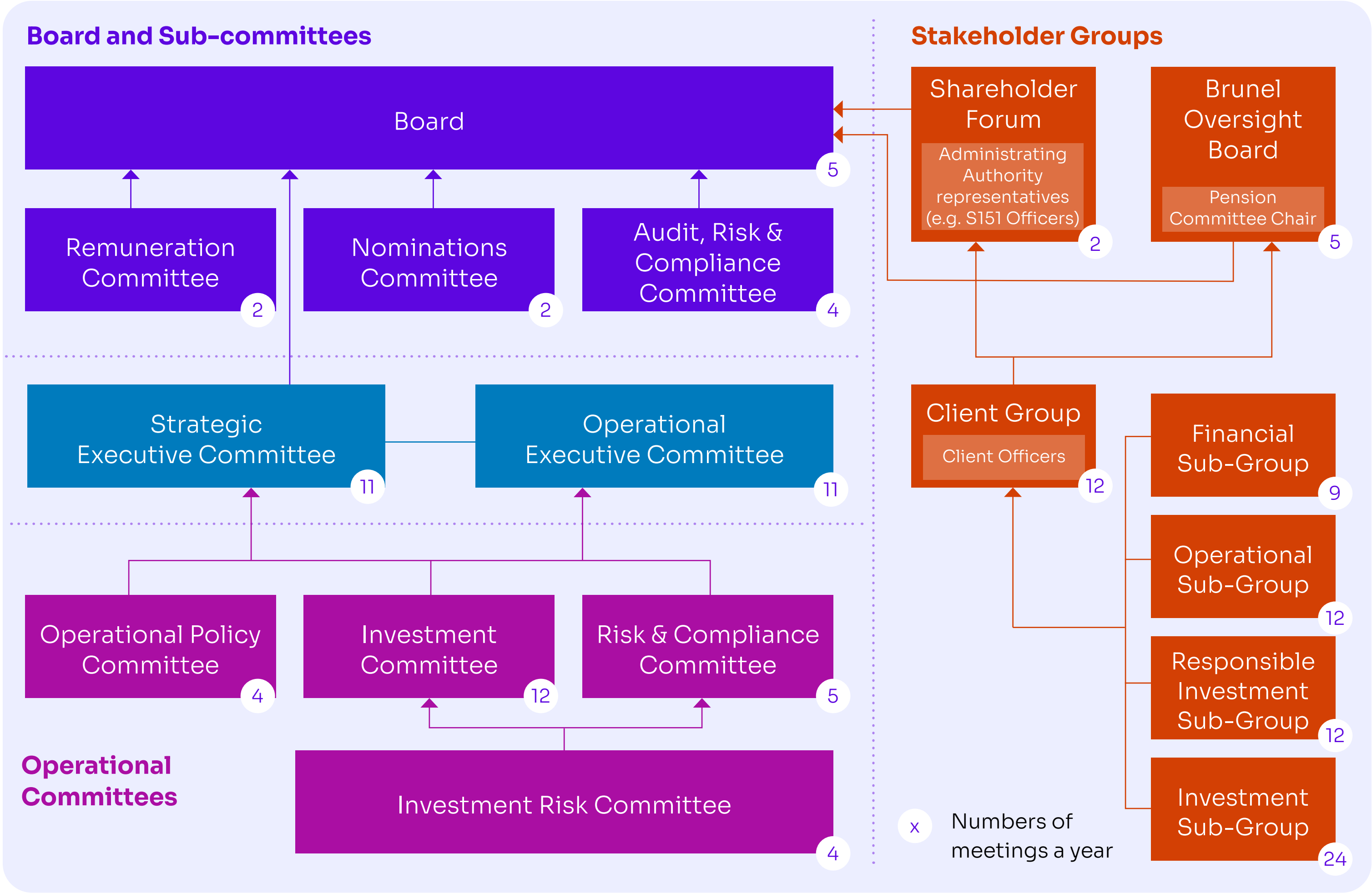
As a core aspect of meeting our fiduciary duty to our clients, climate risk has been identified as a principal (level 1) strategic risk to Brunel. The risk is owned by the Chief Executive Officer, with oversight from Brunel's Audit, Risk and Compliance Committee, forming part of Brunel's overall strategic risk framework.

The Brunel value-for-money balanced scorecard, on which the performance of the organisation is judged, includes Key Performance Indicators (KPIs) based on climate-related risk (these are aligned to the Quarterly KPIs). These flow down through the organisation, informing and shaping business plans, budgets and remuneration.

The Climate Change Policy, and strategy, are signed off and approved by both our clients and the Brunel Board, with the Brunel Board being collectively accountable for the policy and our clients approving it. Operational accountability sits with our Chief Responsible Investment Officer, with oversight from the Brunel Investment Committee and Brunel's Board. As a core part of Brunel's culture, responsibility for aspects of climate are diversified across the business, with all members of staff having a high level of awareness and responsibility for climate, and wider ESG risks, as they relate to their roles.

Our Chief Investment Officer is responsible for ensuring the integration of climate risk into portfolio construction, implementation and overall investment decision-making. The investment team all have an explicit responsibility for the implementation of our RI objectives, including climate risk.

Personal development has a focus on maintaining and building this knowledge, including Chartered Financial Analyst Institutes' (CFA) UK ESG and Climate modules. For those who are senior managers under the Senior Managers & Certification Regime (SMCR), their statements of responsibility include climate, Net-Zero and wider RI competency requirements.



Governance continued

As a client-led organisation, the views of our clients are essential to our governance. Client interactions and inputs to key decisions are detailed in the diagram on the Governance page. The Client Responsible Investment Sub-Group, which meets monthly, provides an in-depth opportunity for discussions around client needs and expectations regarding climate. Our dedicated RI team of four investment professionals supports the Brunel Investment Team and leads on engagement and stewardship activities. For further detail of our Responsible Investment approach, see our annual Responsible Investment and Stewardship and Outcomes Report.

Our governance framework applies, and is used for all climate-related decisions irrespective of whether this is at a systemic or portfolio level. We don't take a materially different approach to any of our asset classes or portfolios. Our philosophy applies to systemic industry influencing, as well as across all portfolio mandates. We treat everything the same as far as is practical. Where differences in approach arise, it is from a pragmatic perspective, with some asset classes lagging behind others with available data or systems. Work is being undertaken in 2024 to implement and additional board level oversight for investment-related activities, this will be detailed in our 2025 report.

More detail about the governance framework, and how it influences decisions making is given in the later risk section.

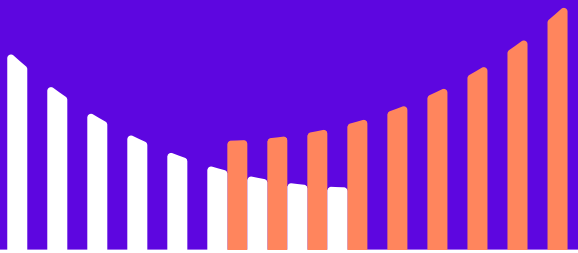
Maintaining rigour in our Climate Policy

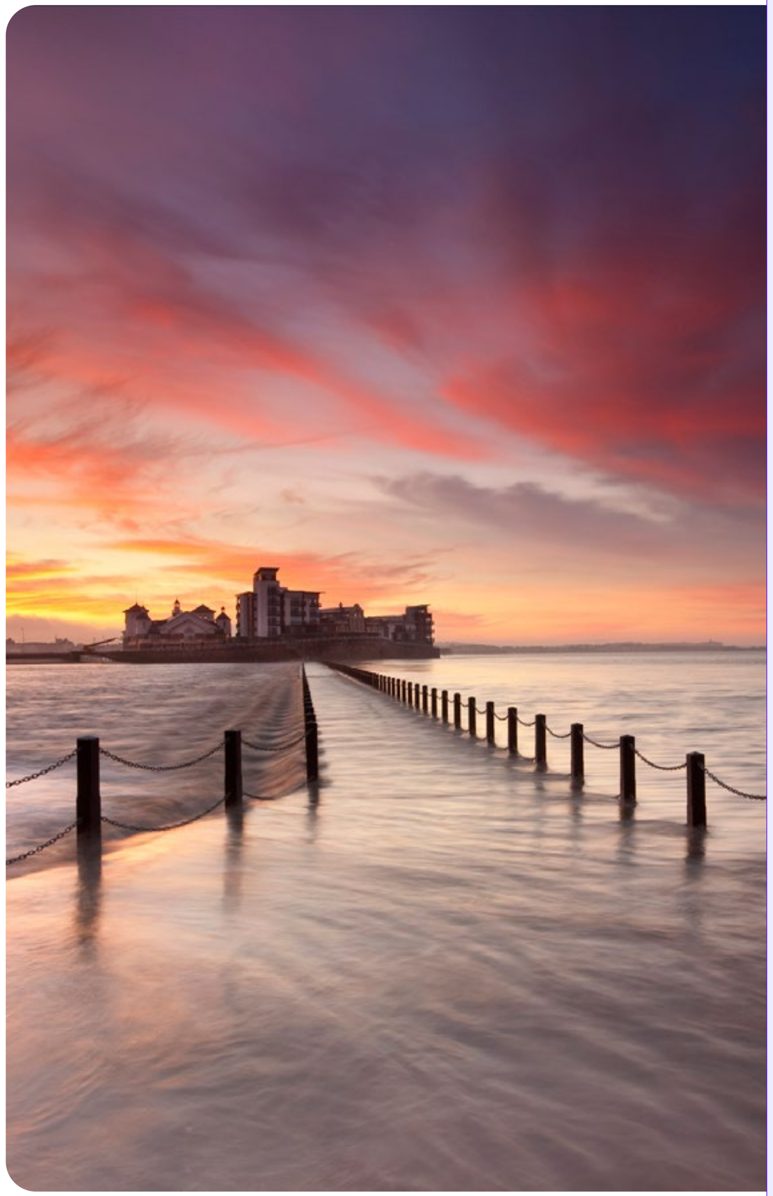
We undertook a Climate Stocktake in 2022, considering;

- Did we deliver what we said we would do?
- Does it still meet client expectations and needs?
- Is it best practice?
- What are other stakeholder views?
- Are asset managers aligned?
- Are there companies of concern?

We analysed our holdings, engaged stakeholders, held client workshops; and published a report on achievements and on our public policy advocacy. As well as looking backwards and evaluating our progress, we looked forward and seek to set new objectives and targets. A report on the Climate Stocktake (2022) process and its outcomes is available.

Our next Climate Stocktake is scheduled in 2025 to provide assurance around our climate-related activity and outcomes and will lead to updated policy commitments in early 2026.





Strategy

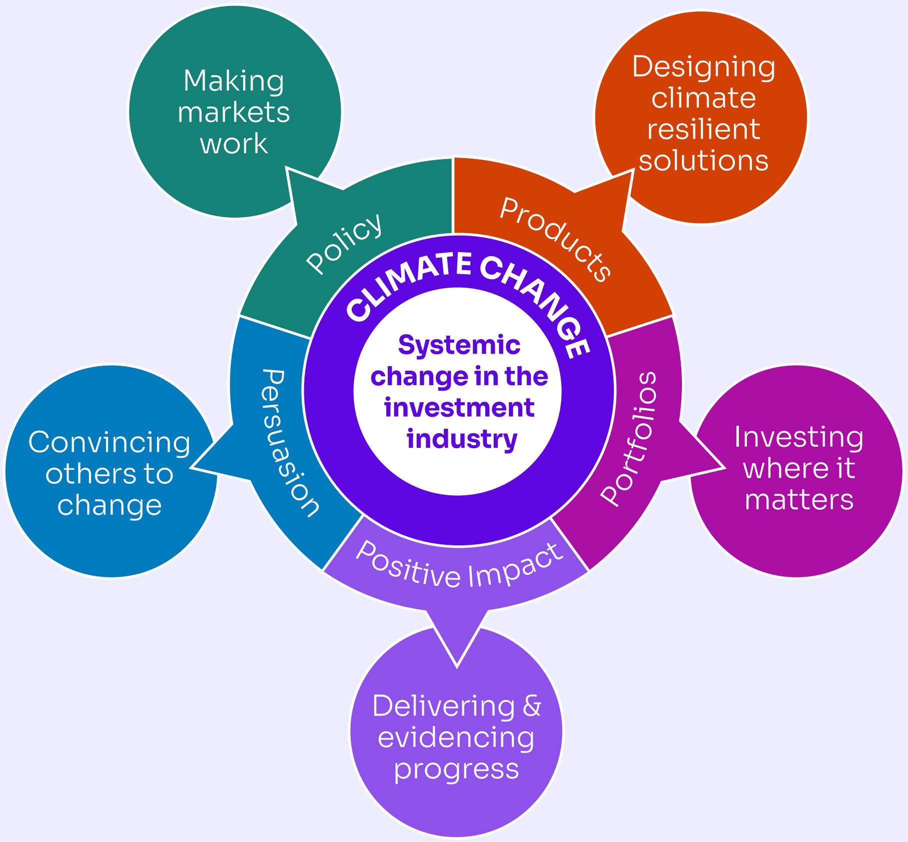
Climate Change beliefs
(Climate Change Policy 2023-30)

We believe that:

- climate change presents a systemic and material risk to the ecological, societal and financial stability of every economy and country on the planet and therefore will impact our clients, their beneficiaries and all portfolios
- investing to support the Paris goals that deliver a below-2°C temperature increase, and pursuing efforts to limit the increase to 1.5°C, is entirely consistent with securing long-term financial returns and is aligned with the best long-term interests of our clients
- for society to achieve a carbon future by 2050 (or before) systemic change in the investment industry is required and equipping and empowering our clients (and other investors) is central to this change

Given our strengths and our position in the market, we therefore believe that the key objective of our climate policy is to systematically change the investment industry so that it is fit for purpose for a world where temperature rise needs to be kept to well below 2°C, preferably to 1.5°C compared to pre-industrial levels.

