# 2025

# Responsible Investment and Stewardship Outcomes

For the year ending 31 December 2024

**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 responsible investments supported by robust and transparent processes. We are here to protect the interests of our partner funds and their beneficiaries. In collaboration with our stakeholders, we are **forging better futures by investing for a world worth living in.**



Brunel is authorised and regulated by the Financial Conduct Authority as a full-service MiFID firm. We use the name 'Brunel' to refer to the FCA-authorised and regulated company. Company registration number 10429110 . Authorised and regulated by the Financial Conduct Authority No. 790168

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# Responsible Investment & Stewardship highlights across our asset classes

**Private Equity** 2%

**We're leading the way alongside our Private Equity (PE) partners;**

- **pioneering employee wealth building initiatives; and**
- **promoting the standardisation of impact measurement metrics in PE**

**Infrastructure** 4%

**>80% invested in assets that directly contribute to sustainable outcomes**

**Other** 9%

**Property** 6%

**Secured Income** 3%

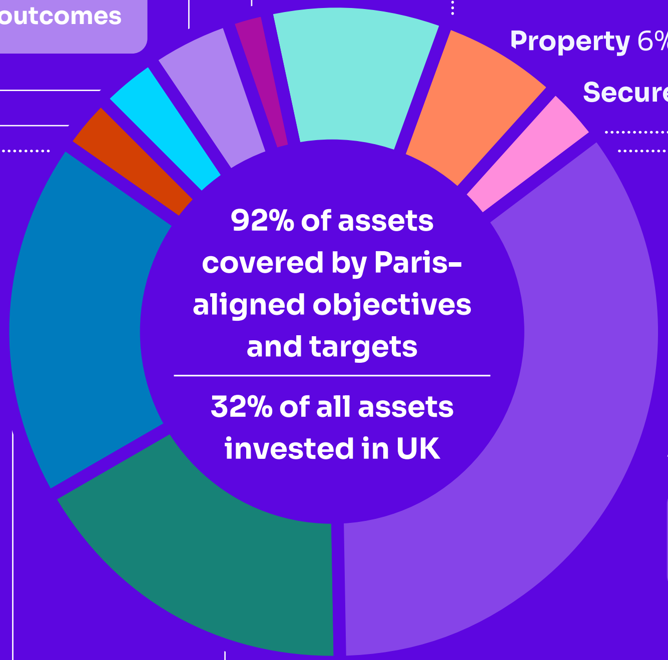
**£150 million into Affordable Housing since 2021**

**100% of the UK model portfolio publishes DEI strategy and 77% disclose metrics;**

**100% of SI publish DEI strategy & disclose metrics**

**Private Debt** 3%

**90% of managers overseeing our Cycle 3 and Cycle 4 private debt portfolios have pledged their commitment to carbon emissions reporting**




**829 companies engaged**

**93% fossil fuel reserves intensity & 60% carbon intensity reductions since 2019 baseline**

**Active Equities** 35%

**Global standards screening covering human rights and environmental issues**

**Passive Fixed Income** 3%

**Brunel actively supports the UK Government Taskforces that aim to drive climate transition and sustainable economic growth.**

**Active Fixed Income** 17%

**10% or £291m invested in green and sustainably labelled bonds**

**Passive Equities** 18%

**77% of equity index tracking funds in Paris-Aligned indices.**

As at 31 December 2024

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# Foreword from our CEO

Our approach to Responsible Investment (RI) and Stewardship is rooted in priorities and ambitions agreed as a partnership. First among these is our responsibility to manage our fiduciary duty to our ten partner funds, supporting them to deliver the best outcomes for their members. In 2024, we have not only met these goals but exceeded them.

**Laura Chappell**
Chief Executive Officer

Our seven RI principles shape how we deliver against our fiduciary duty. This year we have reconfirmed and evolved our priorities, which will be shared later in this review.

However, we do not progress in isolation, and in 2024 the RI landscape altered significantly. While a new government enhanced the UK's Net Zero commitment, RI faced a considerable backlash globally, for example the US pulling out of the Paris Agreements following the 2024 election. The global argument on RI has not yet been won. But RI remains as important to our partner funds and their members.

Our RI work therefore remains crucial for the example we set to our industry and to policymakers, both at home and abroad. Our mission statement remains unchanged: Forging Better Futures by Investing for a World Worth Living In. So long as our culture and the way we invest aligns with the values we profess, we will continue to enjoy wide-ranging impact.

The immediate focus of that impact, however, will always be our investments. As an asset owner, we leverage our role in the financial system to manage systemic risks. This report shows just some of the myriad ways in which we work with our asset managers, companies, and peers in the industry.

We ensure that our impact is wider than the management of RI risk. Climate change mitigation, projects that support the transition to green energy and other opportunities offered by the pursuit of investments that make a positive impact are demonstrated through our case studies. We are proud of our focus on UK and local projects within our Private Market portfolios.

Our three RI pillars remain foundational to all we do: to integrate; to collaborate; to be transparent.

On Integration, we seek to embed sustainability in all we do, from practising what we preach in our own operations to ensuring it is fully embedded in the monitoring and oversight of asset managers, as evidenced in how we developed our broader RI Strategy in 2024 (see p7) and in our approach to Walking the Talk (examples are included throughout the report).

We know the power of collaboration very well from working together with our partner funds to enhance day-to-day activities. Our Investor Day provides a great opportunity for our whole partnership to come together. Externally, we drive progress through our collaborations, the industry-leading Asset Owner Statement is something we are proud of co-authoring.

On transparency, we have continued to report beyond regulator expectations, to demonstrate what is possible. On climate, for example, beyond the content of the Responsible Investment and Stewardship Outcomes report, we also produced a Climate Change Progress Report fulfilling the TCFD Entity report requirements and Climate-Related Product Reports that have improved our methodologies and expanded our data offering. Providing enhanced data and reporting to our partner funds for their own usage has been essential and we are proud to share evidence to support informed debate at pensions committee meetings.

Our commitment is further implemented through our continued development of our voting & engagement approach and impact, including an update to our Voting Guidelines (see p24). It is through the less exciting, but essential details that real-world impact is made.

The depth and breadth of our progress on RI continued to be widely recognised - and not just in the UK. At the IPE Transition Awards in June, Brunel won the Private Markets category. At the Europe-wide IPE Awards in December, we won both the Impact Investing and Carbon & Net Zero Strategy awards. All these award categories were Europe-wide.

For all our influence abroad, we remain a geographically-rooted partnership, with a wide range of high-impact UK investments. The government's Pension Review highlighted how pooling has enabled our impact, while our seats on the National Wealth Fund Taskforce and Transition Finance Council Steering Committee demonstrate our standing among policymakers.

On RI, as on pooling, there were significant headwinds in 2024, but we remain committed to investing responsibly long-term, in line with our core purpose. Whatever form Brunel's future takes, the partnership remains committed to investing responsibly for our partner funds and their members, and to growing our impact by 'investing for a world worth living in'.

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# Chief Responsible Investment Officer perspective - the environment we're operating in

**Faith Ward**
Chief Responsible Investment Officer

In 1849, French writer Jean-Baptiste Alphonse Karr wrote, "plus ça change, plus c'est la même chose" or "the more things change, the more they stay the same."

The meaning behind this expression resonates strongly with the state of play of RI with many environmental, social and governance themes subjected to a barrage of challenge and often with demands to weaken requirements, but the core fundamentals that underpin RI remain constant.

Those fundamentals are that there are material financial and investment risks arising from a wide range of systemic risks facing our economy and society that need to be managed effectively by the companies and funds into which we invest. Examples of such challenges include:

- fostering a wide range of perspectives and experiences, leading to more balanced and thoughtful decision-making from the boards, executive teams and those selecting assets on our behalf
- managing climate risk, whether arising from technological changes that could lead to product obsolescence or physical and nature-related risks that can disrupt supply chains
- risks to organisation's "licence to operate" from how it manages suppliers, clients or its own operations in high risk and conflict affected regions
- to the opportunities and risks arising from artificial intelligence and the ongoing war against misinformation and false news

These risks are complex, interrelate and combine to amplify impacts making it difficult to accurately assess how and when they could impact at portfolio level. It is critical however to recognise that just because it is hard to fully comprehend, pinpoint and price those risks, does not mean that they don't exist, or more importantly that we can afford to ignore them.

We cannot easily avoid them either. Brunel implements the investment strategies of each of its ten partner funds, whose liabilities stretch into the next century and who are required to be diversified, be that products, technologies, asset classes, sectors and geographies – to name but a few. As a result, we own thousands of companies and assets globally, and those assets will be exposed to an even larger set of companies as suppliers and clients. As such we adopt an approach of both looking top down on what has the potential to financially impact our partner client funds, as well as bottom up at Brunel specific portfolios, and over multiple timeframes.

Brunel's investment principles form the foundation to our approach to responsible investment – these include being long-term, full risk evaluation, ensuring appropriate expertise and being evidence-based in decision making.

## 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

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## Chief Responsible Investment Officer perspective - the environment we're operating in continued

Three examples, published in the last 12 months, provide compelling evidence to reinforce Brunel's top three RI Priorities.

### Climate

2024 was the hottest year on record, the first year to be more than 1.5 degrees Celsius above the preindustrial era and witnessed natural disasters unfold worldwide leading to losses of US$ 320bn (Climate change is showing its claws: The world is getting hotter, resulting in severe hurricanes, thunderstorms and floods, MunichRe, 2025).

### Biodiversity & nature

73% average declines in wildlife populations over the last 50 years, rising to 85% for freshwater populations, and identified as a top risk to business risk increasing in severity over the next 10 years (Living Planet Report, WWF, 2024)

### Human rights & social issues

Conflict zones grew by 65% globally since 2021, covering 6 million km² or just under 5% of the world's land mass, with control of food, critical minerals and resources being a key driver but causing much wider disruption to supply chains globally (Political risk, Verisk Maplecroft, 2024)

Evidence and critical thinking will enable RI to overcome the current backlash being experienced. Whilst some of the criticisms of "ESG" and related sustainable finance regulation, initiatives and collaborations appears vexatious, much can be considered essential to making progress. Questioning assumptions, tools, techniques, and ways of working are critical for RI and related topics to mature and improve the approaches to risk management.

> "Sustainability and the subject of climate change may in fact develop or deepen further our appreciation of what represents return and risk. They may help us understand further the importance of time horizons. Changes in return over time and systemic risk are among the matters that have to be understood well."
>
> FMLC, 2024 Financial Market Law Committee paper.

It is vital for Brunel, alongside other responsible investors, to address those concerns and regain the narrative on critical risks and issues. This was front of mind when we undertook our review of Brunel's Responsible Investment Strategy in 2024. We re-examined our thematic priorities, refreshing the investment risk (and opportunity) rationale that underpinned each one. We sought to be more focused on Brunel's role, our position in the investment eco-system that would make our actions more effective, additive and importantly, meet our partner funds expectations to enable us to continue forging better futures by investing for a world worth living in.

We work in close partnership not only with our partner funds but also our asset managers and strategic partners. Clear evidence of this delivering in practice can be evidenced across our portfolios and select examples are included in the report. For those investments in private markets (infrastructure, real estate, secured income, private equity debt and local impact), patience is key, but now with seven years of investing we can really start to see the fruits of these effort emerging at scale. A recent article by Richard Fanshawe, Brunel's Head of Private Markets, draws together the tremendous work of the team in compiling high performing, globally diverse, risk-aware, sustainability focussed portfolios across all our asset classes – highlights include:

- 83% of our infrastructure capital alone is invested in renewables and other assets classified as sustainable, according to the FTSE Green Revenues methodology developed by FTSE Russell and adapted to infrastructure by StepStone
- Natural Capital investments as part of our mainstream Infrastructure III Climate Solutions portfolio – investing in sustainable forestry and agriculture
- All selected UK funds real estate funds have Net Zero aspirations, with nearly 70% of the UK portfolio's assets having an asset road map to reach Net Zero and nearly half with a fund target date earlier than 2050
- 100% of chosen UK real estate funds publish a DEI strategy/policy, provide DEI training and track DEI metrics. Over three quarters set DEI targets and disclose DEI metrics
- Pioneering work in integrating ESG and stewardship into private equity and debt, with portfolio Net Zero alignment target setting underway enabling us to demonstrate progress by 2030


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# Evolving our priorities for a world worth living in

## Evolving our RI Strategy

**Our partnership commitments on RI aim to help our partner funds provide not only for their members' retirement, but for the world they will retire into.**

The RI Strategy provides a framework through which we can implement our RI priorities. During 2024 we have gone through a process to fundamentally review our RI themes and priorities, originally set out in our RI Policy in 2018, following a series of partner fund workshops and consultations with external and internal stakeholders.

## A refreshed strategy

Although an extensive review has occurred, evolution and refinement reflect the fact that we, and our partner funds believe that our priorities are correct, and we are focussing on the areas that are most appropriate. Changes have focussed on the articulation of underlying objectives and how we use various levers to achieve our priorities.

Our Responsible Investment priorities are all driven by our fiduciary duty to our partner funds, they reflect

- Investment risk (and potential opportunity)
- Potential to impact across all/ multiple portfolios
- Partner fund investment strategies and priorities

As responsible stewards of capital, we recognise the importance of understanding and addressing broader long-term economic, environmental, and social issues. Especially those that affect our partner funds and their fund beneficiaries.

## Top and enabling priorities

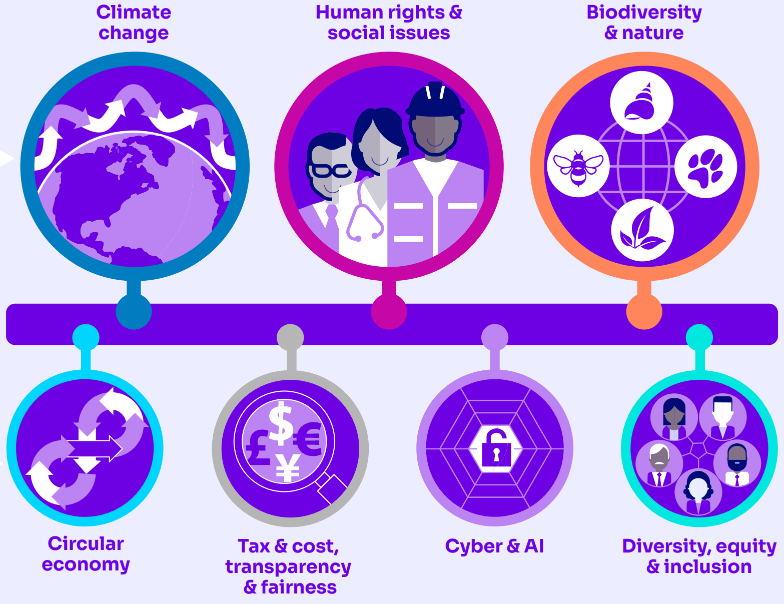
Our priorities have been categorised into 'Top' and 'Enabling' priorities.

### Our 'Top priorities' have:

- A high resource commitment with multipronged approach to effect change, set out in a dedicated policy framework
- Key performance indicators (KPI) integrated into our risk systems, asset manager expectations and stewardship
- Outcomes that expect to materially impact both risk avoidance and positive impact in capital allocation

### These 'Enabling priorities' have:

- Lower direct resource commitments with strong focus on collaborative initiatives to drive outcomes
- Case studies and ad hoc analytical evaluation to demonstrate progress against objectives
- Outcomes that are expected to influence capital allocation
- Engagement and voting as primary stewardship levers




In addition to these two groupings, the wording of each of the priorities has been refined, allowing a greater focus on outcomes. Each priority has a 'theory of change' about how, and why, we approach that priority in the way we do.

Being a responsible steward requires us to be aware of a wide range of impacts, risks and interdependencies, many outside the traditional purview of financial analysis, but we believe to be financially material when properly assessed and understood.

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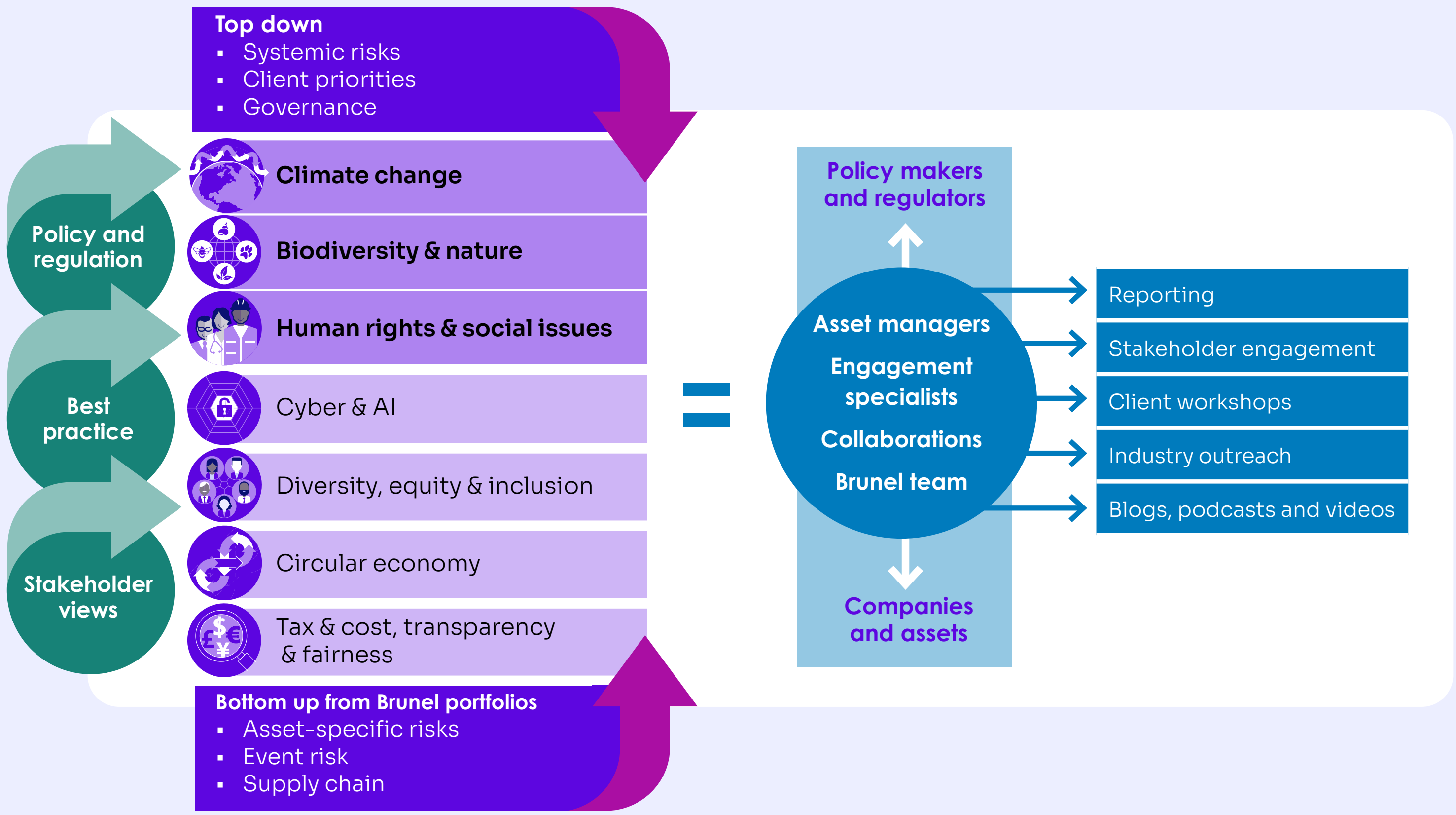
## Our priorities are selected by considering a range of factors.





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## Delivering the strategy

Our approach allows us to amplify our impact by leveraging our outsourced model. Working with our appointed asset managers creates a brilliant two-way relationship providing expertise and a huge network of influence. This is further compounded by the work we do with our specialist engagement provider, EOS at Federated Hermes.

We also leverage collaborative initiatives and public policy work to drive real-world impact that we can have.

All of the above amplifies the work undertaken across Brunel. RI is an integral component of activities across the organisation, not just within the specialist RI or Investment teams.

## Consistent levers

Our overall approach to being a responsible investor has always had three pillars, to integrate, to collaborate and to be transparent. This has been further developed as we have identified the levers that will be used to put these pillars into practice and allow comparisons across themes. The scope and depth of activity will vary depending on the theme.

### Mapping our levers to our three RI pillars:

### Integrate

- Capital allocation
- Risk process integration at Brunel and asset/fund managers, strategic partners and GPs
- Capacity building
- Walking the talk, integrating best practice into Brunel's own operations

### Collaborate

- Public policy and support to regulators
- Collective stewardship activities
- Targeted stewardship

### Be Transparent

- Partner fund reporting, publishing of content, workshops and thematic working groups
- Industry leadership and outreach
- Shaping and supporting the roll out of effective reporting at corporate, investor and government level

## The price is not the cost

One of the principal challenges of implementing an RI Strategy is how we measure success - not only of the strategy itself but of the performance of portfolios, particularly when the market and asset pricing does not reflect the full economic or societal risk, and, by extension, cost.

We know that we need to demonstrate real-world change and commit to pursue efforts to analyse our actions and outcomes. While this is a challenge across the industry, our work with EOS at Federated Hermes (EOS) (see page 19) is driving this forward. We will also continue to contribute to industry-wide efforts to improve reporting to enable the 'real' impacts of our investments to become more tangible, enabling us to communicate our approach more effectively.