Strategy continued



Policy	Encourage policy makers to establish comprehensive and robust climate change policy frameworks. These need to deliver significant reductions in greenhouse gas emissions, accelerate progress towards the low carbon economy, and enable effective adaptation to the unavoidable impacts of climate change.
Products	Ensure a range of climate resilient products are available to our clients and the wider investment market that deliver substantial climate change benefits and are Paris-aligned. These investment solutions must help clients also meet their future investment goals.
Portfolios	Ensure our investment portfolios are resilient under a range of climate change scenarios (both mitigation and adaptation) by adopting best practices on climate risk management and working with our managers to further improve and develop our processes.
Positive Impact	Enable investments in activities that directly support the low carbon transition and that enable effective adaptation to the unavoidable impacts of climate change.
Persuasion	Challenge and encourage companies and other entities in which we invest and with whom we contract with to support the transition to the low carbon economy, and to ensure that they are resilient to the unavoidable impacts of climate change.

Climate Change Strategy 2023-30

Brunel has a unique position in the investment industry, due to our scale, influence, strength and the support of our clients, in addition to our experience and expertise in managing climate change-related risks and opportunities. We believe it is our fiduciary duty to manage climate change and the associated risks and opportunities within our investment portfolios, as investment markets are not properly pricing in climate related risks.

In focusing on catalysing change in the financial system at scale, we need to work in partnership with others, enabling our clients to be agents of change, as well as aligning ourselves with international efforts.

Our Climate Change policy, published in January 2020 and updated in 2023 following our Climate Stocktake and detailed evaluation of the earlier policy's progress centres around five priority areas: Policy Advocacy; Product Governance; Portfolio Management; Persuasion; and Positive Impact.

We are aware that our five priorities are interrelated and overlap in places. Also, that our actions and/or ability to deliver a target may be constrained by policy, regulation, or market environment. We will be transparent and explain the steps we take to overcome barriers to progress.

Viewing climate related risks – a timeframe

As our ability to influence and act upon risks is of key import, the way in which we frame timelines is action focused. Time horizons that have a bearing on the actions taken to manage climate related risks will vary across asset classes, most particularly when comparing listed portfolios, where the liquidity enables us to continue to adapt, to those in our private markets where some of the asset allocation decisions taken today will be in the client portfolio for the next 20 years and beyond.

With a focus on making significant climate related impact by 2050, we have worked back from this point. Our Climate Change Strategy is working towards first key milestone of 2030, this represents our concept of short term.

Investment action orientated timeframes:

Short term – present day to 2030
Medium term – 2031- 2040
Long term – 2041 – 2050 and beyond

Fossil fuel-related activities

The Internal Energy Agency (IEA) estimates 80% of the world's energy is based on fossil fuels in 2023. In its World Energy Outlook 2023, the IEA utilised the Stated Policies Scenario (STEPS). STEPS takes into account the measures that have been, or are in the process of being, implemented in order to achieve announced energy and climate policy goals. On this basis the share of fossil fuels in the energy mix falls to 73% by 2030 with global energy-related carbon dioxide emissions peaking by 2025. This reduction is nowhere near steep enough for the world to reach Net-Zero. More information about the IEA's Updated Roadmap to Net-Zero Emissions and World Energy Outlook and STEPS can be found on the IEA website.

The transition to the low carbon economy calls for significant change in the shape and structure of our economy and requires us to eliminate most or all fossil fuel use and achieve a Net-Zero carbon economy by 2050. Brunel actively seeks to reduce the dependence of fossil fuels through positive investment in low carbon sources and engagement with companies to reduce both demand and supply. We also seek to reduce our exposure to industry whilst balancing the desire for real world change that will reduce economy wide carbon emissions.

Our approach to fossil fuel activities is part of all 5 points of our climate strategy and all asset classes, in summary:

- **Policy** - Strongly advocate for public policy shift to incentivise a shift away from fossil fuels throughout the economy (this will be critical for our sovereign debt alignment)
- **Product** - Specific investment restrictions, where practicable, are used in private markets, and also in sustainable equities and multi-asset credit portfolios, as well as being a key component of the climate aligned indicies
- **Portfolios** - Significantly reduce exposure through climate risk integration and asset allocation changes
- **Positive Impact** - Significant investment energy transition through both listed and private markets
- **Persuasion** - Escalation of stewardship activities and expectations, for example co-filing shareholder resolutions at banks and oil and gas companies

Strategy continued

Potentially Stranded Assets

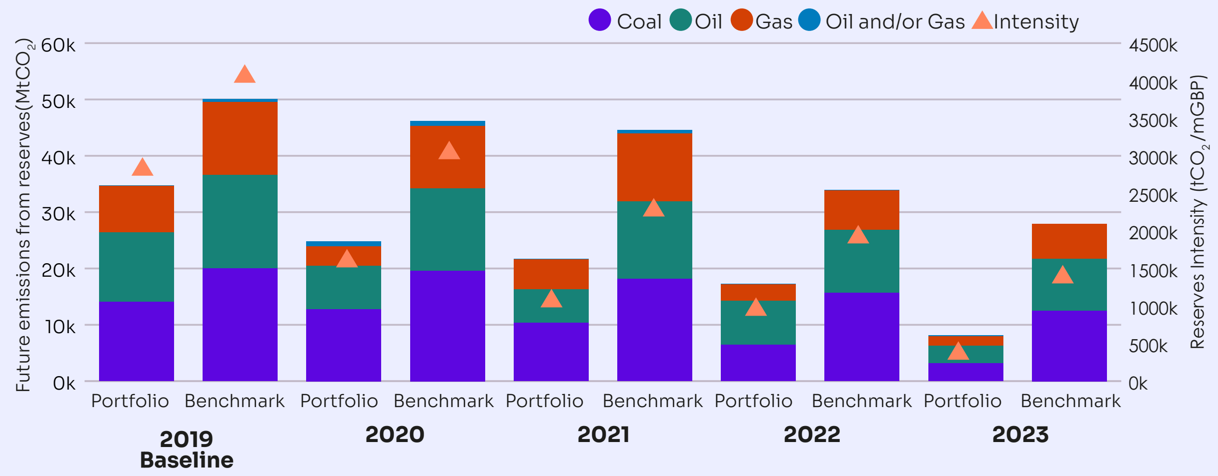
It is important to identify exposure to business activities in extractive industries in order to assess the potential risk of 'stranded assets'. Stranded assets are assets that may suffer premature write-downs and even become obsolete due to changes in policy or consumer behaviour.

We identify the exposure to extraction-related activities for each of our Listed Market portfolios by analysing the revenue exposure and potential emissions from reserves for fossil fuel-related activities. These metrics highlight companies with business activities in extractive industries, as well as companies that have disclosed both proven and probable fossil fuel reserves in the portfolio. In other words, not just 'fossil fuel companies' but those companies who rely heavily on the fossil fuel industry for their own revenues.

When compared to the baseline universe of 2019, Brunel has achieved a 89.8% reduction in reserves intensity (this takes into account shifts between fossil fuels, e.g. coal has a higher intensity than oil).

The chart below illustrates the changes and summarises the key drivers.

Brunel Aggregate Future emissions from reserves



The above decline has been achieved through:

- decarbonisation of the reported Brunel portfolios
- asset allocation changes between portfolios (due to client investment decisions)
- additional Brunel sub-portfolios launched in 2021 (FTSE Russell Paris-aligned benchmark series)
- Methodological distinctions switching from S&P Trucost to S&P Capital IQ

Currently, the Brunel Aggregate Portfolio is less exposed to both fossil fuel revenues (0.85% vs 2.20%) and future emissions from reserves (8.1 MtCO2 vs 27.9 MtCO2) than its custom benchmark.

Strategy continued

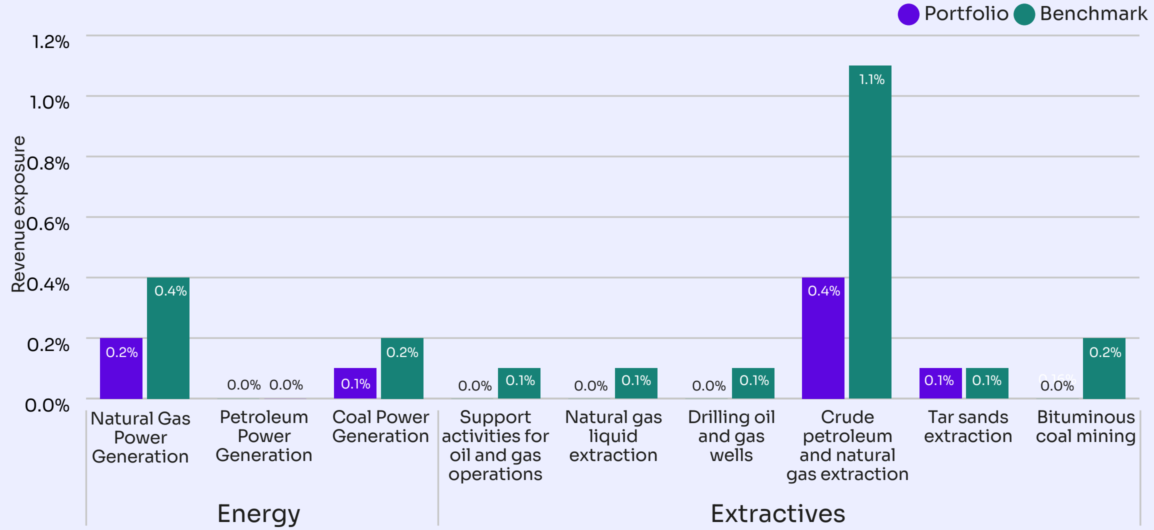
Exposure to fossil fuel activities

The fossil fuel related activities metric shows the percentage of revenues that are engaged in fossil fuel related activities. It identifies companies with exposure to fossil fuel related energy generation (gas, petrol and coal power) and fossil fuel related extraction activities. This assesses the revenue exposure that each company has to these activities and aggregates this to an overall portfolio assessment.

The graph illustrates the revenue exposure breakdown of fossil fuel related activity in the aggregate of Brunel's Listed Market portfolios (including index tracking funds) and the benchmark as at end December 2023. Our exposure is significantly below the benchmark in all areas.

The largest contributor to Natural Gas Power Generation revenues is NextEra Energy, while Shell is the largest contributor to crude petroleum and natural gas extraction revenues. NextEra Energy has made and continues to make significant investments in renewable energy and storage projects; it is already the largest corporate generator of renewable electricity in the world, implying substantial climate benefit.

Revenue Exposure Breakdown of Fossil Fuel Related Activity – December 2023



As at 31 December 2023

Strategically approaching offsets

In line with best practice guidance, Brunel does not use carbon offsets in the construction of products or portfolios to achieve emissions reduction targets. We are supportive of the use of offsets by companies where there is currently no technological and/or financially viable alternative.

We advocate strongly for the regulation of the voluntary carbon market to enable the use of offsets to play a credible role in the transition to a Net-Zero economy. However, in doing so we fully acknowledge the current state of the market and support the application of the Oxford-Principles-for-Net-Zero-Aligned-Carbon-Offsetting, both by the companies in which we invest, but also investments into assets that contribute to the carbon market, for example see case study below.

Stepstone Group is our strategic partner supporting our infrastructure investments. In November 2023 Stepstone published An introduction to carbon credits and offsetting which sets out both the challenges but also the opportunities from well-functioning carbon markets.

As with other of our climate ambitions, it is an area that requires systemic change. In working with the other investors we are trying to encourage and stimulate action towards the creation of an effective and regulated carbon market. Work will continue to promote this, both in 2024 and beyond.

Risk

Risk & opportunities

Brunel climate-related strategic risks and opportunities

Climate change is widely acknowledged as a foreseeable and materially significant financial risk. Investors are exposed to the risks and opportunities presented by climate change adaptation and mitigation – managing these impacts is an essential component of an investor's fiduciary duty.

Investors have a critical role to play if we are to successfully transition to a low carbon economy and adapt effectively to the physical impacts of climate change. The provision of capital required for mitigation and for adaptation is an investment opportunity.

We offer our clients investments that directly support the low carbon transition and enable effective adaptation to the unavoidable impacts of climate change. Whether this is investing in e-buses or fibre infrastructure, more details on the positive impacts we make can be found on p.44.

Whilst the risks are more visible, we can engage with the companies we invest in so they are resilient to regulatory and other changes that will result from climate change. We also advocate for, and support policy makers in, taking action to enable the low carbon transition and effective adaptation.

All these different focuses reflect our overarching priority to affect real-world change. We therefore focus on systemic change and pride ourselves on being a leader in RI. Whilst we relish the opportunities to support the low carbon transition, we also acknowledge the catastrophic impact of inaction, by governments and society.

Driving systemic change is complemented by our inherent processes working in alignment with asset managers. We support them and, through them, the organisations we are invested in, to improve their climate-related data and disclosures. Further information about our engagement is included within both the Policy advocacy and Persuasion sections later in the report.

Climate-related risk is one of the top-priority risks owned by Brunel's CEO. How we can influence and enact real-world change is discussed, considered and referenced in meetings at every level of the organisation.

Not addressing climate-related risks would go against our fiduciary duty to our clients and their members. However, as an LGPS pool, the direct risks or impacts to our business of not addressing climate-related risks are limited to client dissatisfaction, potentially losing clients or incurring costs or reputational damage.