## Real world impact by addressing key systemic risks

Our seven RI priorities are rooted in systemic risks. With partnership as one of our core values, we strongly believe that problems are best tackled together. Shown below is how our RI priorities align with the Global Risks identified in the World Economic Forum risks perceptions survey and the United Nations Sustainable Development goals.

Other inputs are also factored into our setting of RI priorities, including an evaluation of regulations, best practice and views of partner funds and other stakeholders. As part of the recent review, we have reflected and articulated more clearly that we believe good governance and robust supply chain management are vital across all priority themes, rather than separate themes in of themselves.


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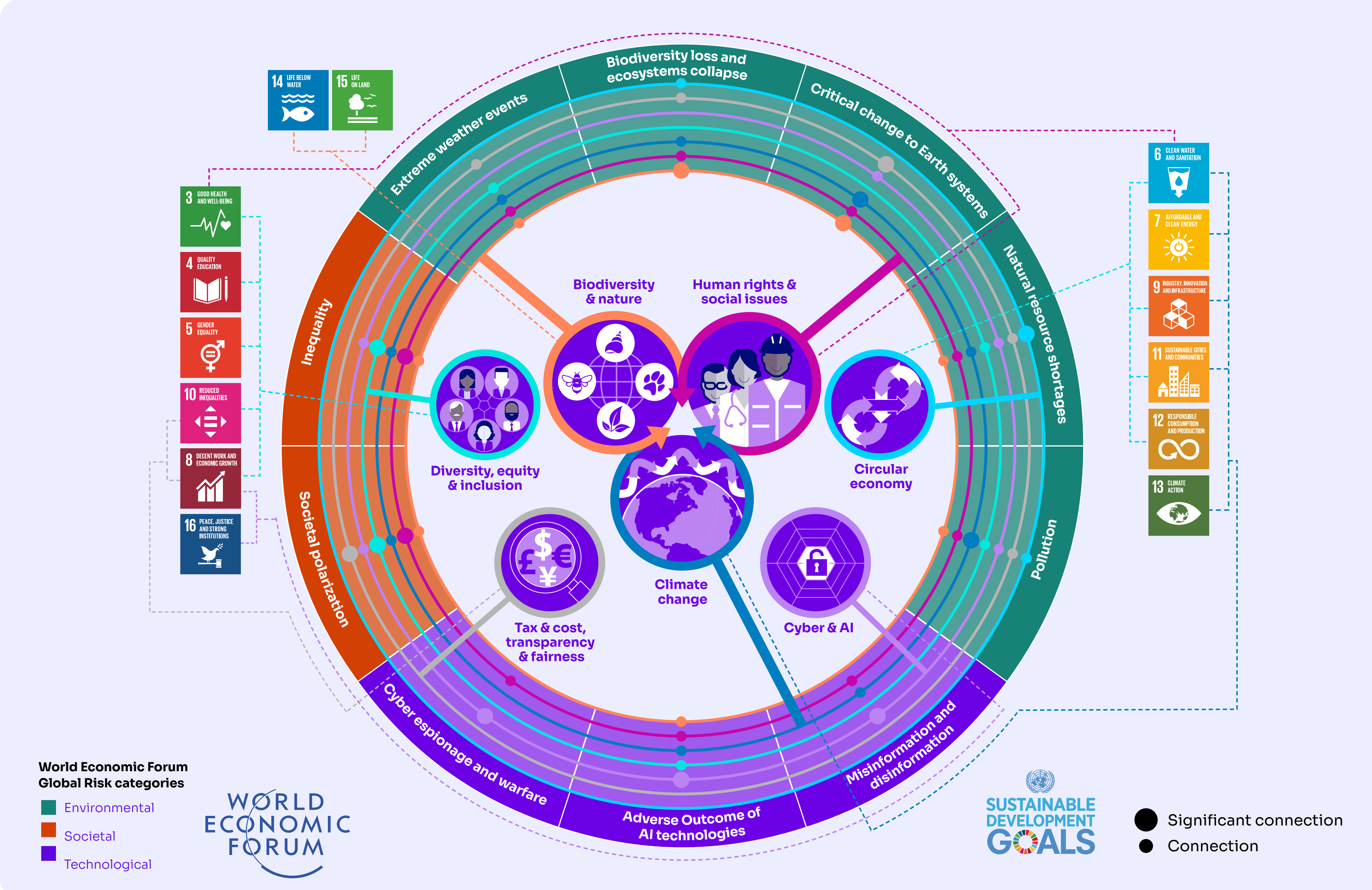



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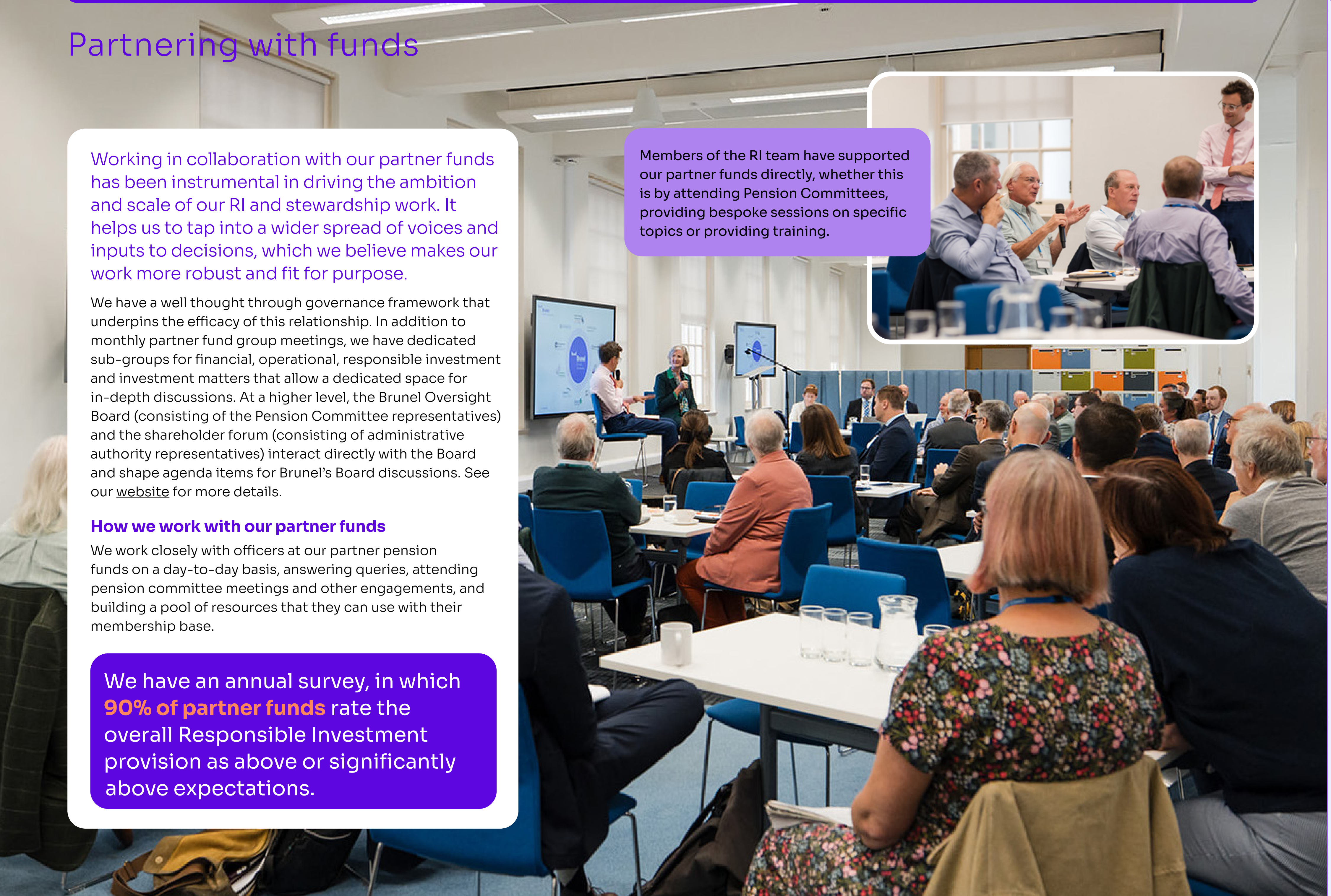
# Partnering with funds



Working in collaboration with our partner funds has been instrumental in driving the ambition and scale of our RI and stewardship work. It helps us to tap into a wider spread of voices and inputs to decisions, which we believe makes our work more robust and fit for purpose.

We have a well thought through governance framework that underpins the efficacy of this relationship. In addition to monthly partner fund group meetings, we have dedicated sub-groups for financial, operational, responsible investment and investment matters that allow a dedicated space for in-depth discussions. At a higher level, the Brunel Oversight Board (consisting of the Pension Committee representatives) and the shareholder forum (consisting of administrative authority representatives) interact directly with the Board and shape agenda items for Brunel's Board discussions. See our website for more details.

### How we work with our partner funds

We work closely with officers at our partner pension funds on a day-to-day basis, answering queries, attending pension committee meetings and other engagements, and building a pool of resources that they can use with their membership base.

We have an annual survey, in which **90% of partner funds** rate the overall Responsible Investment provision as above or significantly above expectations.

Members of the RI team have supported our partner funds directly, whether this is by attending Pension Committees, providing bespoke sessions on specific topics or providing training.

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Our partner funds shape our RI and stewardship approach by clarifying priorities, providing feedback on our policies and discussing thorny issues that may be keeping their members up at night.

They also ask us the difficult questions and scrutinise the impact of the activities we undertake through quarterly assurance days, which allow deep dives into RI, emerging risks, investment performance and how all this relates to their decision making on strategic asset allocation.

**60% of the client RI queries** were about voting and engagement.

The consensus-based decision-making model continues to refine and strengthen our approach, but also that of our partners. The ongoing dialogues have prompted additional analysis, leveraging the work of our managers and service providers and led to enhanced communications on some topics.

One example is the implementation of our climate policy which has evolved to reflect the ratcheting expectations of partner funds and end beneficiaries. We have clearly laid out a process for assessing climate alignment and where appropriate, selective divestment. We continue to work with our partner funds to further evolve this process over the coming months. You can read more about this in our climate progress report.

In September we held our annual Investor Day hosted at the Wiltshire Pension Fund offices, which brought together partner fund officers and their pension committee members to interact with the Brunel Team, our asset managers and service providers on a range of topics.

Many of our partner funds joined our engagements with companies in the consumer staples sector to discuss these companies' approach to climate physical risk and biodiversity. They also joined us for presentations from external experts to build our understanding of where the market is at and where the company asks should be pitched.