Sources of risk

Risk source	Risk description
Market and Reputational	Failure to manage climate risk through poor awareness and responsiveness over how climate risks will impact on markets, our operations, managers and portfolios and, by extension, our clients
Regulation and Technology	Failure to anticipate and effectively manage change in regulation, both top down in terms of product governance and bottom up in terms of impact on asset managers and investments. Also, the failure to anticipate and manage technological changes which may impact innovation, best practice and demand, in terms of both products and investments
Client and Product	Failure to provide portfolios that effectively respond to climate risk in the context of client investment objectives, potentially undermining the objectives of pooling
Physical	Failure to ensure operational resilience
Client and Human Capital	Failure to retain clients, attract talent and positively impact industry behaviour, due to mismanagement of all the above risks

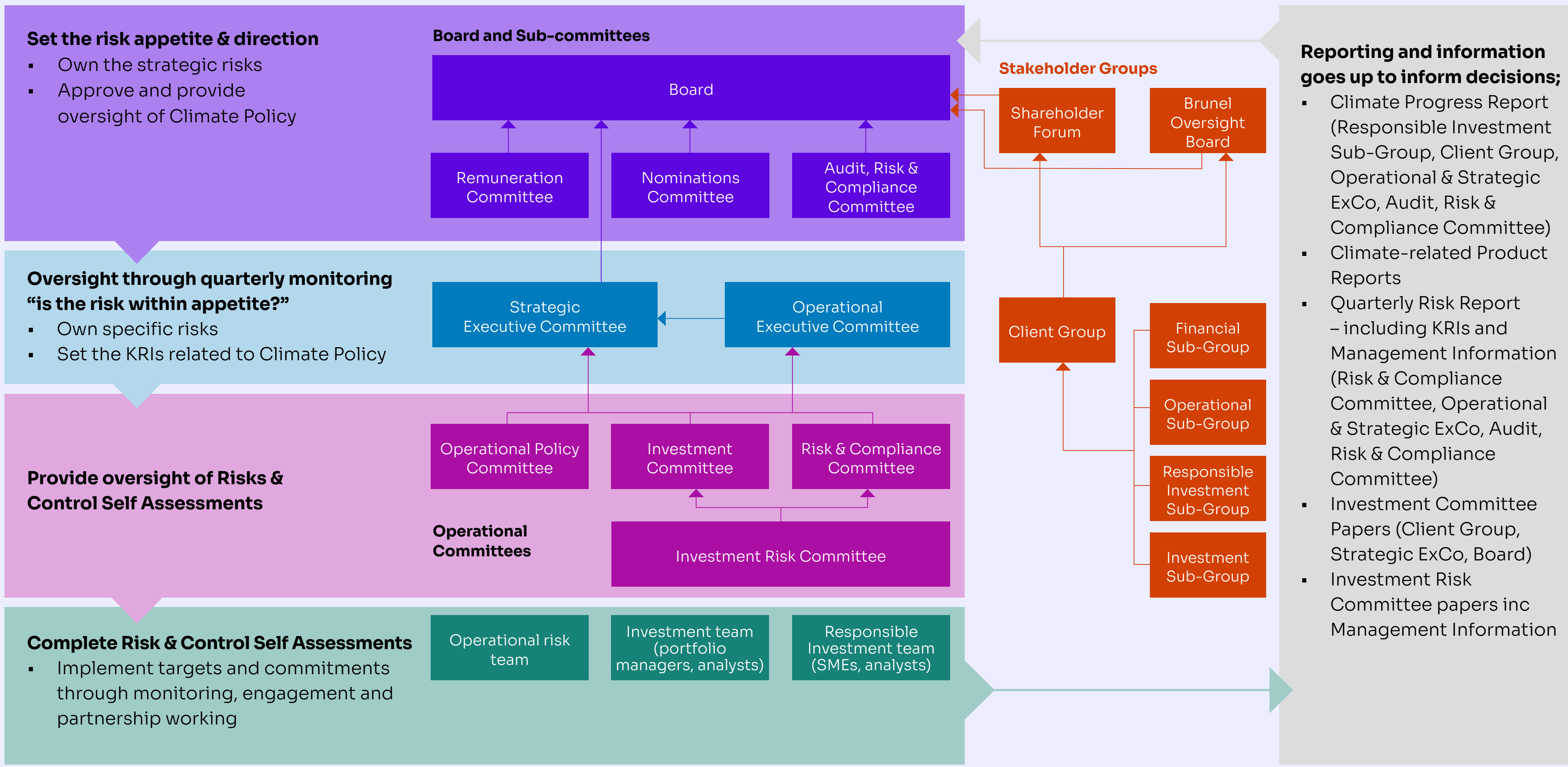
The 'Sources of risk' table details the principal sources of strategic risk that are within Brunel's direct sphere of influence. We consider these climate related risks to be strategic risks to Brunel and as such follow our corporate governance process and are managed by our Executive Committee.

Risk continued

Reviewing Climate-related Risks

Climate-related risks are considered at every level of the organisation. Below is a reminder of our governance structure and where decision making sits.

Key performance indicators tracked and reported against each quarter as part of the strategic risk review within the governance forums



Risk continued

Discussions take the form of review of key indicators, as standing agenda items at designated Strategic Executive Committee meetings, and where appropriate Board meetings. Factors considered quarterly, as indicators of key risks (KRIs) are:

- Any failures to deliver requirements in line with regulatory or accepted policy commitments
- Any incidents of reputational damage relating to legitimate concerns or inability to respond to climate change
- If a manager is flagged as on watch for climate reasons
- The percentage of financed emissions in material sectors either aligned, aligning or subject to action and engagement
- If there is a failure to identify regulations which could have a material impact on our management of climate change risk
- Any client concerns or complaints relating to the efficacy of Brunel as a leader in addressing climate change

Managing emerging risks and regulatory requirements

To ensure our risk management stays current and relevant, we enhance our standard governance with an emerging risk process. This allows us to consider new and evolving risks in an appropriate way, whether this is watching and observing or escalating a risk to the full risk management process.

Our emerging risk process:

Risk continued

Portfolio climate-related risks and opportunities

The primary challenge for Brunel in dealing with climate-related risks is the impact on investment portfolios. Portfolio performance is directly tied to the value of underlying assets, increasingly affected by climate-related risks and opportunities. It is crucial to ensure portfolio diversification and a deep understanding of invested companies or assets, aligning with Brunel's climate change goals when selecting third-party managers.

Climate risks and opportunities are integral to the manager selection and review processes, and thorough due diligence and formal annual reviews. Brunel's portfolio managers, supported by the RI team, also conduct regular monitoring. The Investment Risk Committee's quarterly review includes metrics on climate risk management and exposure to other ESG risks.

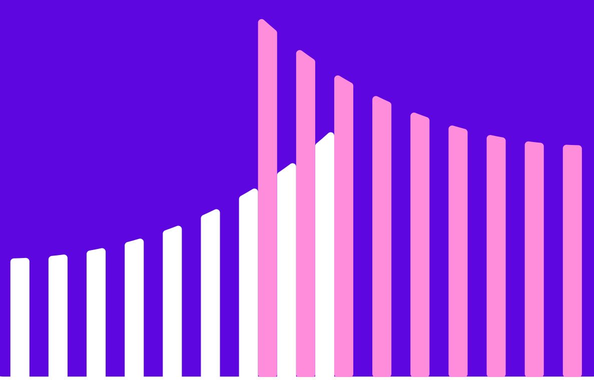
It is vital that we work in partnership with our managers and general partners (with the support of our strategic partners) to achieve an effective level of alignment between our objectives and their actions in relation to climate-related risk. The importance of this to our strategy is demonstrated by the targets we've set within our Climate Change Policy.

Becoming Paris-aligned as both a company and investor is a recent initiative. Brunel collaborates with asset managers to develop Paris-aligned investment solutions. The commitment extends to offering Paris-aligned options across all asset classes over time, responding to client preferences. A notable 2021 project involved creating Paris-aligned benchmarks for index-tracking investments, emphasizing adaptability to industry developments while meeting current needs to fulfil clients' investment objectives.

Real World Impact

Stimulating real world change, is a fundamental part of our Climate Change Policy 2023-2030 and a key objective for Brunel. This focus allows our teams to determine, and act upon the course of action that will deliver that change, rather than just enhance our reputation. This approach, agreed and followed hand in hand with our clients, can often mean making difficult decisions to remain invested in companies that do not immediately appear compatible with ambitious climate objectives.

We have a robust escalation process for our engagement - such decisions are not taken lightly and companies are monitored closely through our investment risk processes. We will use this report to be transparent on holdings that fall in that category, such as climate-controversial companies (see p. 32) and those whose business model is highly focused on specific activities where concern has been raised e.g. pure-play tar sands and thermal coal.



Applying our risk framework to our multi asset approach

Our approach to assessing, monitoring and managing climate related risk is embedded across our processes. It is consistently treated as an important and strategic point, and we are active in the stewardship of each portfolio.

We strive to be as consistent as possible in our management across our portfolios, this is not always practically possible. We access investments through a variety of instruments and legal structures which provide differing opportunities to impose specific requirements. We also acknowledge that different countries, sectors and asset classes are at different stages of maturity when assessing material ESG risks, and that the availability of relevant data varies enormously. We are clear in our Climate Change Policy that one size does not fit all, but we do not use that as an excuse for inaction. Quite the opposite, we view it as an opportunity for innovation to enhance the likelihood of bringing about real-world change.

By necessity, and as a reflection of the depth in which we engage in stewardship of our portfolios, there are intrinsic differences in how we approach climate related risks.

We have now reached a position where **85% of our total AUM have Paris Aligned Targets set against them, equating to 92% of asset in scope** – with the final portfolios to follow in 2025 – as detailed on the following page.

Risk continued

	AUM % (31.12.23)	Approach to climate risk and Paris Alignment	Paris Aligned Target set
Listed Equity			
Active Equity	24%	Climate risk is fully integrated into our manager monitoring and assessment framework. Our commitment to achieve Net-Zero by 2050 is translated into incremental increase in alignment expectations of all companies, with respective target dates (see metrics and targets). Underpinning these targets are a series of risk metrics which are monitored no less than quarterly.	✓
Global Sustainable Equity	10.5%	Although our approach to climate risk management is consistent across all our active equity and corporate bond portfolios, Global Sustainable Equities (GSE) differs in its approach to climate opportunities in that the portfolio has a specific objective to pursue such opportunities. GSE also has restricted exposure to certain activities, typical of a product of this kind.	✓
Passive Equity (pooled) index tracking to Paris Aligned Benchmarks	14%	To be labelled Paris-aligned and Climate Transition Benchmarks ('PAB' and 'CTB', respectively) the benchmarks must meet minimum standards defined by the EU, including a minimum annual reduction in greenhouse gas emissions of 7 percent until 2050. PAB also have a relative decarbonisation goal of -50 percent relative to a market index, while CTB have a -30 percent relative reduction goal.	✓
Passive Equity (pooled) in non-Paris Aligned funds (includes global, UK and Smart Beta)	3.8%	These portfolios track standard market cap weighted indices. As such our only risk reduction levers are market wide systemic stewardship, which is primarily undertaken through public policy advocacy, directly and through collaborative partnerships.	✓
Fixed Income			
Sterling Corporate Bonds	7.7%	Climate risk is fully integrated into our manager monitoring and assessment framework. Our commitment to achieve Net-Zero by 2050 is translated into incremental increase in alignment expectations of all companies, with respective target dates (see metrics and targets). Brunel advocates for improvements in rules and processes around 'labelled bonds' to provide greater assurance as to their efficacy and value for money. In this context, our Sterling Corporate Bonds portfolio invests in labelled bonds but has no defined target.	✓
Gilts (UK Government debt 5/ 15 year)	3%	Brunel's sovereign debt exposure is almost all UK-based and designed for the primary purpose of liability matching. As such Brunel's primary risk reduction and Paris-Alignment mechanism is linked to UK Government NDC and policy implementation. Brunel policy work continues to focus on the UK Government's Net-Zero commitments, and we actively participate in supporting implementation.	✓
Listed Market Other			
Multi-Asset Credit	8.8%	Multi-Asset Credit portfolios are committed to a Net-Zero ambition and embed climate risk management requirements into their design and on-going monitoring. The fund is comprised of three managers who in turn invest in a range of credit opportunities including but not limited to loans, corporate and sovereign debt, and securitised assets. Whilst all three managers provide a range of carbon metrics, methodologies are still be developed for many of these asset classes and there is no industry standard approach to aggregating the data.	✓

Risk continued

	AUM % (31.12.23)	Approach to climate risk and Paris Alignment	Paris Aligned Target set
Listed Market Other continued			
Diversifying Returns	3.1%	Brunel's Diversifying Returns fund embeds climate risk requirements into its design and on-going monitoring. However, both funds contain significant exposure to asset classes where methodologies are still being developed. As Brunel's portfolios are often comprised of multiple funds from different providers, we have opted not including analysis for these portfolios at this time as the lack of consistency could be misleading.	To be set 2025
Private markets			
Real estate	6.1%	Brunel considers RI and climate throughout the life cycle of each real estate portfolios from construction, due diligence on sourced funds, and ongoing monitoring of holdings. Brunel uses a template to standardise collection of data covering over 50 RI and climate data points covering but not limited to energy management, physical climate risk, obsolescence, building accreditations and, most recently for TCFD and decarbonisation.	✓
Secured Income and Cornwall Local Impact	3.2%	The Secured Income (SI) and Cornwall Local Impact have strong ESG and climate credentials. In SI, the two long-lease property funds are designated Green Star (GRESB) funds and the third fund component is Greencoat Renewable Income (GRI) which is also the climate focus of the Cornwall Local Impact portfolio. The GRI seeks to generate contracted income from a diversified portfolio of assets with a focus on solar photovoltaic, offshore wind, bioenergy from waste and, as opportunities arise, assets in other renewable infrastructure areas.	✓
Infrastructure	4.1%	Brunel's Infrastructure portfolios have strong ESG credentials, limiting exposure to high climate impact areas, and have strategy targets for renewable and other climate solutions, including nature-based solutions (see metrics and targets below).	✓
Private equity	1.9%	Climate data is still in limited in private markets and the ESG Data Convergence Initiative (EDCI) is core part of Brunel's strategy to enhance disclosure. Neuberger Berman supports Brunel in assessing General Practitioners (GP) climate commitment, implementation and disclosure. We seek to integrate climate requirements, including disclosure and target setting wherever we are practically able to.	To be set 2025
Private debt	2.5%	As with private equity, Brunel's focus on building capacity and expectations on GP RI, climate integration and disclosure. We seek to integrate climate requirements, including disclosure and target setting wherever we are practically able to.	To be set 2025
Other			
Other	7.4%	This includes other AUM such as that held in cash or that managed on our behalf by another asset manager. Where this is the case Brunel engages with all relevant managers on their approach to Net-Zero and climate risk management.	NA

Scenarios

Scenario analysis

As an organisation that places a high importance on comparable and consistent data, we understand the need and drive to provide consistency in scenario planning across our portfolios and the market. To that end we understand the TCFD recommendation to undertake and report on outcomes of scenario analysis and apply it as one of the inputs to our review and valuation of investments. This report focusses on the TCFD recommendations, but these are only one aspect of our ongoing monitoring and evaluations.