Human rights is one of Brunel's top RI priorities. Partner funds joined us for training on the topic from Chronos Sustainability Limited – to discuss the theme in greater depth and collect feedback on navigating the complexities involved.


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# Working together - an interview with the chair of RI Sub-group

**Josh Brewer**
Responsible Investment Officer, Oxfordshire Pension Fund & Chair of the Brunel Responsible Investment Sub-Group

**In a world where you represent the views of a huge number of members, how do you keep in touch with their views on Responsible Investing?**

It is a challenge, we work closely with our communications team to try and engage members more. It's a dual approach, on one hand we try to educate to improve understanding about what it is that we're doing and how we are addressing issues. But the two-way communication is also essential. We encourage feedback where we can, and surveys allow us to gain insights into what is important to our members.

When we last surveyed our members, at the end of 2023, we saw really strong support (between 80-90%) for adopting an engagement first approach with the companies within our portfolios. At the very edges we had a relatively small number of members saying we should be divesting from all fossil fuel companies now, and an even smaller number of members saying "what's all this woke nonsense".

**What priorities came up with your members, and how do you then ensure that is reflected in what Brunel do?**

For environmental issues climate change came top, which wasn't a surprise, but 'nature and biodiversity' and 'deforestation' were separate and if we had combined these two categories they were actually a higher priority than climate change. For our members nature and biodiversity is really immediate for them – they can see the impacts on nature out of their window.

When we looked at human rights and governance, human rights came out highest. We brought the importance, to our members, of both biodiversity and nature, and human rights, into the conversations we're having with Brunel and it's great to see that both have emerged as top priorities in Brunel's latest RI strategy. It's great to see that flow through from the members, through the feedback we give to Brunel and then that feeds into what Brunel is doing.

The survey really helped our understanding, we will be repeating the activity later this year, so that the responses can feed into our Strategic Asset Allocation (SAA) review in 2026. Feeding the views of members into Brunel directly, and as one piece of shaping our SAA means there is a direct line between the feedback from members and the investment we make.

**What are the sort of benefits and challenges that you see around a model that has ten equal partner fund voices, and the sort of collaborative working approach that we bring in?**

I think that the strength of us as a pool is the fact that we do have ten different funds and that where we reach collective decisions and speak with a collective voice then that obviously has a lot of weight.

Responsible Investing subgroup (RISG) is a space where we can come together and have those discussions – things can be thrashed out and a common approach agreed. The level of challenge, the fact that there's ten of us and, that the pension committees have different views, especially in relation to responsible investment and climate change facilitates additional rigour into decision making.

A good example was the discussions around the climate alignment policy criteria, we had an in depth and at times quite intense discussion around that at partner fund group and we were able to come to a majority decision


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to tighten the criteria. The funds who might not have been part of that majority understand the perspective of the other funds and were still supportive of that decision.

The discussion allowed more nuance to be factored in, it took something that was in some ways a blunt instrument and has fine-tuned it so, rather than treating all sectors the same, we are going to calibrate this with a more sector specific approach. These are very complex issues, so simple solutions are not always the answer – hopefully it's useful too for Brunel to have that input from the partner funds.

**How do you ensure that topics that are important to you and your members are covered?**

It is an interesting governance structure with number of different committees and sub-committees, RISG informs and supports the main decision making Client Group.

I see the role of RISG as including;

- informing officers and partner funds
- a forum for discussions on RI topics and approaches
- challenging, ratifying and enhancing decisions, and shaping them to advise Client Group.
- an opportunity to challenge Brunel (e.g. what is the basis for this decision, why are we taking this approach to company Y?)

We try and have the group operate in quite an open way, in that people can bring items onto the agenda, we agree them in advance with Brunel.

To provide guidance on the annual overview of the agenda I undertook a survey of the other partner funds. This provided guidance on the overall approach of the meetings and partner funds' topics of interest. One major change in the pipeline following this survey is the addition of more company deep dives, as this was identified as a key area of interest for the funds.


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# Implementing Responsible Stewardship

**The volatile geopolitical environment and increased politicisation of ESG have called into question, the effectiveness of stewardship.**

In our view, however, stewardship has never been more important. We see it as our role to ensure that short-term factors including political cycles do not distract companies from the goal of generating and maintaining long-term value. In achieving this objective, we expect companies to give due consideration to all relevant and material factors, impacts and dependencies. Afterall, the risks arising from societal issues, climate change and degradation of natural capital continue to persist and impact operational resilience. In fact, these risks may be further amplified as policy uncertainty grows, making credible action on mega issues even more challenging.

Through this report, we intend to demonstrate how we exercise our stewardship levers, to steer companies in a way that protects our beneficiaries' interests and maximises long-term financial value.

Our website provides more case studies, reports, voting records and information about our Stewardship activities.

## Stewardship approach

The diagram on the following page identifies how we amplify stewardship across different channels.

Publicly listed equities account for nearly half of the assets that Brunel manages and is the most developed area of stewardship in the investment industry. Our Stewardship Policy articulates our stewardship approach across asset classes – it is tailored to the type of investment, accounting for factors such as level and legal structure of ownership, channels for exerting influence, regulatory expectations and geographical differences.

To illustrate, our multi-asset credit (MAC) portfolio includes exposure to companies and assets that will not appear elsewhere in our portfolios, in other words there is low overlap with other equity and bond managers and with those companies with whom Hermes EOS will engage. The universe of companies is also very large. As a result, we are heavily reliant on our asset managers to undertake engagement with the companies and assets.

For example, two targets in our Climate Change Policy are to ensure that we engage with 70% of financed emissions and that 90% 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 2027. Our Multi-Asset Credit portfolio is in scope for this target. All three managers are currently meeting the 70% target and are on track for the 90% target and reporting progress to Brunel. This is a superb achievement given the scope and scale of the stewardship outreach this entails.

## Policies & Processes

### Conflict of interest

There have been no material conflicts of interest in relation to stewardship within 2024, our policy, which can be found on the website, details the steps and approach.

Within 2024 the monitoring and reporting regarding conference and networking attendance has been heightened to improve transparency, strengthening our process to identify and report on conflicts.

## Manager Selection

| Philosophy | Policies | People |
|---|---|---|
| Board-level leadership | Commitment | Diversity and Inclusion |
| Corporate culture | Policy framework | Human Capital |
| Investment | Pricing and transparency | Numbers and retention |
| **Processes** | **Participation** | **Partnership** |
| Investment | Thought-leadership | In it together |
| Reporting | Innovation | Culture fit |
| Stewardship | Contribution to investment industry | |

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## Amplifying our stewardship

### In partnership with our asset managers

**We:**
- Work only with managers who are aligned with our approach to RI
- Set out clear expectations through our selection and appointment,monitoring and dialogue
- Support knowledge and capacity building in their teams
- Monitor and review performance against stewardship objectives

**Asset Managers:**
- Consider stewardship from the outset and as a core part of stock selection
- Engage directly with companies within their portfolios and constructively challenge them on their RI credentials

### With a world-leading stewardship service provider

**We:**
- Provide clear expectations, through an annual survey, our RI Strategy and ongoing dialogue to inform their annual engagement plan
- Learn and expand our internal knowledge
- Vote directly where our views differ

**EOS at Federated Hermes Limited (EOS):**
- Leverage their representation of $2.1 trillion to provide impactful, consistent long-term engagements
- Provide enhanced tracking and outcome reporting
- Implement votes on our active portfolios
- Share knowledge and expertise with Brunel

### Playing our part in collaborative initiatives

**We lend our voice and expertise to wider efforts:**
- Developing industry frameworks
- Convening and driving industry initiatives
- Supporting the asset owner community in cross-thematic issues
- Joining collaborative company engagements on priority issues

### Directly where we can add value

**We will engage directly where;**
- we have specific expertise
- see a gap in the industry
- can amplify the efforts of our stakeholders
- have a history of engagement

**We also include our Policy advocacy work as part of direct engagement.**

**Examples include ISSB, and the Transition Finance Council.**

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## Case Study: Shareholder protection

We believe that engaging with the government, regulators and industry bodies in a timely manner will enable us to input into and shape effective policy frameworks. We ensure that we support policy makers, respond to consultations and provide advice through working groups to bring about systemic change.

### Shareholder protections

We have closely monitored the growing threat to shareholder rights in 2024. Our focus is on protecting our beneficiaries against deregulation that may weaken these rights and broader investor protections.

An example of this is our engagement with the FCA on the revised UK listing rules that diluted longstanding shareholder rights. The overhaul removed voting rights on significant and related party transactions and critical safeguards around differential share structures. Throughout the consultation period, we urged the FCA to exercise caution over lowering corporate governance standards in the attempt to attract more UK listings. Our key message has been that high corporate governance and stewardship standards are the bedrock of investor confidence and therefore, should go hand in hand with an intended objective of economic growth.

The FRC review of the UK Stewardship Code is another area we have directly engaged on. Whilst we are supportive of the aim to streamline reporting we cautioned that this mustn't happen at the cost of the progress that has been achieved through the code.

We raised serious concerns about the proposals to revise the definition of stewardship, which de-emphasises the need for investors to duly consider 'economy, environment and society' in their activities. We believe there is a risk that this could lead to varying interpretations of stewardship implementation and exacerbate the existing challenges around asset owner and manager alignment.

Our interactions with both the FCA and FRC can be found, with other examples, on our Policy Advocacy section of our website.

### Exxon Mobil – a case of shareholder rights

Exxon tested the boundaries of shareholder rights with its decision to sue shareholders who put forward a shareholder resolution on climate. Despite the proponents retracting the resolution, Exxon continued to fight the case.

In response to concerns around the company's treatment of its owners, we pre-declared our voting intentions within our index tracking portfolio to vote against every member of the board.

At the AGM, the re-election of the lead independent director was approved, but he received approximately 12% of votes against, the highest level of dissent against his re-election for several years.


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## Our top ten active equity holdings and how they were engaged on selected themes during 2024

We have been able to enhance the chart this year to include all forms of engagement, supplementing existing EOS data with both that from manager's and our own.

| | | | Microsoft Corporation | Amazon.com Inc. | Apple Inc. | NVIDIA Corporation | Alphabet Inc. | Mastercard Incorporated Class A | Unilever PLC | UnitedHealth Group Inc. | SAP SE | Visa Inc. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Environmental | Climate Change | GHG Emissions Reduction | ● | ● | | | ● | | ● | | | |
| | | Governance & Transparency | | | ● | | ● | ● | | | | |
| | | Climate Opportunities | | ● | | | | | | | | |
| | | Physical Risk | | | | | | | ● | | | |
| | Circular Economy & Zero Pollution | Circular Economy & Waste | | ● | | | | | ● | | | |
| | | Pollution | | | | | | | ● | | | |
| | Natural Resource Stewardship | Biodiversity & Sustainable Food Systems | | | | | | ● | ● | | | |
| | | Water Stress | ● | | | ● | | | ● | | | |
| | | Antimicrobial Resistance | | | | | | | | | | |
| Governance | Board Effectiveness | Board Composition & Structure | | | | | | | | | | |
| | | Succession & Stability | | | | | | | | | | |
| | | Board & Mgt Effectiveness | | | | | | | | | | ● |
| | Investor Protection & Rights | Minority Protections | | | | | | | | | | |
| | | Basic Shareholder Rights | | | | | | | | | | |
| | Executive Remuneration | Pay Design & Transparency | | ● | ● | | | | ● | | ● | |
| Social | Human Capital | Employment Terms & Conditions | | ● | | | | | | | | |
| | | DEI & Innovation | | | ● | | ● | | | ● | | |
| | | Health, Safety & Wellbeing | | ● | | ● | | | | | | |
| | Wider Societal Impacts | Conduct & Ethics | | | | | | | | | | |
| | | Safe Products & Services | | | | | | | | | | |
| | | Anti-bribery & Corruption | | | | | | | | | | |
| | | Responsible Tax Practices | ● | | ● | | ● | | | | | |
| | Human & Labour Rights | Access & Affordability | | | | | | | | ● | | |
| | | Indigenous & Community Rights | | | | | | | | | | |
| | | Supply Chain Rights | | ● | | ● | | | ● | | | |
| | | Digital Rights | ● | ● | ● | ● | ● | ● | | | | ● |
| | | High Geographic Risks | | ● | | | | | | | | |
| Strategy, Risk & Communication | Purpose, Strategy & Policies | Business Purpose | | | ● | | ● | | | | | |
| | | Long-term Sustainable Strategy | | | | | | | | | | |
| | | Capital Allocation | | | | | | | | | | |
| | Corporate Reporting | Audit & Accounting | | | | | | | | | | |
| | | Sustainability Transparency | | | | | | | | | | |
| | Risk Management | Enterprise Risk Practices | | | | | | | | | | |
| | | Cyber Security | | | | | | | | ● | | |

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## How EOS undertake engagement on our behalf

EOS undertake engagement with holdings within our segregated active and index-tracking listed equites portfolios. The process is guided by a 3-year engagement plan identifying key themes and priorities, which largely reflect Brunel's own focus areas. We, along with our partner funds shape these priorities during consultation on the engagement plan, during interactions at EOS' client advisory council meetings twice a year and other interactions.

## What does success look like?

Objectives to track engagement progress are identified at a thematic and sector level which are then reconsidered at the company level based on materiality and feasibility. All engagements are tracked systematically against the four milestones to enable assessment of engagement success.

## Engagement process

Engagements led by EOS are guided by a 3-year engagement plan that outlines key themes and priorities and reflects client priorities. Brunel provides input into this plan, together with our clients. The latest plan includes 12 key themes and covers a diverse range of issues. To ensure meaningful impact and to be able to measure and report effectively, EOS implement a four-stage milestone strategy.

At the start of every engagement, milestones are set that need to be achieved to class the engagement as successful. Progress against these objectives is assessed regularly and evaluated against the original engagement proposal.


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## Engagement in 2024

**759** companies engaged

**97** companies featured engagements with the CEO or chair

**407** companies featured engagements with senior management or board members

**121** public policy interactions including consultation responses, letters, meetings and discussions

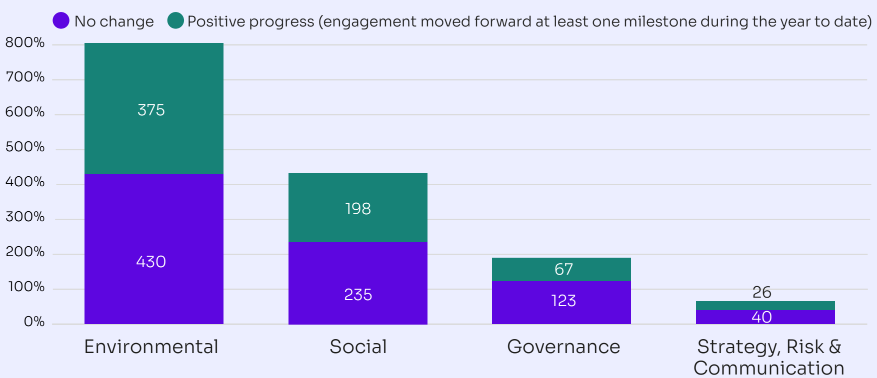
**1,289** meetings instructed

### Engagement progress 2024

The following chart describes how much progress has been made in achieving the milestones set for each engagement.

In 2024, EOS engaged with **759** companies on **3,530** environmental, social, governance, strategy, risk and communication issues and objectives. At least one milestone was moved forward for about **45%** of its objectives during the year.

**Engagement undertaken on behalf of Brunel by EOS**

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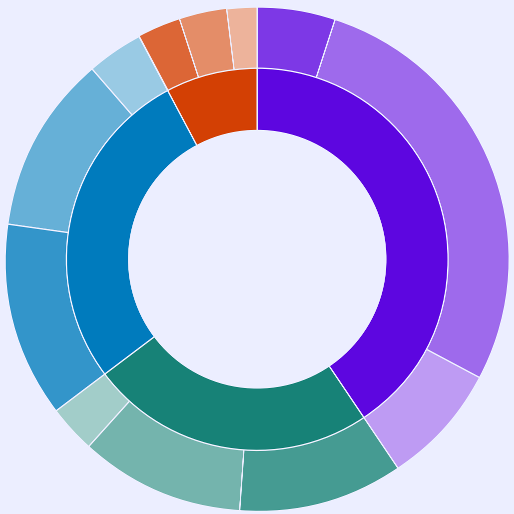
## Engagement Coverage

The below diagram illustrates a summary of the 3,530 issues and objectives on which EOS engaged with companies in 2024. Its holistic approach to engagement means that it typically engages with companies on more than one topic simultaneously.

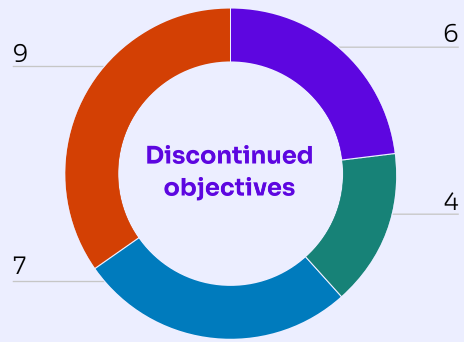


- **Environmental 40.7%**
- Circular Economy & Zero Pollution **12.7%**
- Climate Change **68.2%**
- Natural Resourece Stewardship **19.2%**
- **Social 24.2%**
- Human & Labour Rights **43.8%**
- Human Capital **43.8%**
- Wider Societal Impacts **12.3%**
- **Governance 27.5%**
- Board effectiveness **45.3%**
- Executive Remuneration **41.9%**
- Investor Protection & Rights **12.9%**
- **Strategy, Risk & Communication 7.7%**
- Corporate Reporting **36.5%**
- Purpose, Strategy & Policies **41.3%**
- Risk Management **22.1%**

## Completed Objectives

The below graphs highlight the number of objectives that have been completed during the year and those that have been discontinued following an assessment by EOS.


- Completed
- Completed - Substantially
- Completed - Partially




- Discontinued - with some improvement
- Discontinued - disagreed with the company
- Discontinued - no longer relevant/material
- Discontinued - restarted as new objective/issue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# Interview - EOS on outcomes based reporting

**Bruce Duguid**
Head of Stewardship,
EOS at Federated Hermes

EOS are pioneering measurement and reporting of real-world outcomes, Bruce provides insights into this intiative that Brunel has requested and supported.

**Industry participants tend to agree that 'engagement outcomes' matter, but differ on what they mean. What do you mean by 'outcomes'?**

We needed to reflect on the precise definition of outcome, and we made a distinction between four steps:

| | |
|---|---|
| **Activity** | Engagements and voting (although other activites) |
| **Results** | A company making a commitment or change |
| **Outcomes** | The company doing something in the real economy |
| **Impact** | How the outcome has interacted with other participants in the economy |

Take the example of engaging a company to take action on climate change. Over time, it would need to put in place a strategy and set targets to reduce its emissions .

A result that we might get is a company committing to a particular greenhouse gas reduction target. Then the outcome would be the emissions reduction level that follows – whether on- or off-target.

The next stage is impact: did the company's emissions reduction actually translate into the same net emissions reduction globally? Reducing it's 'scope 3' emissions (typically those associated with use of its products) may not reduce global emissions by the same amount due to second order impacts. For example, if an oil & gas company reduces the production of fossil fuels and its scope 3 emissions, another provider may at least partially fill the gap.

Creating that taxonomy (activity, result, outcome, impact) has helped to unpick some of the confusion in the industry.

We've really enjoyed working with our clients because they've helped us solve the question of what's meant by outcomes and helped us to prioritise different areas - initially climate change and human rights, as those are two of the most material themes for our clients.

The difference between the two themes has enabled us to be more comprehensive in defining outcomes, too: climate change has a nice common denominator of greenhouse gas emissions (i.e. it Is quantitatively measured) whereas human rights is more qualitative.

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Having said all that, the challenge on outcomes is often attribution. Even when you see something clear cut, like a company commitment to reduce harm and then delivering – you don't know how far that's due to investors or stewardship, or other pressures. Investors are a part of the equation, but not the only part.

**Given this tracking is retroactive too, what aggregate impacts have you seen?**

This is an exciting area. We started with the climate change theme and can already see progress.

- Over 2019–2024: we roughly doubled the number of companies we interact with each year on climate change
- In 2019, the number of companies in the EOS engagement programme with a science-based target was below 10 and by 2024 it was over 50. Beyond our engagement programme, this has increased from a little over 100 to close to 7,000 companies globally.
- Average Transition Pathway Initiative scores for companies increased significantly
- Early indications are that the group of companies EOS has engaged with have advanced their strategies to take advantage of climate opportunities and mitigate risks to improve long-term value creation. This has also resulted in an average reduction in absolute scope 1-3 emissions (tonnes $CO_2$) of 15-20% over the period 2019-23.

We are also in the process of estimating future reductions in emissions of companies that EOS engages. Our initial calculations suggest this could be as high as one gigatonne (Gt = 1bn metric tonnes) by 2035 vs. 2019. However, we need to be careful as this involves scope 3 emissions, which likely means an element of double-counting across a basket of companies. This is an example of the type of complexity involved in estimating potential future outcomes.

**Investors are naturally focussed on financial materiality, will this help link that to real world outcomes?**

If we can demonstrate how this works successfully, that would be important, as investors generally want strong and also sustainable financial returns. Various academics have looked at the stewardship work of EOS and other organisations, and they've generally found a positive correlation between engagement and improved financial risk-return.