We are also very aware of the limitations of quantitative scenario planning of this type as a tool for assessing what impact climate change may have on our investment portfolios. Such analysis is in its infancy, and we, along with other firms, are evolving our process of embedding the analysis into our processes. Our focus is on providing decision-useful information for our clients, and this is only one way in which this goal can be achieved.

Our scenario analysis utilises market-standard scenarios including:

- **NGFS scenarios** (Orderly Net-Zero, Disorderly Net-Zero) for Transition Risk analytics for in scope investments
- **IPCC SSP** The Network for Greening the Financial System (NGFS) was established in 2017 by central banks and supervisors with the aim to promote best practices and enhance the role of the financial system to manage risk and mobilise capital for a low-carbon economy

Below is a table that provides a mapping between data and analytics from S&P our chosen data provider, and the NGFS scenarios. This, alongside our current carbon metrics, allow us to analyse companies' exposure to physical risk from climate change under varying future scenarios and analyse portfolio alignment and understand potential earnings at risk from carbon pricing on a portfolio level.

		International Scenario referred by S&P Global			
NGFS		Physical Risk	Transition Risk (Carbon Earning at Risk)	Paris Alignment (SDA)	Paris Alignment (GEVA)
NGFS Scenario	NGFS Sub Scenario	IPCC SSPx-y	IEA / OECD	IEA ETP	IPCC SSPx-y
Orderly	Low Demand	IPCC SSP1-1.9	High Scenario (IEA 2C)	Well below 2 degree (IEA Net Zero Scenario-1.5-degree)	Well below 2 degrees (IPCC SSP1-1.9)
	Net-Zero 2050				
	Below 2C	Low Scenario (IPCC SSP1-2.6)	Medium Scenario (IEA and OECD)	2-degree (IEA ETP 2DS-2-degree)	2-degree (IPCC SSP1-2.6)
Disorderly	Delayed Transition				
Too Little, Too Late	Fragmented World	Moderate Scenario (IPCC SSP2-4.5)	Low Scenario (IEA NPS Scenario)		3-degree (IPCC SSP2-4.5)
Hot House World	NDCs	Moderate-High Scenario (IPCC SSP3-7.0)		3-degree (IEA ETP RTS-2.7 degree)	4-degree (IPCC SSP3-7.0)
	Current Policies				
		High Scenario (IPCC SSP5-8.5)			5-degree (IPCC SSP5-8.5)

We have added a colour coding - green reflects the most climate aligned scenario.

Scenarios continued

S&P scenario tool

Physical Risk

What is it? Physical risks stemming from climate change can manifest as persistent due to long-term alterations in climate patterns or acutely through specific events such as floods or storms. Supply chain disruptions, operational interruptions and asset damage are all examples of risk implications from physical risk.

How will we use the information? To pin point assets most vulnerable to climate hazards, using the point in time assessments of exposure to climate hazards.

The financial implications of these physical risks will be assessed by contrasting changes in climate hazard exposure against a location-specific baseline for each asset. This approach allows us to concentrate on the financial materiality of climate hazard exposures for distinct asset categories.

Paris Alignment (SDA & GEVA)

What is it? Assessing the decarbonisation rates of individual companies in comparison to the targets set by the Paris Agreement. This enables us to track our listed portfolios and benchmarks against the goal of limiting global warming to less than 2°C above pre-industrial levels.

How will we use the information? To combine the rates and evaluate the overall Paris alignment of the portfolio.

Transition Risk / Earnings at Risk

What is it? A direct impact on a company's operations, of rising carbon prices, is likely to be seen, where regulations impose a higher price for greenhouse gas emissions. Companies may be vulnerable to pass-through costs of rising carbon prices as suppliers try and recover their own additional regulatory costs.

How will we use the information? The S&P Earnings at Risk framework allows us to quantify a company's potential exposure to carbon price increases associated with Scope 1 and 2 emissions for holdings from 2025 to 2050.

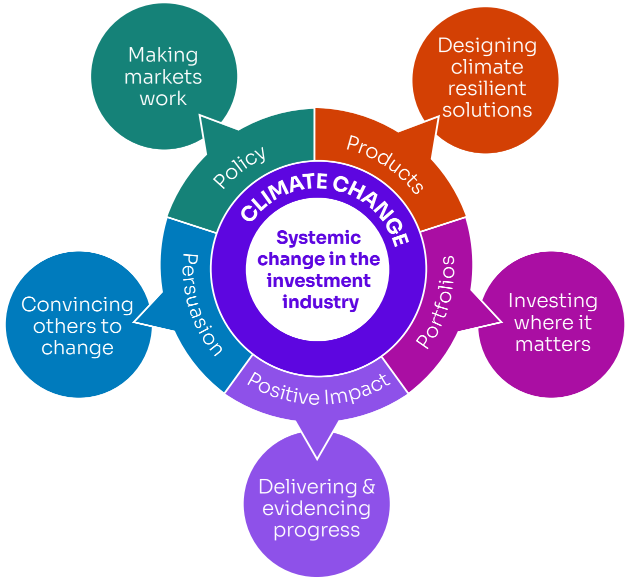
Our Climate-related Product report provides the application and context of these scenarios and how they relate to our portfolios.

Metrics and targets

Our climate related activity, as explained in the strategy section, sits within our wider Climate Change Policy. Our reporting is shaped to align with our five priority areas, demonstrating progress against our targets. This section aligns with the TCFD recommendations, demonstrating the targets that we are working towards and the metrics achieved against each of them.

Overall Strategy Target

We commit to be Net-Zero on financed emissions by 2050, with the goal of limiting global temperature rise to 1.5°C, and Net-Zero on our own operations (scope 1 and 2) by 2030. This commitment is made through the Paris Aligned Asset Owners, part of the Paris Aligned Investment Initiative (PAII).



Case Study:
You win some, you lose some

The UK will be withdrawing from the Energy Charter Treaty, originally designed to protect investors in fossil fuels, as Euorpean countries have failed to reach agreement on modernisations that will strengthen global efforts to roll out cheap, clean renewable energy.Brunel has been advocating for this move, which sees the UK to join France, Spain and the Netherlands in withdrawing from the treaty.

In less positive news the US's Securities and Exchange Commission (SEC) have pulled back on the Scope 3 reporting requirements within their proposal. Meaning that the requirement to report on "Scope 3" disclosures, data about greenhouse gas emissions generated by their suppliers and customers has been dropped from the final rule.

✓ = we have met this target, and will continue to work to maintain this achievement

P = we are progressing against this target

"Implementing our climate change policy is not just about ticking boxes or demonstrating progress. Everything we do is designed to make real-world change and we work hard to the maximise our impact. We focus on systemic change because although it can be slow, it allows for the most widespread impact and drives real change.

Our Climate Change Policy focuses on actions that have the most impact, we strive to exceed expectations and requirements at every stage. We have high expectations of our stakeholders and use our influence to ensure they, as well as we, go further than simply meeting regulatory minimums."

Faith Ward,
Chief Responsible Investment Officer

Metrics and targets continued

Policy

100% of UK sovereign issuance to be subject to direct or collective engagement.

We continue to deliver against this ongoing target, although the real impact of the target is sometimes outside of our influence, we are confident that we are achieving this target, through our engagement with the UK government.

Making markets work

Addressing universal barriers to climate action and supporting a long-term thriving society is a significant strand to Brunel's activity.

We use a range of approaches to influence policymakers to establish comprehensive and robust climate change policy frameworks.

Our Policy Advocacy work ranges from supporting policy makers and regulators through responding to consultations, to providing advice, participating on working groups, coordinating and signing letters. Within all our activity we promote the need for the Just Transition to encourage this to be material consideration in change.

Further examples of our work can be found on the Stewardship Pages of our website, they include:

The launch of the ISSB Standards on Climate Disclosure (S2) is an example of Brunel influence, as Faith Ward was a member of Investor Advisory group that supported the launch.

Support for the Net-Zero letter sent to the Prime Minister in response to the Net-Zero Audit speech. Continuing our focus on UK Net-Zero commitments.

We continue to influence a wide audience through involvement in industry groups:

International

- International Sustainability Standards Board (member of the Investor Advisory Group (ISSB IAG))

European

- Institutional Investors Group on Climate Change (Board Chair, Co-Chair of the UK Policy Working Group)
- Member of the Paris Aligned Investment Initiative Steering Group

UK

- Transition Plan Taskforce Delivery Group (member and Co-Chair of the Adaptation Workgroup)
- Green Taxonomy Advisory Group (member and Chair of Workstream 4)

Transition Plan Taskforce – producing a sector neutral framework

Faith Ward was an intrinsic part of the team developing resources on behalf of Transition Plan Taskforce (TPT). As a member of the TPT Delivery Group, Faith supported the delivery of an internationally recognised best practice disclosure framework for transition plans, accompanied by a comprehensive suite of resources to support companies and financial institutions globally to mobilise transition finance.

The TPT delivered outputs that support the creation of consistent, comparable company reports, and reduce the level of disclosure complexity faced by firms. Brunel is already embedding transition plan disclosure requirements into its climate stewardship requirements and envisages transition plans being a core requirement in its climate strategy.

Faith also co-led the working group on adaptation, creating a dedicated primer for preparers on adaptation, ensuring adaptation is included in corporate climate transition planning.

Metrics and targets continued

Sovereign Debt

Brunel's sovereign debt exposure (around 3% of AUM) is almost all UK-based and designed for the primary purpose of liability matching. As such Brunel's primary risk reduction and Paris Alignment mechanism is linked to UK Government national determined contribution (NDC) and how we support UK policy implementation.

Brunel utilises the ASCOR Framework to assess UK sovereign debt from a climate change perspective. ASCOR (Assessing Sovereign Climate-related Opportunities and Risks) Project, is an investor led initiative supported by Investor networks and the Transition Pathway Initiative Centre, based at the Grantham Research Institute on Climate Change and the Environment, London School of Economics and Political Science.

	Assessment	Next steps
Brunel Climate Target (delivery on commitments)	Yes	Policy advocacy with the UK Government and related policy makers has been an extensive component of Brunel's work and will continue to do so through 2024-25
UK Government (Brunel summary based on ASCOR data)	Partial	Investors need a comprehensive UK Transition Plan that addresses key deficiencies such as clarity on energy transition (especially relating to fossil fuels), Just Transition and carbon pricing – these are all established asks of Brunel Policy Advocacy objectives

The ASCOR Country Assessments are accessible on the TPI website. A summary for the UK are detailed below.

ASCOR Country Assessment – United Kingdom

(only applicable indicators are included)

Emission Pathways		Climate Polices		Climate Finance	
Emission Trends	Partial	Climate Legislation	Yes	International Climate Finance	Partial
2030 Targets	Partial	Carbon Pricing	Partial	Transparency in Climate Spending	Yes
Net-Zero Targets	Partial	Fossil Fuels	No		
		Sectoral Transitions	Partial		
		Adaptation	Yes		
		Just Transition	Partial		

Yes Partial No

Metrics and targets continued

Products

Product Governance Target – Portfolio alignment

P 100% AUM in material (high impact) sectors* in developed listed equities that are i) achieving Net-Zero or ii) meeting a criterion considered to be aligned or iii) aligning** by 2030, extending to all markets by 2040.

P Brunel's ambition is that by 2040 all listed assets are i) achieving Net-Zero or ii) meeting a criterion considered to be aligned or iii) aligning**.

✓ By June 2024***, Brunel commits to setting alignment targets for corporate bonds, infrastructure, real estate and secured income consistent with the NZIF and a timeline for target setting in other assets classes.

* Currently in scope are listed companies on the Climate Action 100+ focus list; companies in high impact sectors consistent with Transition Pathway Initiative sectors including banks.
** Note that, for a product to be on track for meeting its target, at least 80% of assets must fall into in the first and second categories
*** These targets are detailed on page 35.

Designing climate resilient solutions

Climate resilience is baked into the design and development of our products. However, to drive real world substantial climate change benefits, and remain Paris-aligned, continuous monitoring and engagement is required. Our range of activities provides confidence to our clients that we are meeting their future investment goals.

Climate Action 100+

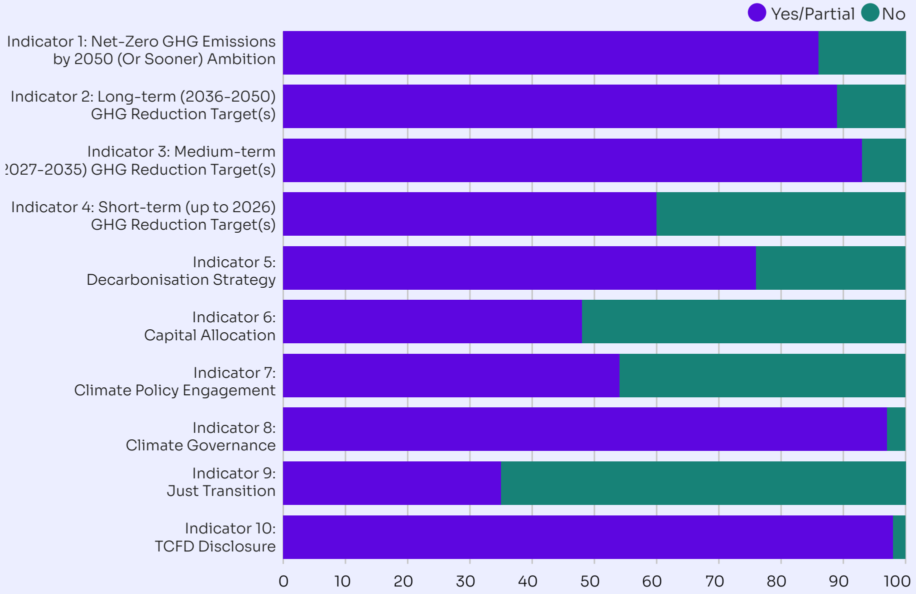
Brunel is a signatory to Climate Action 100+ (CA100+), an initiative that aims to ensure that the world's largest listed corporate emitters take action on climate change. We use the CA100+ Net-Zero Company Benchmark, to help prioritise activity and target 'systemically important emitters'. The Benchmark is not a disclosure mechanism or database iteself, rather an evaluation tool - assessing companies against eleven indicators (see p. 33).

We work with our engagement research provider, EOS at Federated Hermes (EOS) to deliver ongoing engagement and activity with CA100+ companies, this has helped contribute to a large number of companies making significant commitments to action.

Metrics and targets continued

Brunel Held CA100+ Companies

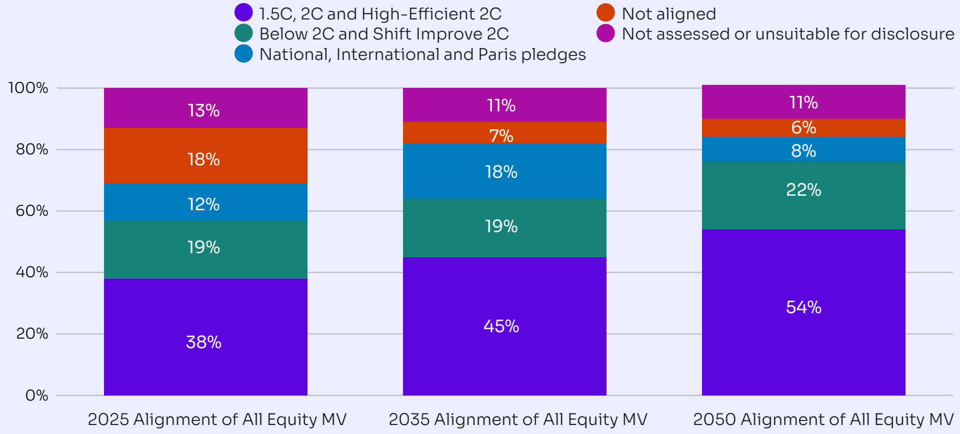
Demonstrating whether the companies that Brunel has exposure to, within the CA100+, meet each of the ten indicators (the 11th indicator shown in the later table was added in 2024)



As at 31 December 2023, Brunel had exposure to 122 of the 150 companies covered by CA100+ in across our active and passive equities portfolios

Alignment of Listed Equity Holdings using TPI Carbon Performance

This shows the percentage of our listed equity holdings that have company alignment targets with the UN Paris Agreement goals, using several benchmark scenarios for each sector, which in most sectors are: 1.5 Degrees, Below 2 Degrees and National Pledges.



Metrics and targets continued

Assessing alignment for action

In our Climate Change Policy 2023-2030 we set out a process, based on climate alignment that describes our basis for climate engagement and, ultimately, where appropriate, selective divestment. This is a sensitive topic, and a careful balance between transparency, accountability, and regulatory requirements must be found.

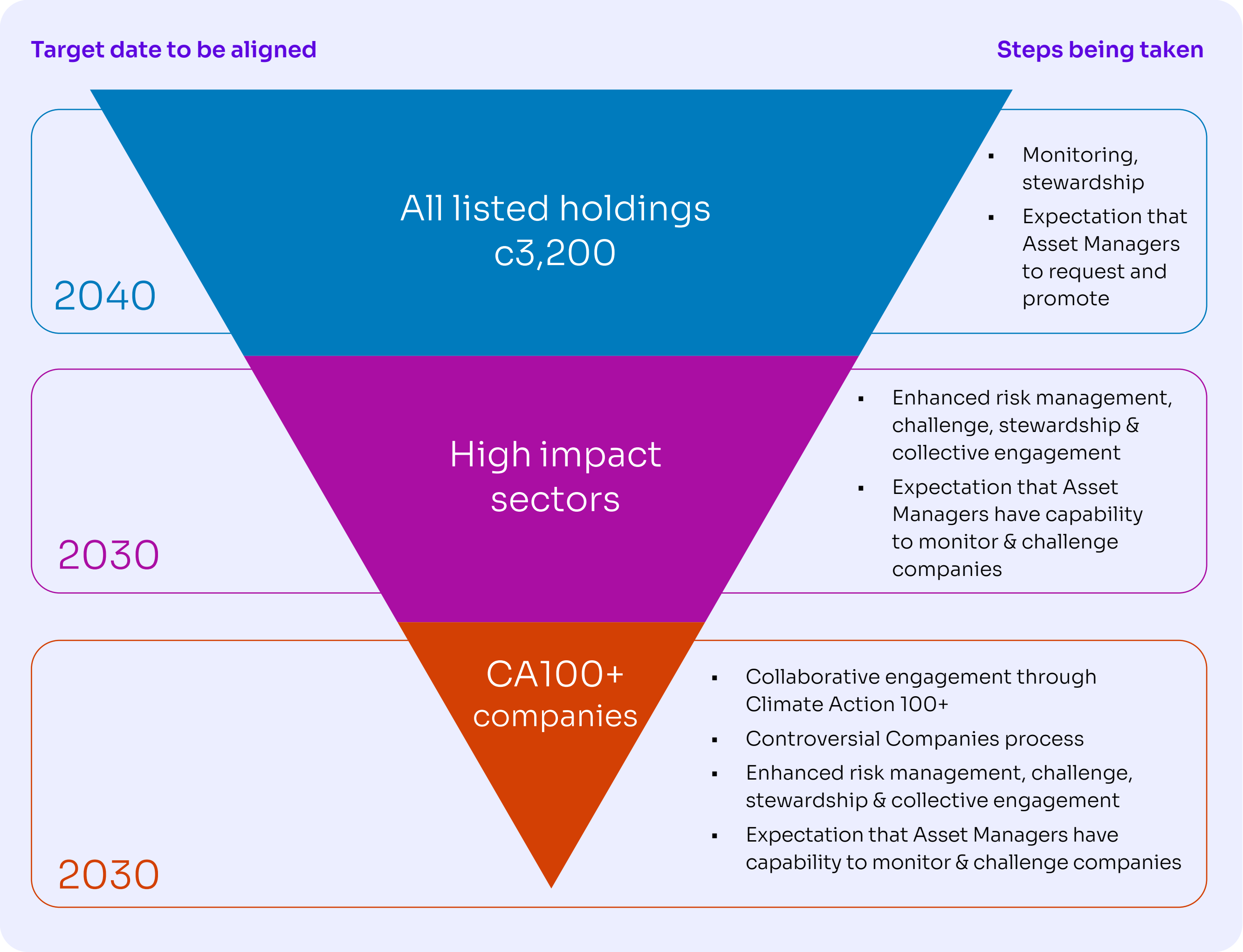
Who this applies to

Our Climate Change Policy 2023-2030 applies to all of our holdings. Our 'climate alignment' criteria detailed below ('our expectations'), applies to all of our listed holdings, but when we expect them to become 'climate aligned' is based on the impact they have on the climate.

Holdings are grouped, based on this impact assessment, into:

- **Listed holdings** – c 3,200 companies held by Brunel
- **High impact sectors** – those companies that are part of a specified list of high impact sectors
- **Climate Action 100+ companies** – 170 organisations, identified by Climate Action 100+ (CA100+), an investor-led initiative, as the world's largest corporate greenhouse gas emitters

This grouping of our listed holdings is also used to prioritise our engagement activity, and underpins the steps taken to engage with the holdings.



Metrics and targets continued

Our expectations

Here we only detail our expectations in relation to climate alignment, which are a subset of the more holistic climate risk assessment and stewardship expectations of holdings. For example, we also expect plans to be held to demonstrate management of physical climate risk and resilience.

Our expectations use the CA100+ 'Alignment Maturity' indicators, and form our minimum requirements of organisations, we of course, encourage companies in all groups to exceed these standards.

Any companies held by Brunel, who are unable to comply with criteria, either through the benchmark or in the provision of credible evidence, will be subject to challenge via the asset manager and selective divestment within 12 months of the reassessment date.

If the company is not held by Brunel, our Asset Managers will be instructed not to invest in that company in the future, unless the company improves.

Summary of Alignment Maturity Expectations for 2024/2025

No.	Climate Action 100+ Disclosure Indicator	Essential for all markets	Strongly Recommended
1	Net-Zero GHG Emissions by 2050 (or sooner) ambition	Meets all criteria (partial is acceptable for emerging markets)	
2	Long-term (2036-2050) GHG reduction target(s)	Yes - meets all criteria **OR** Partial – meets some criteria	
3	Medium-term (2026 to 2035) GHG reduction target(s)	Yes - meets all criteria **OR** Partial – meets some criteria	
4	Short-term (up to 2025) GHG reduction target(s)	Yes - meets all criteria **OR** Partial – meets some criteria	
5	Decarbonisation strategy		Yes - meets all criteria **OR** Partial – meets some criteria
6	Capital allocation alignment		Yes - meets all criteria **OR** Partial – meets some criteria
7	Climate policy engagement		Yes - meets all criteria **OR** Partial – meets some criteria
8	Climate Governance		Yes - meets all criteria **OR** Partial – meets some criteria
9	JustTransition: The company considers the impacts from transitioning to a lower-carbon business model on its workers and communities		Yes - meets all criteria **OR** Partial – meets some criteria
10	Disclosure (TCFD or equivalent)	Yes - meets all criteria **OR** Partial – meets some criteria	
11	Historical GHG Emissions Reductions (Beta)		Yes - meets all criteria **OR** Partial – meets some criteria

A Word from our CEO
Compliance statements
Investing for a world worth living in – our mission and vision
Governance
Strategy
Risk
Scenarios
Metrics and targets
Policy
Products
Portfolios
Positive Impact
Persuasion
Operational risk
Looking ahead
Disclaimer
Appendices
Getting in touch

Metrics and targets continued

Reviewing the criteria – an annual process

In our Climate Change Policy, we committed to review our criteria, the timelines and the efforts of Asset Managers (AMs) / companies to meet these expectations annually. This is to ensure we keep pace with the rapid market, scientific, technological and policy developments and context. The expectation was set that the minimum requirements would get more stringent over time. Reviews would use this process shown below.

2023 Controversial companies

In 2023 our definition of a controversial company was one that was failing all of the CA100+ indicators. From the 2022 benchmark data, the following companies of which Brunel was invested, failed all criteria.

Reliance Industries Ltd

At the time of assessment, the company had not set an ambition to achieve Net-Zero GHG emissions by 2050 or sooner. Since the benchmark release, Reliance Industries has announced a target to achieve Net-Zero by 2035. The company has further launched its New Energy business focused on carbon recycling, circular economy and green energy. Although this one initiative will not get Reliance Industries to Net-Zero the belief is that Reliance Industries is moving in a positive direction.

Anhui Conch Cement Co Ltd

There is evidence of Anhui Conch Cement making efforts to improve their environmental impact. They have disclosed their Scope 1 & 2 emissions and are leading their sector in China reducing harmful emissions. Anhui Conch Cement is also rapidly scaling its renewable energy capacity having committed to investing a quarter of their cash generation over the next three years into renewable energy.

Berkshire Hathaway Inc

Berkshire Hathaway is no longer held in our active portfolios at time of writing but was flagged as a controversial company when the CA100+ analysis was undertaken.

By October 2023 all three companies had improved and were no longer be considered as controversial. Any decisions that were taken with regards to the selling of these stocks (including Berkshire Hathaway) were at the Managers discretion and not necessarily related to our climate alignment criteria.

October	November	December	Ongoing	June	Quarterly
CA100+ benchmark to evaluate corporate responsiveness to managing risk transparently	**CA100+ indicators** used to set minimum expectations annually	Expectations reflected in annual updates to **Stewardship Policy, Voting Guidelines** and **Climate Change Policy***	Enhanced engagement on companies at risk from failing	TCFD Report details forward looking expectations, communicates success and summarises exits** post transaction	Risk reporting (in-year)
		Update analysis with end of year holdings. This will detail non-compliant and at-risk companies **within the CA100+ universe**			
		Communicate expectations and controversial companies list to AMs and embed in risk reporting			
		Selective divestment process initiated			
		Briefing paper setting out climate maturity minimum expectations and next steps			
		Confidential Pension Committee Briefing paper on requirements and at-risk companies			

* Climate policy update in 2024/ 2026
** Exits may not be solely driven by climate concerns

Metrics and targets continued

Setting targets

An enabling policy environment, and the country's transitioning of energy is fundamental for us to achieve targets – this is specifically true for 'real assets', which are dependent upon the services in their locations.

In line with our ambitions we have set targets for each of the following portfolios:

Portfolio	Target	Date
Sterling Corporate Bond	100% AUM in material (high impact) sectors in developed listed equities and sterling corporate bonds that are i) achieving Net-Zero or ii) meeting a criterion considered to be aligned or iii) aligning * by 2030, extending to all markets by 2040	2030, extending to all markets by 2040
Real Estate and Infrastructure	No less than 50% AUM in real estate and infrastructure assets are i) achieving Net-Zero or ii) meeting a criterion considered to be aligned by 2030 and 100% by 2040	2040
Secured Income and the Cornwall Local Impact Portfolio	100% AUM in Secured Income and the Cornwall Local Impact Portfolio are i) achieving Net-Zero or ii) meeting a criterion considered to be aligned	2030
Multi-Asset Credit	100% of the portfolios corporates and quasi-sovereign exposure be considered as 'achieving Net-Zero' or 'aligned to Net-Zero'**	2040 with 50% progress by 2030
Private Equity, Private Debt, Diversifying Returns	Alignment targets set, consistent with the NZIF	2025 (to be reflected in the updated Climate Policy 2026-2030, due for publication early 2026)

* For a product to be on track for meeting its target, at lease 80% of assets must fall into the first and second categories.
**Where methodologies to assess alignment still not exist by 2040, and the investments are not obviously contrarian to the Net-Zero objectives, they will be assumed to be compatible.