I think that's part of the rationale for why stewardship codes and public policy help, as they are aligned to long-term fiduciary outcomes - seeking environmental and social improvements as part of the route to better financial performance. Naturally this requires a nuanced approach to engagement tailored to each company's situation and local laws.

Unlike financial returns, sustainable credentials have not been so easily measured, and so that's why that's the area of focus now.

**What are the next steps, and what challenges or opportunities can you see?**

There's still a long way to go from here. Improving measuring techniques and metrics has to be at the start of that. Taxonomies and reporting regimes like ISSB are beginning to standardise, but they're not all yet harmonised. Using public policy to improve availability of data and best practise reporting will also help.

In theory, AI could aggregate publicly-reported information into standardised forms. But in practice, you've got to verify data carefully to ensure you trust AI calculations.

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# Voting

## Voting process

Brunel retains full voting rights across our segregated active equity portfolios. Voting decisions are shaped by investment considerations, in consultation with portfolio managers, partner funds, and informed by our company engagement. EOS supports the implementation of voting for these accounts. Their recommendations are guided by our Voting Guidelines, as well as relevant country- and region-specific standards.

We monitor how votes are executed and, in some cases, choose to override EOS's recommendations. This may happen where we feel the pace or strength of escalation is not sufficient, or where we have additional context from engagements carried out by our managers.

### Enhanced monitoring through the climate watchlist

As part of our prioritisation process, we develop a list of companies that necessitate enhanced vote monitoring during peak proxy season. In 2024, this watchlist was based off criteria such as our financed emissions, benchmark scores from CA100+, TPI and Forest 500, expert analysis and alerts on contentious votes at high impact companies. This process helped identify and pay particular attention to companies that fall short of our climate alignment expectations in our voting guidelines. In some instances, this led us to diverge from EOS's recommendations. In 2024, we applied this enhanced monitoring to 83 issuers. This deeper scrutiny resulted in 13 instances where we overrode EOS's recommendation in order to align voting outcomes with our expectations. We will continue to refine this process ahead of the next proxy season.

Voting in our index-tracking pooled investments is carried out by Legal and General Asset Management. Although they are not bound by our Voting Guidelines, we have historically been able to direct votes in a small number of cases, so they reflect the approach taken in our active portfolios. Legal and General Asset Management has partnered with Tumelo during 2024, which will allow pass-through voting for partner funds for the 2025 proxy season. This development will allow us to vote consistently across our active and index-tracking and enhance our unified voice.

We remain committed to meeting partner fund needs whilst also operating with a unified voice in line with the principles of pooling. As such, we have made provisions to allow, by exception, for differential voting if required.

## 2025 updates to the voting guidelines

Building off strong commitments we made last year, the 2025 iteration of our guidelines refines and strengthens our existing requirements across the board.

Key changes have been made in governance, climate, nature, diversity & inclusion, human rights and tax.

These cover important updates such as (but not limited to):

- Following the changes to the UK listing rules and weakening of corporate governance across various markets, we have explicitly included support for shareholder resolutions that enable class by class vote disclosure at companies that have differential voting rights.
- We have clarified when we may vote against relevant meeting items due to human rights concerns. This was an area where partner funds had provided feedback that they would like to see more rapid escalation.
- We continue to champion diversity in alignment with UK industry best practice. We have made it explicit that we may oppose re-election of responsible directors regardless of their own diversity characteristics, although we may make an exception on a case-by-case basis in markets with low female representation as a transitional consideration.

The updated Voting Guidelines are on our website, detailing the full changes.

## Innovation enabling pass-through voting

Legal and General Asset Management has partnered with Tumelo to allow pass-through voting for clients during the 2025 proxy season. We consider this facility a welcome development, enabling us to directly vote on index-tracking funds. We are collaborating with Legal and General Asset Management and others to set up the necessary infrastructure before the 2025 proxy season. As this expands our voting significantly, we are considering a phased approach to manage the implications on resources, underlying research and potential issues with voting infrastructure carefully.


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## Stock Lending

Our approach to responsible stock lending is set out in our Stewardship Policy. Where there is a perceived trade-off between the economic benefit of stock lending, and Brunel's ability to discharge its obligations as a responsible long-term investor, the latter will have precedence.

Brunel has reviewed the potential risks associated with stock lending and introduced measures to manage and reduce those risks.

These controls include, but are not limited to:

- Maintaining an approved list of eligible borrowers
- Retaining 5% of any individual stock
- Lending stock for no more than 21 days on average
- Placing restrictions on acceptable forms of collateral

There may be situations where we choose not to lend stock — for example, where we have co-filed a shareholder resolution, or where there are concerns that lending could enable borrowers to influence the outcome of a vote.

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# 10 Years since "Aiming for A" at Shell and BP

## Shell

In 2015, an investor coalition called "Aiming for A" filed shareholder resolutions at BP and Shell PLC (Shell), calling for increased disclosures regarding corporate strategy on climate change. The "Aiming for A" shareholder resolutions at BP and Shell were highly unusual, with the management of those companies supporting the resolutions leading to near 98.9% and 98% support respectively. Similar resolutions, again, many supported by company management, followed in 2016.

Many of Brunel partner funds both directly or through the Local Authority Pension Fund Forum (LAPFF) participated in the coalition and supported the engagements. It has been 10 years since that groundbreaking investor collaboration and much has been achieved in engaging with BP and Shell, but it has been far from a straightforward journey.

Shell has consistently been one of the top contributors to Brunel's carbon footprint, and as with all companies involved in fossil fuels, can attract criticism. Shell has taken steps to address best practice in terms of climate governance, setting targets, say on climate and lobbying. A key role of active ownership is to hold companies to account for the commitments they make and as a long-term shareholder, we have been engaging with Shell for several years on a range of topics.

We have had successes along the way. During 2024, Brunel's engagement (in collaboration with other investors and ACCR) on Shell's transparency on lobbying practices has led to improvements in emerging markets disclosures and a commitment to incorporate investor feedback on the topic in Shell's next substantial lobbying update.

Shell was one of the first in the industry to set emission reduction targets and there have been incremental improvements in climate-related disclosures, however concerns remain regarding the company's climate transition strategy and its alignment with the Paris trajectory. We have therefore, prioritised engagements on this topic through the resolutions we have co-filed.

We co-filed a shareholder resolution at the 2024 AGM calling for disclosure on scope 3 emission reduction targets (and alignment with the Paris Agreement). The co-filing, alongside a record number of asset owners, resulted in the company publishing a partial target focused on its oil products. While gaining support of 19.6% at the AGM, the resolution led to industry-wide discussions about the robustness of the company's climate transition strategy (which over 20% of shareholder opposed).

At the end of the 2024, we co-filed a resolution on the congruency of their LNG strategy and their climate commitments, along with ACCR and other LGPS funds. We have also had several conversations with the company on their views on the demand drivers of the LNG growth, the alignment with their net zero target and the resilience of the LNG portfolio given the scaling of renewables and likely downward pressures on prices. We believe further transparency is critical for investors to appraise the risks and opportunities as it relates to these issues.

We continue to engage with Shell - whilst we do have concerns regarding its long-term alignment with Paris Agreement, they meet the 2024 climate alignment maturity expectations for CA100+ companies (detailed in our Climate Change Progress Report). This is an area we continue to monitor, and thresholds will change over time.

## BP

BP, alongside Shell, is another company that we continue to engage with, around its climate strategy. We were supportive of the company's ambitious strategy put out in 2020 and engaged directly, through our managers and EOS in discussions centred around the company's emission targets, downstream emissions and incorporation of climate risks within their financial statements through to 2022.

In 2023, the company negatively revised its net zero timeline and rolled back on its previous commitments. We expressed strong concerns about the changes to the climate change strategy change and reflected this in our votes against the re-election of the Chair and CEO. Brunel also met with the Chair alongside other asset owners, discussing governance matters and changes to carbon reduction targets, seeking assurance that the incoming CEO will commit to implementing the Paris aligned climate strategy.

Despite a positive dialogue last year, we saw the company announcing a strategic pivot back to oil and gas operations and a significant lowering of the low carbon spending. Concerns about these changes and no vote on the matter, alongside governance issues and poor execution of strategy have resulted in our vote against the Chair. A quarter of the company's shareholders voted in a similar manner at the 2025 AGM, and this has been considered the biggest protest vote against the head of a FTSE 100 board in at least five years.


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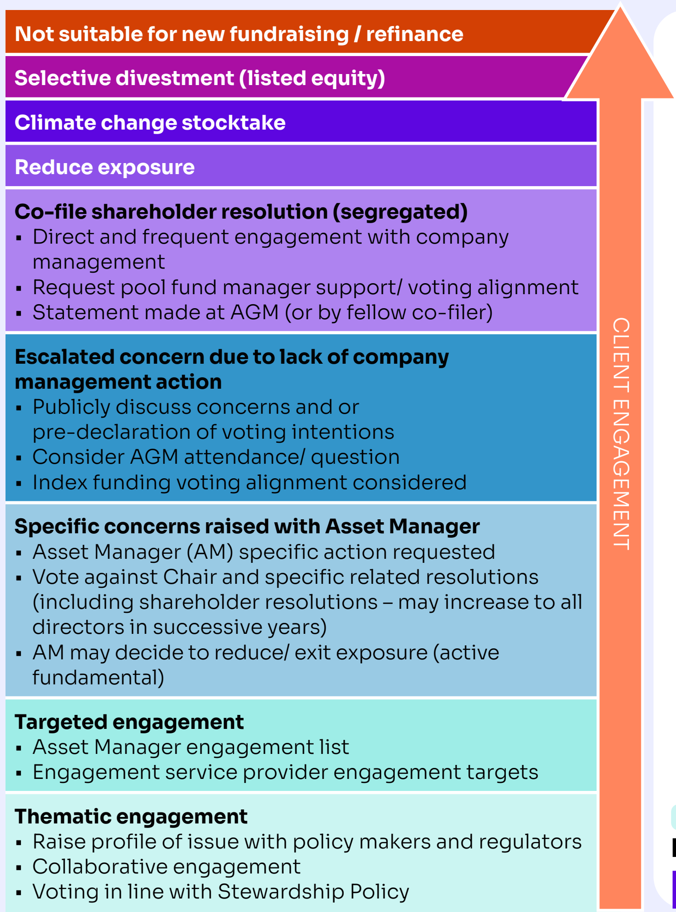
## 10 Years since "Aiming for A" at Shell and BP continued