Metrics and targets continued

Property RI Metrics

Our work with our managers, requires them to participate in benchmarks such as GRESB (Global Real Estate Sustainability Benchmark) allowing us to obtain comparable data. This in turn informs trend data and more informed views on performance and ability to question any significant changes. The nature of property allows space for innovation and older portfolios can make significant progress.

The data we collect has expanded through our Annual Reporting survey, which enables us to measure objectively across our portfolios, covering a range of topics, such as decarbonisation targets, data coverage and physical climate risks. The following 2023 baseline figures are being put in place to support our future evaluation.

UK Model property

Corporate Net-Zero commitment	**100%**
Fund Net-Zero commitment	**84%**
Assets covered by climate roadmap	**74%**

International Model property

Corporate Net-Zero commitment	**73%**
Fund Net-Zero commitment	**63%**
Assets covered by climate roadmap	**50%**

Secured Income

Corporate Net-Zero commitment	**65%**
Fund Net-Zero commitment	**65%**
Assets covered by climate roadmap	**65%**

Portfolios

Portfolios – Decarbonisation

- Reduce emission carbon intensity (Scope 1&2) for all Brunel's listed equity and corporate bond portfolios by 50% by 2030, using a trajectory of at least 7% per annum reduction, from baseline of investable universe as at 31/12/2019 (or appropriate subsequent date).
- Brunel also commits to set additional decarbonisation targets to cover separate Scope 3 targets to incorporate material sectors and other activities that will assist in achieving our overall goal no later than June 2024.

All portfolios have achieved at least **7%** per annum reduction from the 2019 baseline. The aggregate Brunel portfolio has achieved a reduction of **57%** from the baseline of 2109 to 2023.

Investing where it matters

Climate risk mitigation is firmly embedded in Brunel's manager appointment, monitoring and risk processes, supported by both routine engagements and our partnership approach to working, but also with the quarterly reporting of key metrics.

Quarterly reports detailing stewardship actions and carbon metrics are published on our website and detailed versions are shared with our clients. The reports include emission intensity and fossil fuel exposure, as well as other metrics and provide an ongoing view of climate related financial risks. In addition to publishing these openly, they are shared with the Brunel Board, Brunel Oversight Board and Cliant Group.

ESG and carbon specific datasets are used to monitor and report, both internally and externally, on the risks within our investment portfolios.

Listed markets carbon metrics – for each portfolio

- Absolute carbon emissions
- Carbon to value intensity
- Disclosure rates
- Weighted Average Carbon Intensity (WACI)
- Fossil fuel related activities
- Fossil fuel reserves exposure
- Potential emissions from reserves
- Scenarios

Brunel stresses the need to look at companies and assets across multiple metrics, as no one metric will be useful in isolation.

We have set a number of metrics and targets for our listed equity portfolios, which are outlined in our Climate Change Policy. A detailed breakdown of each portfolio, and wider metrics are included in our Climate-related Product Report. These have evolved from our previous Carbon Metrics reports, to further meet, and exceed, the requirements set out by TCFD.

Each of our clients receives a Climate-related Product Report annually, with the information reported for the underlying portfolios they are invested in, as well as their own 'Aggregate Portfolio'.

Carbon metrics reporting overview - Portfolio decarbonisation

The Brunel Aggregate Portfolio is made up of the Brunel's listed market portfolios weighted by value of investments as of 31 December 2023. A custom strategic benchmark has been used to enable a meaningful comparison. This is made up of the individual benchmarks from the Brunel portfolios and weighted accordingly, as of 31 December 2023.

Weighted Average Carbon Intensity (WACI)

The WACI, following the current recommendations of the Partnership for Carbon Accounting Financials (PCAF Standard), shows a portfolio's exposure to carbon-intensive companies. This measure is determined by taking the carbon intensity of each company and weighting it based on its holding size within the portfolio. It is a useful indicator of potential exposure to transition risks as carbon-intensive companies are more likely to be exposed to potential carbon regulations and carbon pricing.

The WACI of the Brunel Aggregate Portfolio is below its Strategic Benchmark, with a relative efficiency of +24%. Our collaborative approach to working with our asset managers is a long-term commitment, and as such we look at the trend, and improvements since a 2019 baseline.

Of the Brunel sub-portfolios within the Aggregate, the highest intensity was the Brunel Passive Smart Beta Portfolio (316 tCO2e/mGBP), while the lowest was the Brunel Sterling Corporate Bonds Portfolio (92 tCO2e/mGBP).

Metrics and targets continued

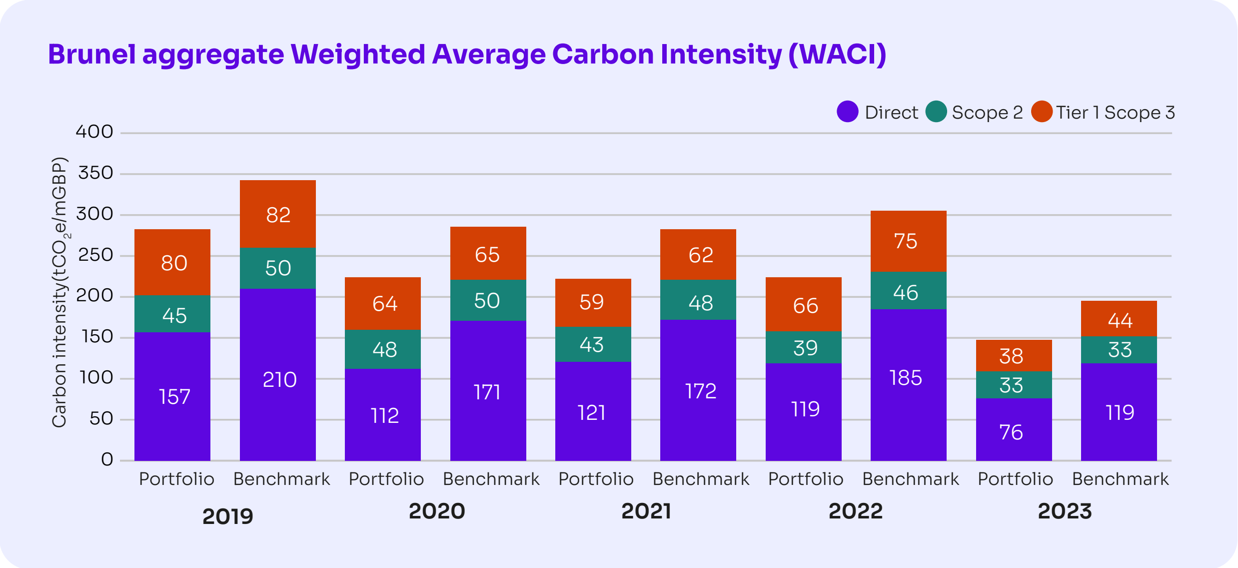
Carbon Intensity (Portfolio, reduction %, 2023 Portfolio, 2019 Baseline)

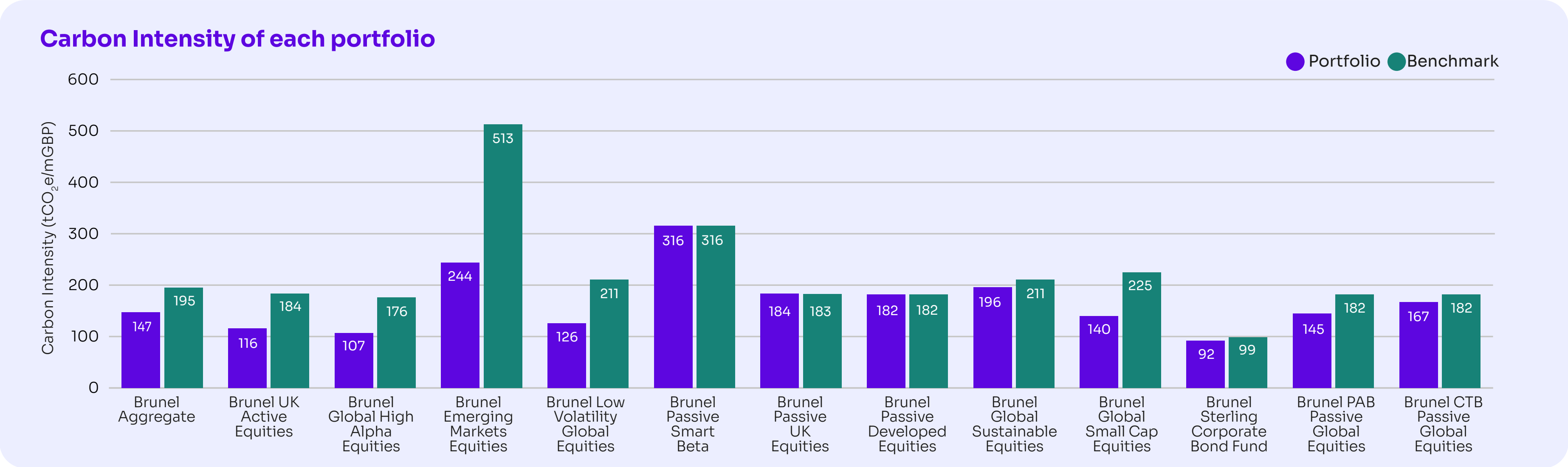
Portfolio	Reduction %	2023 Portfolio	2019 Baseline
Aggregate	57%	147	343
Active Portfolios			
High Alpha Global Equity	65%	107	301
Global Sustainable Equity	41%	196	334
UK Equity	59%	116	282
Emerging Markets Equity	57%	244	570
Smaller Companies Equities*	54%	140	309
Low Volatility Global Equity	62%	126	334
Sterling Corporate Bond**	50%	92	184
Passive Portfolios			
PAB Passive Global Equities	52%	145	303
CTB Passive Global Equities	45%	167	303
Passive Developed Equities	40%	182	303
CTB Passive UK Equities	35%	184	281
Passive Smart Beta	43%	316	554

*Trucost updated methodology in 2020 means we have taken December 2020 as a baseline for the Smaller Companies Equities.

**This portfolio has a baseline of 31 December 2021

Metrics and targets continued





Metrics and targets continued

Disclosure Rates

This is a key metric for indicating the quality of data and comparability of corporate disclosures. It is essential to improving the quality of carbon disclosures.

We report on the level of company disclosures for the Brunel Aggregate Portfolio and each relevant Brunel portfolio.

The definitions of these are below:

Full Disclosure – Companies reporting their own carbon data (e.g. in financial reports, CDP disclosures etc) across the different Kyoto protocol gases* whereas previously only an aggregate emissions figure was required.

Partial Disclosure – The data disclosed by companies has been adjusted to match the reporting scope required by the research process. This may include data from previous years' disclosures, as well as changes in business activities.

Modelled – In the absence of usable or up-to-date disclosures, the data has been estimated by employing S&P models.

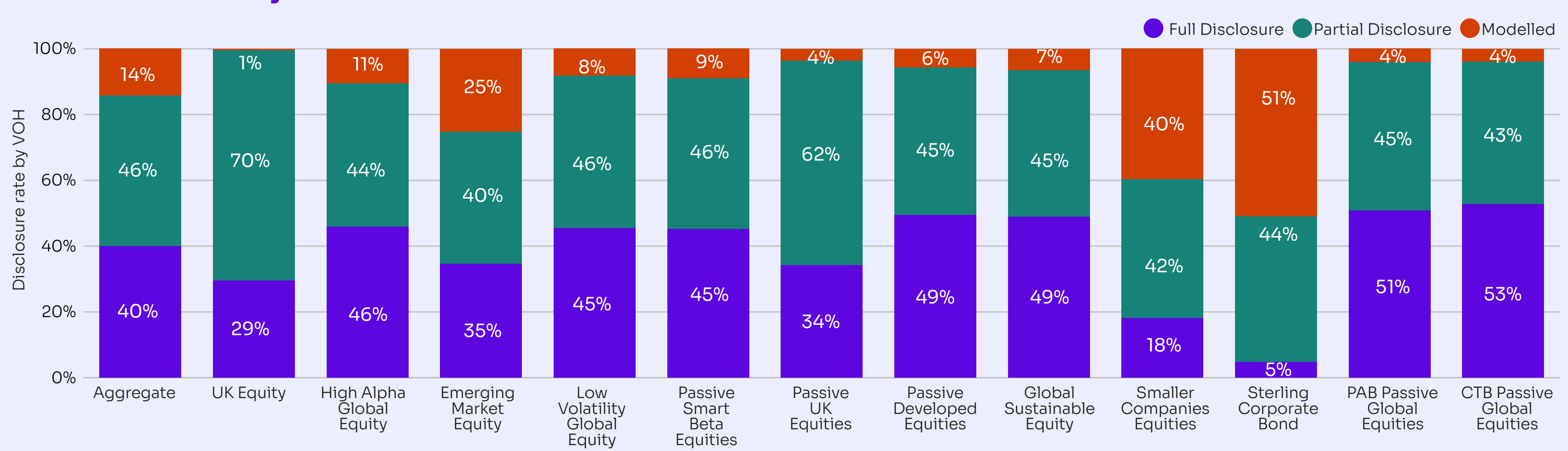
Brunel's public policy position is to call for mandatory direct disclosure of scope 1, 2 and material scope 3 emissions data, removing the need for modelled disclosures.

Company disclosures rates are based on Scope 1 emissions, where the rate of companies in the Brunel Aggregate Portfolio for which fully disclosed carbon data was available was 38% (GHG weighted) and 40% (value weighted). It is positive to note that both GHG and value weighted modelled scope 1 disclosure rates have reduced in 2023.

We provide detailed breakdowns of **fossil fuel-related activities**; **future emissions from reserves**; and **disclosure rates** for all Brunel portfolios in our Climate-related Product Report.

*The Kyoto Protocol covers the following greenhouse gases:
- Carbon dioxide (CO2)
- Methane (CH4)
- Nitrous oxide (N2O)
- Hydrofluorocarbons (HFCs)
- Perfluorocarbons (PFCs)
- Sulphur hexafluoride (SF6)
- Nitrogen trifluoride (NF3)

Disclosure Summary



Metrics and targets continued

Scope 3 GHG emissions

Scope 3 GHG emissions arise as part of an organisation's value chain, for example emissions relating to supply chain, product in use, rather than being produced by the organisation itself or assets owned or controlled. Whilst the organisation may not control, they can still expose the company to climate-related financial risks, but also opportunities.

Disclosure of scope 3 emissions is essential as;

- It can often represent as much as 80-90% of the total emissions for a company
- It allows more equitable risk assessment between companies that are vertical integrated versus those who outsource (thereby reducing their direct footprint and potentially looking misleadingly less risky)
- Its absence could lead to misallocation of capital by governments, corporates and investors
- Its absence could lead to misrepresentation of climate alignment

We believe the most effective action Brunel as an investor can take achieve decarbonisation in relation to Scope 3 GHG is through ensuring companies and assets publicly disclose the data, thereby enabling investors to assess and take account (price) the risk.

Brunel's approach

Policy – Ensure a clear ask for mandatory scope 3 disclosures, particularly by high impact companies. Advocating for International Sustainability Standards Board (ISSB) (S1 and S2) adoption by governments to create a globally consistent baseline, supported by the mandating of transition plans, starting with large, high impact companies and banks.

Products – The disclosure of material scope 3 emissions and related target setting are already components of our asset alignment criteria. Critical to its effectiveness to drive decarbonisation is to call for greater harmonisation of methodologies to enhance credibility of the data and analysis.

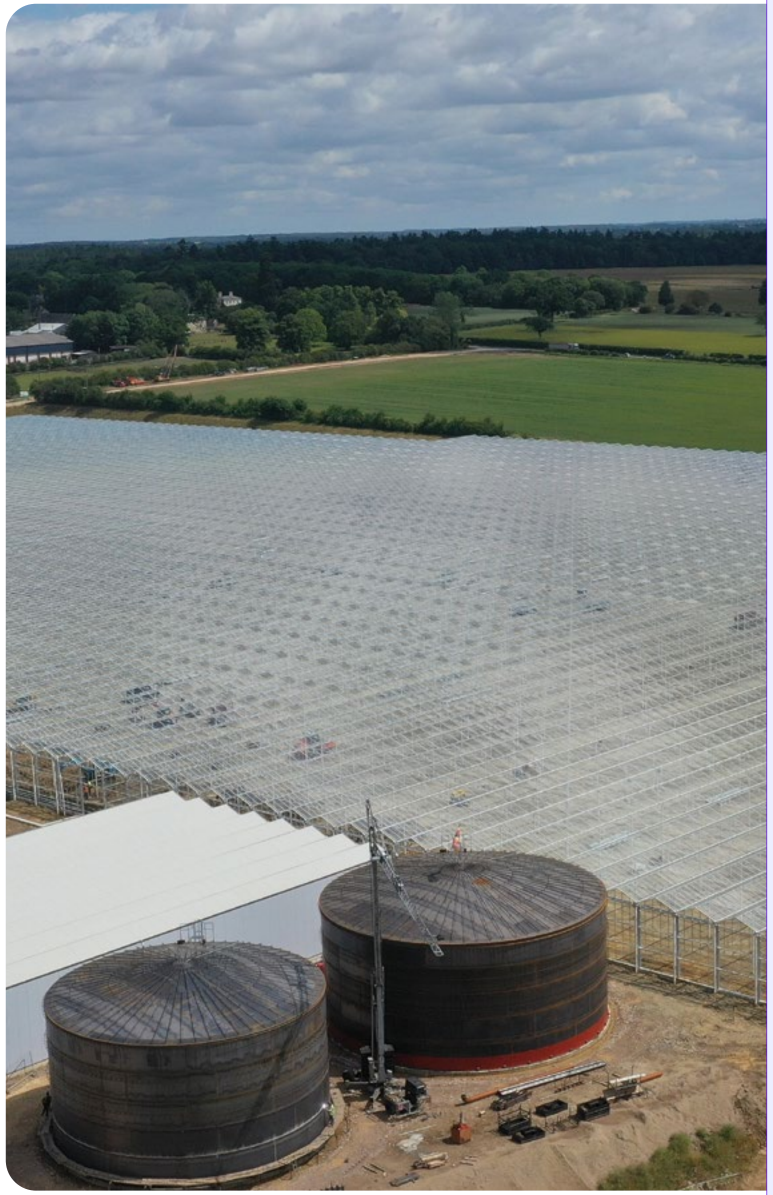
Portfolios – Brunel already includes portfolio level scope 3 data for supply chain emissions but will seek to enhance data and analysis of a wider range of relevant emissions in our climate-related product reporting.

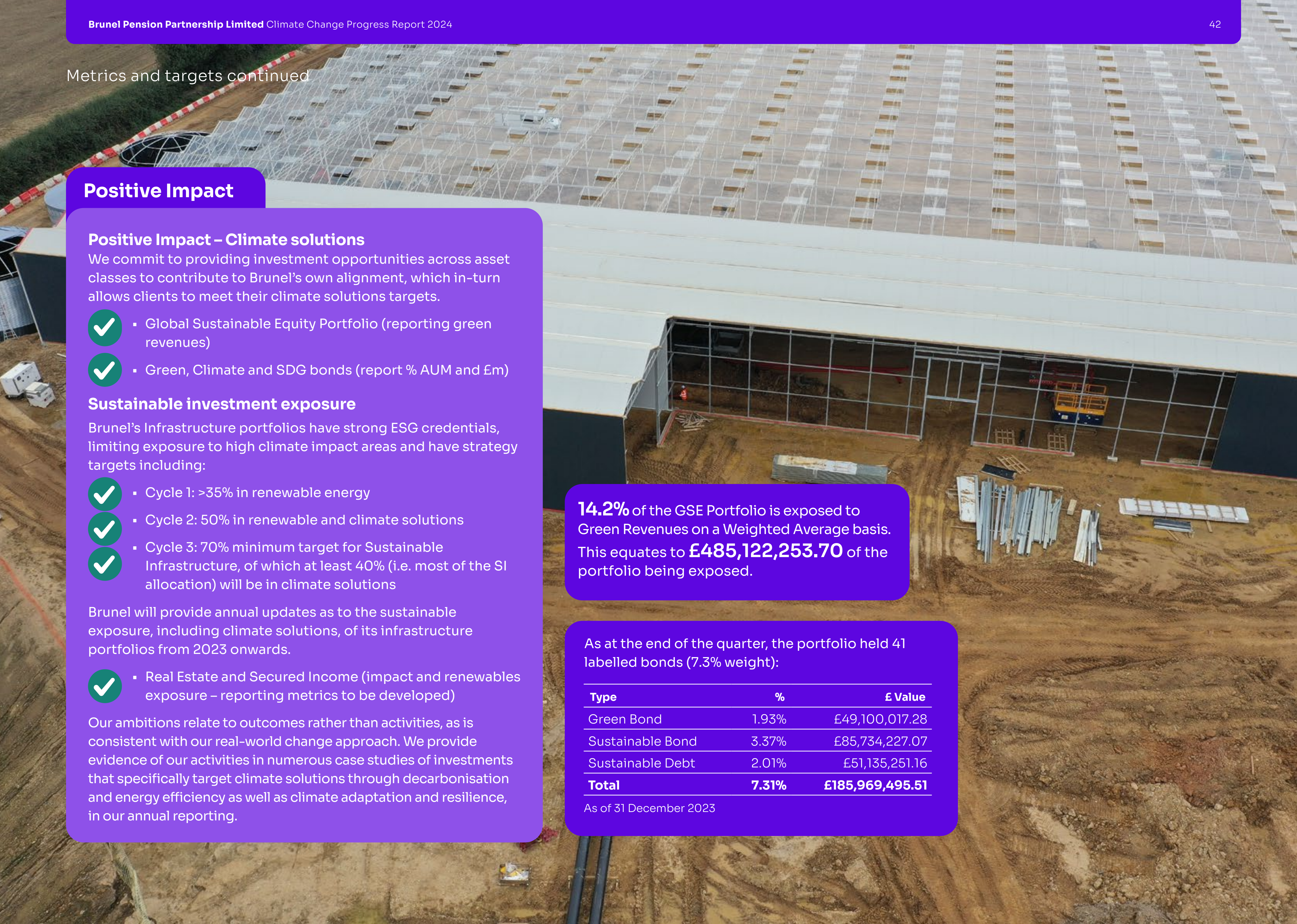
Positive impact – Proactive investment in climate solutions, supporting energy transition and other innovations that reduce the climate impact of products in use and supply chain emissions e.g. electrification of transport and regenerative agriculture.

Persuasion – Enhance the precision of the ask on companies and assets on which categories of scope 3 GHG we view as material. Seek to improve directly held listed assets in high impact sectors and our largest IT companies (see targets below). Scope 3 GHG disclosures and targets will continue to form part of escalation and voting strategies.

Scope 3 Targets

- 100% of directly held high impact and banks to disclose their own material Scope 3 emissions by 2030
- 100% of AUM in largest directly held IT companies to disclose their own upstream and downstream Scope 3 emissions by 2030





Metrics and targets continued

Positive Impact

Positive Impact – Climate solutions

We commit to providing investment opportunities across asset classes to contribute to Brunel's own alignment, which in-turn allows clients to meet their climate solutions targets.

- Global Sustainable Equity Portfolio (reporting green revenues)
- Green, Climate and SDG bonds (report % AUM and £m)

Sustainable investment exposure

Brunel's Infrastructure portfolios have strong ESG credentials, limiting exposure to high climate impact areas and have strategy targets including:

- Cycle 1: >35% in renewable energy
- Cycle 2: 50% in renewable and climate solutions
- Cycle 3: 70% minimum target for Sustainable Infrastructure, of which at least 40% (i.e. most of the SI allocation) will be in climate solutions

Brunel will provide annual updates as to the sustainable exposure, including climate solutions, of its infrastructure portfolios from 2023 onwards.

- Real Estate and Secured Income (impact and renewables exposure – reporting metrics to be developed)

Our ambitions relate to outcomes rather than activities, as is consistent with our real-world change approach. We provide evidence of our activities in numerous case studies of investments that specifically target climate solutions through decarbonisation and energy efficiency as well as climate adaptation and resilience, in our annual reporting.

14.2% of the GSE Portfolio is exposed to Green Revenues on a Weighted Average basis. This equates to **£485,122,253.70** of the portfolio being exposed.

As at the end of the quarter, the portfolio held 41 labelled bonds (7.3% weight):

Type	%	£ Value
Green Bond	1.93%	£49,100,017.28
Sustainable Bond	3.37%	£85,734,227.07
Sustainable Debt	2.01%	£51,135,251.16
Total	**7.31%**	**£185,969,495.51**

As of 31 December 2023

Infrastructure portfolios

Being impactful in our investments

In line with our core values we continue to offer our clients access to investments that contribute to investing for positive impact in support for the United Nations Sustainable Development Goals. They can, as is appropriate for their strategic asset allocation, opt in to these or not. Our focus on local impact opportunities enables our clients to invest in projects which support effective adaption to the impacts of climate change in their own areas of responsibility.

Brunel's Infrastructure portfolios have strong ESG credentials, limiting exposure to high climate impact areas.

They are meeting their strategic targets with:

- Cycle 1 investing in more than 35% in renewable energy.
- Cycle 2 investing 50% in renewable and climate solutions.
- Cycle 3 investing more than 70% in Sustainable Infrastructure, 40% of which is in climate solutions.

Sustainable Investment Exposure Summary

Sustainable Exposure Summary	Percentage Sustainable Exposure	Value of Sustainable Exposure
Cycle 1	76%	£308,001,727.04
Cycle 2-G	75%	£222,742,637.00
Cycle 2-R	99%	£301,842,204.08
Cycle 3	88%	£82,145,129.21
Aggregate	**83%**	**£914,731,697.32**

As of 30 September 2023

This follows the FTSE Green Revenues methodology.

Sustainable Investment Exposure Breakdown by Sub-Sector

Sector	Sub-Sector	Value	%
Energy Generation	Cogeneration	£44,756,836.81	4.1%
	Hydro	£818,586.64	0.1%
	Mixed Renewables	£91,347,617.24	8.3%
	Solar	£221,482,602.07	20.1%
	Waste to Energy	£10,188,955.24	0.9%
	Wind	£173,016,481.62	15.7%
Energy Management and Efficiency	Buildings & Property (Integrated)	£65,070,069.48	5.9%
	IT Processes	£4,489,664.91	0.4%
	Power Storage	£21,055,053.28	1.9%
	Smart & Efficient Grids	£46,887,633.35	4.3%
Environmental Support Service	Smart City Design & Engineering	£95,877,964.07	8.7%
Transport Equipment	Railways	£12,713,508.06	1.2%
	Road Vehicles	£13,709,900.87	1.2%
	Shipping	£6,670,588.73	0.6%
Transport Solutions	Railways Operator	£31,470,616.08	2.9%
Waste and Pollution Control	Waste Management	£3,783,175.43	0.3%
Water Infrastructure and Technology	Water Infrastructure	£3,725,366.48	0.3%
	Water Utilities	£39,242,260.41	3.6%
Food & Agriculture	Sustainable Plantations (Tier 2)	£28,424,816.57	2.6%
No Impact	No Impact	£184,954,049.65	16.8%
	Grand Total	**£1,099,685,746.97**	**100.0%**

As of 30 September 2023

Metrics and targets continued

Persuasion

Persuasion Target – Portfolio stewardship

- Ensure 70% of financed emissions in material sectors are either aligned, aligning or subject to direct or collective engagement and stewardship actions for all listed equity and corporate bonds by June 2024, increasing to 90% by June 2027.
- Engage with 100% of investment managers and general partners* on measuring emissions, disclosure levels and setting targets for decarbonisation and alignment by June 2024.
- Engage 100% of carbon-based energy and transport infrastructure assets as part of collective or direct engagement, or management interventions. Brunel Infrastructure portfolios have limited exposure to such assets and, where they do, it is often part of a wider programme of energy transition and/or efficiency.