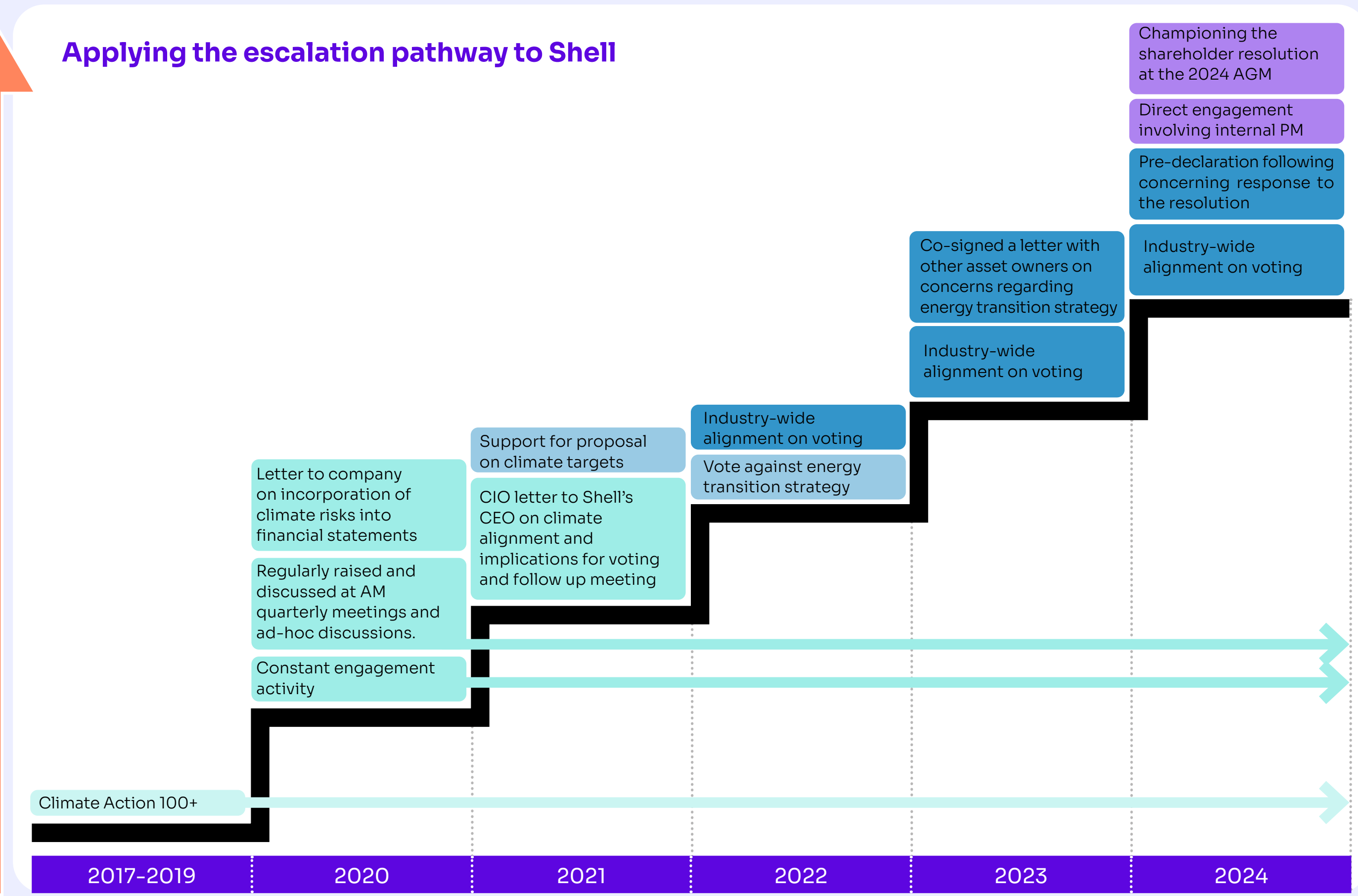
There are times when we want to be more assertive with companies in expressing our concerns, particularly if the company has not been open to dialogue or challenge.

To maximise impact, we adjust the scope or intensity of engagement using different levers that are available to us, as shareholders. For instance, we may vote to reinforce engagement objectives or take a public position by disclosing our voting intentions or our engagement letter to a company. In limited circumstances, we also co-file shareholder resolutions – this is usually done where we have a history of direct engagement with the company.

We don't take escalation through filing resolutions lightly – it follows a thoughtful evaluation considering the need, partners, likelihood of success and overall impact against resources spent.

### Our approach to escalation





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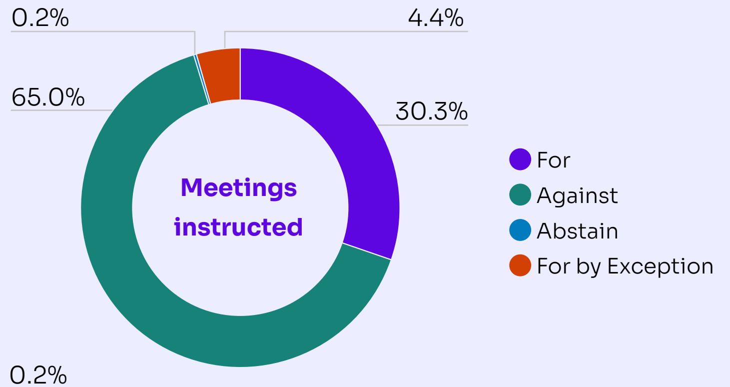
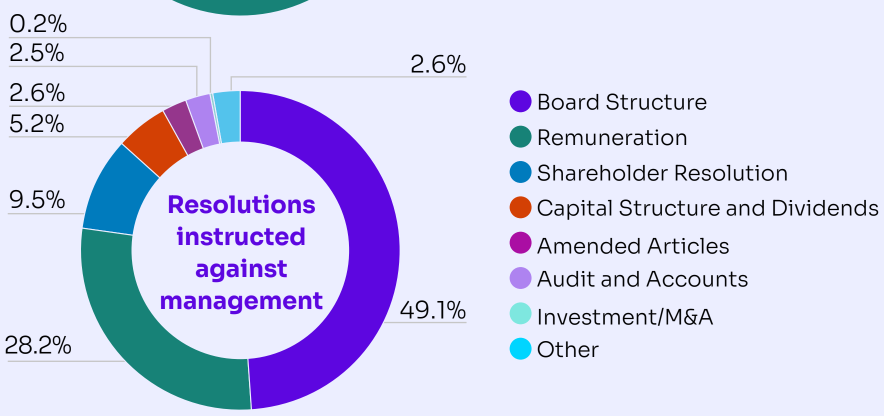
## Voting continued

### Meetings voted

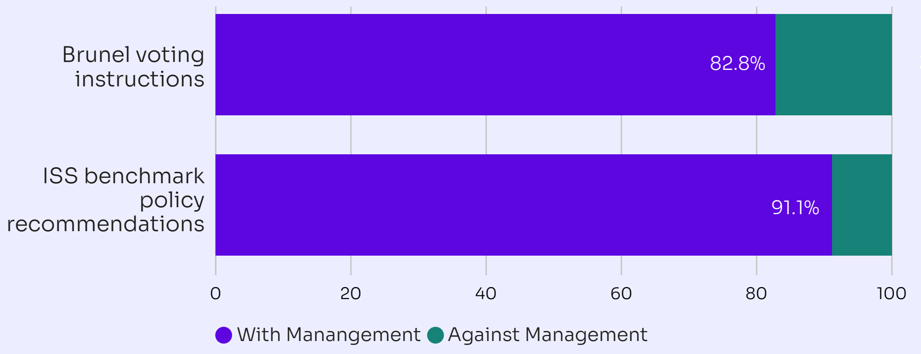
We voted against at least one management recommendation in two thirds of meetings.



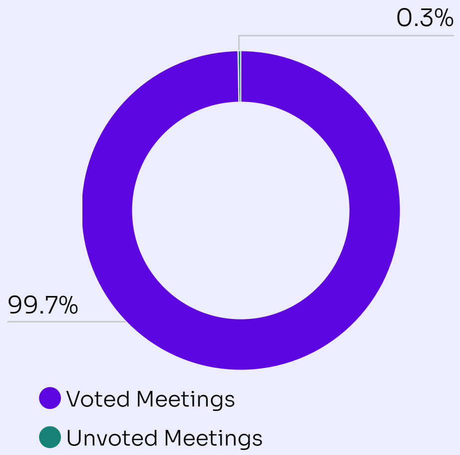

### ISS recommendations vs Brunel voting instructions

The votes cast on ballots during 2024 were aligned with management recommendations in **82.8%** of cases, while the ISS Benchmark Policy Recommendations were aligned with management recommendations in **91.1%** of cases.




### Voted vs unvoted meetings

Brunel has voted at 99.7% of votable company meetings in 2024. Unvoted meetings were due to share blocking, Power of Attorney (POA)'s or operational barriers.

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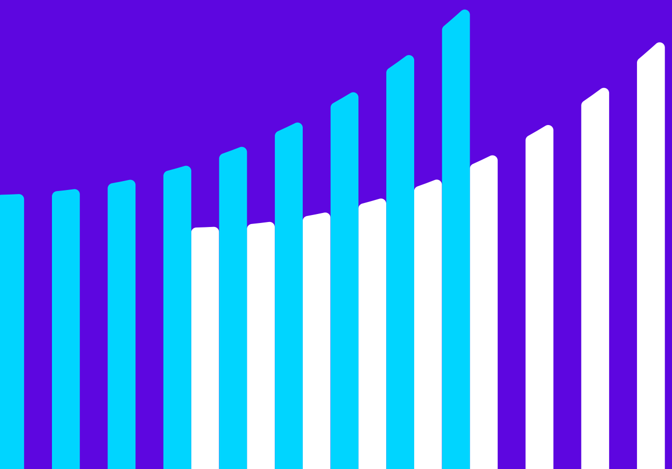
# Integrating RI data into our risk management

**Tom Cottrell**
Portfolio Manager,
Listed Markets

"Getting the right information, data and evidence into everyone's hands is instrumental in allowing them to make informed decisions and challenge."



## An interview with Tom Cottrell, who is a Portfolio Manager in our Listed Markets team and creates and enhances our investment management information reports.

**Hi Tom, thanks for taking time to share the enhancements that you've been making and how they are impacting our decisions. Could we start by understanding a bit about 'BIRC' meetings and reports that are used?**

The 'Brunel Investment Risk Committee' or BIRC, meets quarterly and it is the centralised forum in which we examine our portfolios for risks. It provides a platform to elevate discussions on issues which can result in negative investment or reputational outcomes which are unfavourable to us.

A real strength is that a broad forum of experts can express views and challenge in a constructive way, informed by the reporting you provide.

**How does RI fit into the process? And how do you ensure objectivity?**

RI is integrated into our risk reporting processes and with our operational processes and that they are joined up and consistent.

We ensure that objective criteria are clearly identified for both financial performance and RI, and the quantitative metrics are supported by qualitative aspects. These originate from the Brunel company scorecard, with the metrics we look at rolling up to form part of our organisational monitoring and bonus structure. Each portfolio has an RI metric and three performance targets, that support the healthy challenge. You need really robust quantitative information behind it, so we overlay a red, amber, yellow, green rating system to debate questions like "I understand your opinion, where's the evidence for it?".