With regard to our private markets' portfolios more broadly, we will sequentially focus on our infrastructure, secured income, real estate, private equity and private debt portfolios, with the ambition of setting targets for the first three of these by June 2024.

* Real estate scope is limited to the model portfolios and engagements in private markets will be a combination of direct and via our strategic partners.

Convincing others to change

Our approach to persuade companies to act upon climate change, largely falls into three strands:

1. Engagement via investment managers

   As has been covered in previous sections, this is an intrinsic part of our partnership working with asset managers. We require our asset managers to rigorously and continuously discuss and demand progress and real-world change on climate related matters, including disclosure and reporting

2. Collaborative engagement, for example through CA100+

   We strategically use collaborative engagement as it aligns with our objectives to drive systemic change and supports the likelihood of real-world change.

3. A primary focus is on physical climate risk, adaption and nature based solution. We also seek to influence through voting our shareholding

   In accordance with our Voting Guidelines we have voted at 99.8% of company meetings in 2023 (EOS at Federated Hermes made voting recommendations on 16,380 resolutions at 1,331 meetings)

Our voting statistics are made available on our website, to inform and promote the importance of the activity.

Each March we request our asset manages supply Brunel with their engagement plans which contains data points on engagement they are undertaking with the underlying issuers they hold on Brunel's behalf. Within these engagement plans the managers disclose detail on a range of ESG topics, including measuring emissions, disclosure levels and setting targets for decarbonisation and alignment.

Case Study: Driving informed voting – a Stewardship Review 2023

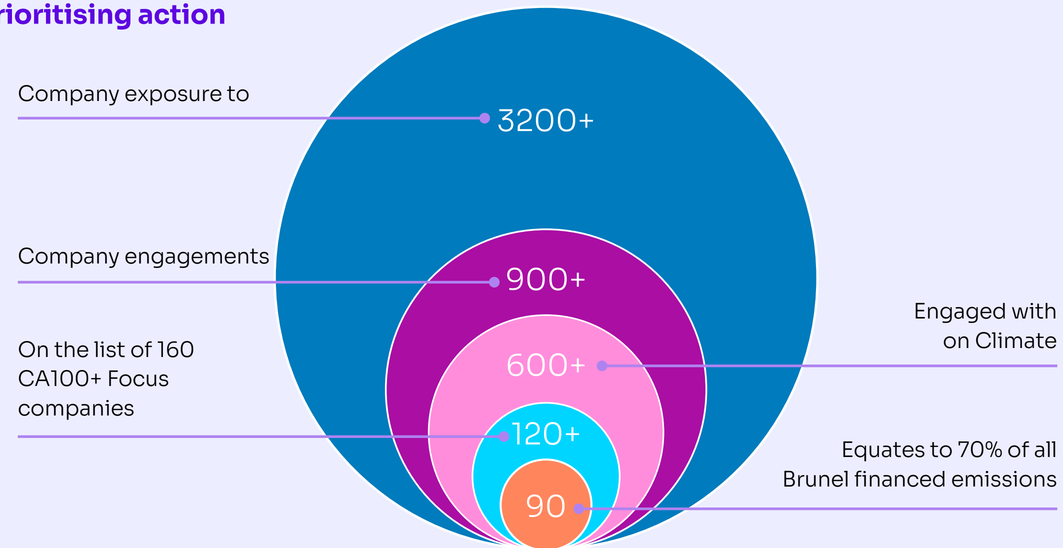
Brunel took a leading role in the calling for and facilitating of the UK Asset Owner Stewardship Review 2023: Understanding the Degree & Distribution of Asset Manager Voting Alignment, Andreas Hoepner et al.

This report, was a key step in engaging and informing a collaborative dialogue between asset owners and asset managers. The report provided insights and evidence to support conversations around climate related shareholder voting.

70% of financed emissions in material sectors are either aligned, aligning or subject to direct or collective engagement and stewardship actions for all listed equity and corporate bonds by June 2024, increasing to **90%** by June 2027.

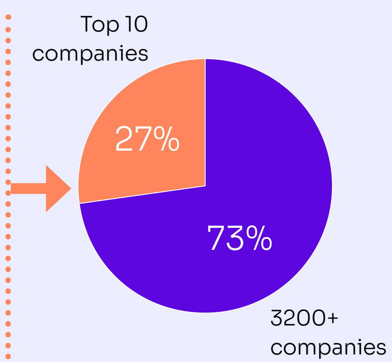
Metrics and targets continued

Prioritising action



Rank	Company Name	% of Brunel financed emmissions
1	Waste Management, Inc.	4.55%
2	Shell plc	3.69%
3	Delta Air Lines, Inc.	3.20%
4	WestRock Company	2.64%
5	L'Air Liquide S.A.	2.48%
6	UPM-Kymmene Oyj	2.28%
7	Steel Dynamics, Inc.	2.20%
8	Linde plc	2.17%
9	Glencore plc	2.01%
10	Holcim AG	1.90%

The top 10 companies are responsible for 27% of all of the Brunel financed emissions



Brunel financed emissions

As at 31 December 2023

Operational Risk

Our own operational emissions

With a focus on ensuring real-world change, it is important for Brunel to 'walk the talk' and ensure that we practise what we preach and adopt best practise into Brunel operations, as well as demand it of our asset managers and investments. This is true of the spectrum of RI priorities, but also of climate risk.

Brunel uses a balanced scorecard to report the performance metrics most applicable to our strategic aims. As a document, and set of objectives, it has been reviewed by our Strategic Executive Committee, Brunel Oversight Board and Client Group. Brunel offers a very limited variable compensation (an equal amount to all Brunel staff, irrespective of seniority) and this is dependent upon meeting the targets identified within the balanced scorecard.

Returns through Responsible Investment is a key tenet of our strategy, it flows through to having RI and climate-related risks are targets within the organisational balanced scorecard. These in nature shape our business plan, budgets, activities and the variable compensation of all employees.

We are on track to meet our commitment of becoming Net-Zero in operations (scope 1 and 2) by 2030. We aspire to also reduce our scope 3 emissions, following significant progress on measuring. We require our suppliers and outsourced providers to demonstrate their alignment with our policies and procedures where appropriate.

Physical risks exposure such as flooding and extreme weather is mitigated through a highly agile workforce, all staff are provided with the technology to work remotely.

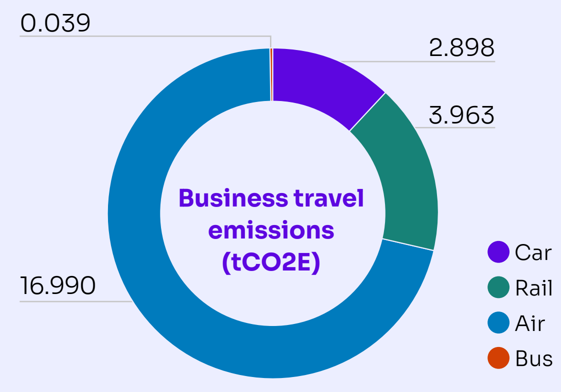
Energy usage aligns with our approach, as 100% of energy supplied is generated from solar, wind or hydro power. In addition, the supplier uses profits to invest in new and more efficient ways of generating renewable energy.

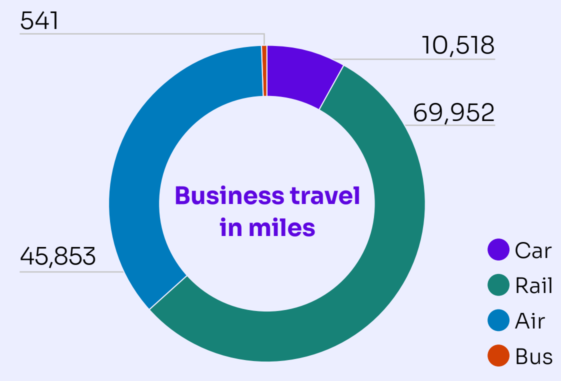
Work was undertaken in 2023, and we commissioned our first full carbon footprint report. We are collecting data covering heating and refrigerants (scope 1), electricity usage (scope 2, and across scope 3) company waste disposal, electrical items, business travel and much more. This data will be reviewed with a subsequent survey to develop a baseline for our 2024 reporting year.

Information included within this section excludes financed emissions, as the rest of the report is about financed emissions.

Business travel

Staff are encouraged to travel using public transport when possible. We undertook analysis of our staff business travel over the 12-month period to 30 September 2023.





Emissions estimated using 2023 DEFRA Emission Factors.

Looking ahead

Future focused

As is consistent with the importance of climate change to Brunel, and its overall strategy, we will continue to evolve and develop our approach. The evolution of our activity is widespread and occurs across the breadth of Brunel's undertakings.

Our planned future enhancements include:

- Setting targets for diversifying returns, private equity and private debt in 2025
- Continuing to refine our suite of targets, adding specificity as additional information and data becomes available
- Enhancing climate related governance – internal governance around climate-related risk and decision making is being reviewed. New groups to cover both this, and board level investment oversight are being considered

Across the industry access to data and data quality are consistent challenges, navigating and working to improve this situation and our subsequent reporting will always be a priority for Brunel. That said we aim to review and refine our data methodologies;

- To further developing our mapping and understanding of the impacts of our portfolios
- To enhance outputs supporting clients with their requirements, once the guidance is available from Department of Levelling-Up, Housing and Communities (DLUHC)
- To embed the voluntary recommendations as an early adopter of Taskforce for Nature-related Financial Disclosures (TNFD)
- To better represent our own emissions - defining targets and agreeing actions regarding our operational - emissions (scope 1 and 2) climate activity.

Our Responsible Investment and Stewardship Outcomes Report provides more information on our climate activity.

Our passion for climate related change will always be a fundamental part of Brunel's identity. Showing our courage by partnering with impactful networks to drive systemic change, is second nature. It is only through this continued and diligent drive that we will be able to change the narrative and world around us in an impactful way.

We will continue use our influence and reach to **invest for a world worth living in.**

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The calculations and information included in this report have been prepared on the basis of internal data and the interpretation of data, provided by external data providers, including S&P and State Street. While Brunel believes that such third party information is reliable, it has not sought to independently verify information obtained from public and third-party sources, and does not guarantee the accuracy, completeness, timeliness or reliability of such information.

Some of the data included in this information relates to portfolios or assets of Brunel's clients which are not managed by Brunel as their discretionary investment manager ("Legacy Portfolios"). Brunel takes no responsibility for the accuracy or completeness of any data relating to Legacy Portfolios.

Any information or calculations provided in this report have been made based on Brunel's current views and information available to us as at a specific time, and may not have been updated for information available after this date. S&P data was rendered on 21/03/2024. The ESG regulatory environment, and the breadth and availability of ESG data, are subject to change, and undue reliance should therefore not be placed on the disclosures made in this information. Brunel does not make any representation or warranty as to the accuracy, completeness or sufficiency of any of the information provided in this report.

Appendix

TCFD Reference Index

The following demonstrates where in the report the TCFD requirements are met.

Requirement	Page / section
Governance	
The Board's oversight of climate-related risks and opportunities.	8, 12, 20
Management's role in assessing and managing climate-related.	8, 12, 20
Strategy	
The climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	20
The impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	15
Supplemental guidance for asset managers: How climate-related risks and opportunities are factored into relevant products or investment strategies; how each product or investment strategy might be affected by the transition to a low-carbon economy.	15, 30, 37
The resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2ºC or lower scenario.	25
Supplemental Guidance for Asset Owners Asset owners that perform scenario analysis should consider providing a discussion of how climate-related scenarios are used, such as to inform investments in specific assets.	26
Risk Management	
The organisation's processes for identifying and assessing climate-related risks.	20, 21
Supplemental guidance for asset managers: Describe, where appropriate, engagement activity with investee companies to encourage better disclosure and practices related to climate related risks in order to improve data availability and asset managers' ability to assess climate-related risks. *Describe how material climate-related risks are identified and assessed for each product or investment strategy.*	22, 30, 37
Supplemental guidance for asset owners: Describe, where appropriate, engagement activity with investee companies to encourage better disclosure and practices related to climate-related risks to improve data availability and asset owners' ability to assess climate-related risks.	22, 30, 37
The organisation's processes for managing climate-related risks.	19, 22

Requirement	Page / section
Risk Management	
Supplemental guidance for asset managers: Asset managers should describe how they manage material climate-related risks for each product or investment strategy.	22
Supplementary asset owner guidance: firms should describe how they consider the positioning of their total portfolio with respect to the transition to a low-carbon energy supply, production, and use. This could include explaining how asset owners actively manage their portfolios' positioning in relation to this transition.	8, 19
How processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	8, 19
Metrics and Targets	
The metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	20, 22, 28, 30, 37, 42, 44
Supplemental guidance for asset owners & managers: Describe metrics used to assess climate-related risks and opportunities in each product or investment strategy. Where relevant, describe how these metrics have changed over time. Where appropriate, provide metrics considered in investment decisions and monitoring. Describe the extent to which assets under management and products and investment strategies, where relevant, are aligned with a well below 2C scenario, using whichever approach or metrics best suit organizational context or capabilities. Indicate which asset classes are included.	25 & Climate-related Product Report
Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	19, 37
Supplemental guidance for asset managers: Disclose GHG emissions for assets under management and the weightedaverage carbon intensity (WACI) for each product or investment strategy, where data and methodologies allow. These emissions should be calculated in line with the Global GHG Accounting and Reporting Standard for the Financial Industry developed by the Partnership for Carbon Accounting Financials (PCAF Standard) or a comparable methodology. In addition to WACI, asset managers should consider providing other carbon footprinting metrics they believe are useful for decision-making.	30, 37, 42
The targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	15, 28, 37, 42, 44, 46

Getting in touch with the team

If you have any questions or comments about this report please email Faith Ward, Chief Responsible Investment Officer at RI.Brunel@brunelpp.org.

Please visit our website to read our latest reports, news and insights and other materials to keep you up to date. For general fund manager enquiries, meeting requests and other materials (updates, newsletters, brochures and so on), please contact us on investments.brunel@brunelpp.org.