The overall RI metric is divided into RI sub metrics which include ESG risk score, the TPI management quality score amongst others. We then use rules or guidelines to allocate the ratings, as with the performance metrics. This approach allows different tolerances to be set for the objective, ensuring that each asset class or markets is treated appropriately.

**Real-world change seems to be important, is that why so much effort is put into understanding the reasons behind the metrics?**

Simply, yes. We feel that not just relying on standard metrics, is essential to reflect real world outcomes through the process. It also allows the impact that our, and our assets managers' stewardship is having. Whether our Portfolio Manager (PM) feels that the managers' voting policies are aligned with ours. Things which have an impact on the real-world, but not always the metrics reported.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**How does this help us work more effectively with our asset managers?**

This allows us to tap into the real benefits of our distributed business model, we are able to pull on and feedback to a much wider pool of expertise.

The data ensures that we have more robust conversations with our managers – take the CA100+ Net Zero corporate benchmark alignment, our PMs can see any high or severe risk companies that have entered and they can speak to the manager and say "I've noticed you bought this. It's been flagged by our data process, can you show your rationale?" which then better informs our discussions.

It actually helps with all of our managers evaluations as we get a deeper feel throughout that entire life cycle, there is a continual process of being able to look under the hood. Having access to more detailed information promptly also helps us target our engagement and stewardship activity – actions from the BIRC meetings can often be that companies are due to be escalated for additional stewardship activity.

The evidence and deeper understanding, that managers provide, really supports the challenge and ensures that what we do is robust and considers the dynamic world of RI. Part of the drive to better understand the nuance is our focus on real-world change, rather than just sprucing up the dashboards and metrics. For instance, identifying when a company has had a drop in its quantitative score due to regression in climate performance versus due to changes in what information it discloses within a reporting year.

**Are there nuances across asset classes?**

Our experiences in some asset classes have allowed us to be more demanding in others. One area we've had real success is the difference in what we've seen from some of our credit managers from the point at which we first went out to select them. A couple of years later each of them has elevated their game on the RI side, it's been accelerative because they have that financial incentive to build out their capacity. We've seen it in MAC so much that it's been like a like a rocket booster to bring themselves into line with equities as much as they can.

By being at the forefront, we have pushed industry change, especially in the RI space. Where we've set a high bar, not only has this been met, but we've made it economically viable for them to deliver the data to their other clients which amplifies the impact.

> "The process is transparent, clear and consistent, that provides assurance in itself that we are really holding managers to account and getting the benefits from the outsourced model on behalf of our partner funds."


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# Biodiversity & nature

## WHAT

**Advance action to limit the loss of biodiversity and nature and increase rejuvenation to deliver a net-positive impact through our investment opportunities.**

## HOW

**Maximising the climate-nature nexus to systematically shift the investment industry to deliver nature positive outcomes, reduce nature-related financial risks and actively seek to increase the opportunities for nature positive investing.**

**Biodiversity and nature is evolving into an increasingly pressing global concern but also provides a wealth of opportunities to make impactful changes to support the climate challenges.**

### Trio from Rio

The "Trio from Rio" refers to the three major environmental conventions, or Rio Conventions, that emerged from the United Nations Conference on Environment and Development held in Rio de Janeiro in 1992.

These conventions are: the Convention on Biological Diversity (CBD), the United Nations Framework Convention on Climate Change (UNFCCC), and the United Nations Convention to Combat Desertification (UNCCD).

All three convened in 2024, starting with the Biodiversity COP16 in Cali, Columbia (COP16 ), then COP29 on Climate Change, in Baku, Azerbaijan (COP29) with Combating Desertification also in its 16th iteration, so also called COP16 in Riyadh, Saudi Arabia.

Whilst progress was made, the COPs were notable for their lack of progress and symptomatic of retreat by many countries on public policy commitments. A selection of highlights include the launch of the NA100 Corporate benchmark and a new climate finance goal (NCQG) of "at least $300bn a year to be channeled into developing economies and the laying the groundwork for a future global drought regime, to completed at COP17 in Mongolia in 2026".

The financing for biodiversity was progressed at a follow-up meeting held in early 2025, but it is essential that such commitments are followed by action as we have seen a stalling of progress on climate, despite the stark assessment from the Global Climate Stocktake.

COP16 COLOMBIA
COP29 Baku Azerbaijan
UNCCD COP16 Riyadh 2024

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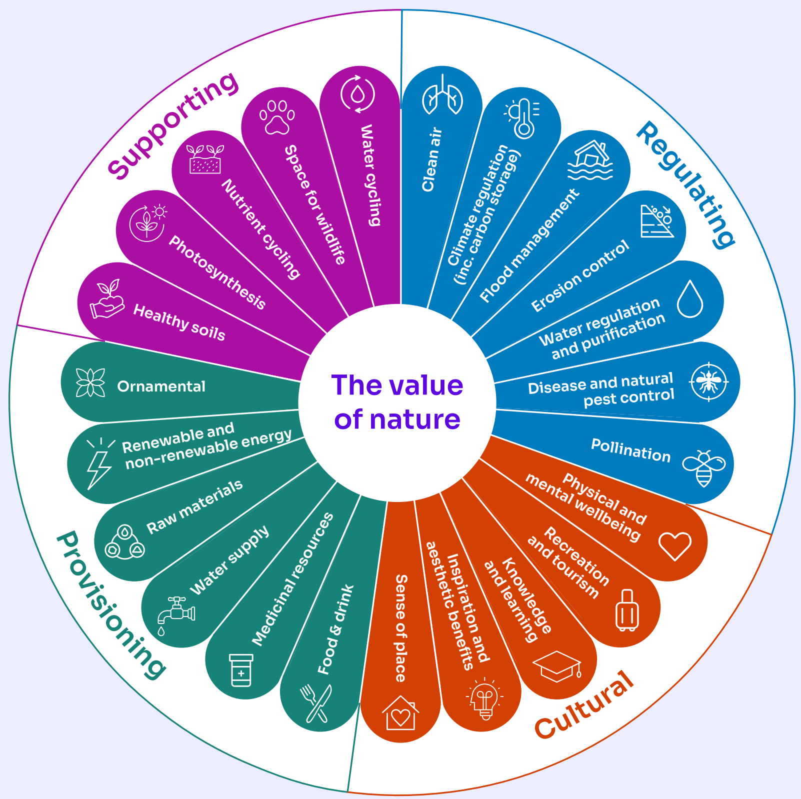
Within Brunel, upskilling and information sharing has been a key feature of biodiversity and nature activity. Exploring the expectations and requirements of our partner funds in relation to a natural capital, and building our knowledge internally supported the development of the below framing – to support understanding of the scope of biodiversity and nature.

### Why is nature important to investors?

The diagram on the right illustrates the many ways nature contributes to human wellbeing – these are called ecosystem services.

Ecosystem services are the benefits humans derive from ecosystems, including food and water provisioning, climate and disease regulation, and cultural benefits like recreation and tourism. These services, such as clean air and water, pollination, flood protection, and nutrient cycling, are essential for human well-being and quality of life.




## Case Study: Nature Action 100

Nature Action 100 (NA100) is a global investor-led engagement initiative designed to drive corporate ambition and catalyse concrete actions to reverse nature loss and curb biodiversity decline. The collaborative initiative has set clear, high-level expectations for companies and a comprehensive benchmark to monitor progress. We have selected to advance objectives of this initiative through our engagement programme on physical climate risk and biodiversity.

Our biodiversity & nature engagement priorities are also influenced by the PRI SPRING framework, which underscores the importance for companies to assess their biodiversity impacts and dependencies, manage associated risks and opportunities, and commit to minimizing their contributions to nature loss.

Looking ahead, Brunel will deepen its targeted engagements with companies that are yet to meet NA100's ambitious standards. We will continue dialogues aimed at refining biodiversity strategies and enhancing risk assessments.

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## Case Study:
## Royal London Asset Management, UK Water Utilities Engagement Initiative

We joined an engagement programme led by Royal London Asset Management, targeting 11 UK water companies. The investor group focused on four key pillars to influence companies to meet best practice expectations. We led the engagements with two companies, and the group received responses from nine out of 11 and saw improvements from all nine.

Water companies are addressing various challenges and enhancing services by adopting innovative technologies, such as machine learning, for climate change adaptation, conducting baseline assessments for biodiversity, and collaborating with stakeholders to enhance natural capital. They are implementing social tariffs and financial support initiatives to assist low-income households. Additionally, they are investigating the impact of treatment processes on antimicrobial resistance (AMR) and undertaking pilot projects with academic collaboration to better understand this systemic risk.

We will continue with our engagement with the sector to ensure water companies are held accountable for implementing their business plans and improving disclosure.

## Case Study:
## Carrefour (EOS), biodiversity impact and dependency assessment

Since 2008, EOS has been driving transformative engagement with Carrefour, one of France's leading retailers, on its biodiversity impacts. In 2022, EOS sharpened its focus, urging Carrefour to measure and manage key impacts to set clear improvement milestones, from raw ingredient sourcing to deforestation and water use. Carrefour responded by enhancing its disclosure practices. In early 2024, Carrefour published its universal registration document, outlining its biodiversity footprint across its value chain and highlighting significant pressures in regions like Brazil and France. Looking ahead, the company has reassured EOS that targets based on the Science Based Targets for Nature methodology will be published before the end of the year.


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## Case Study:
## Infrastructure, protecting Biodiversity

Our engagement on biodiversity with our General Partners (GPs) dates back to 2023. Working closely with Stepstone we have focused on biodiversity risk, reporting and promoting the idea of Taskforce for Nature-related Financial Disclosures (TNFD).

Ensuring GPs identify biodiversity risks in their portfolio, and report on their progress in mitigating such risks is essential. The work most GPs are doing to develop the required data and analysis will enable them to report. Positive steps are already showing through our conversations and interactions with the GPs.

Supply chain management is a key factor in protecting biodiversity, as resources are often sourced from areas where there are increased risks. This is a new area for many GPs, but our questions have been positively received, with indications given that this will also be reported on in future.

New biodiversity questions included in our Due Diligence Questionnaire have uncovered some interesting activities:

- Ardian performed a Biodiversity mapping exercise in Q1 2024 for the full Infrastructure portfolio to identify any overlap with protected areas.
- Copenhagen Infrastructure Partners introduced a Biodiversity Action Plan, which seeks to ensure biodiversity impacts are assessed and measured to protect and restore biodiversity.
- British Solar Renewables, an ICG portfolio company and a Brunel co-investment has committed to achieving a 60% biodiversity net gain (BNG) for each project. Their Nature Protection Pledge demonstrates their commitment to taking positive action for the planet.
- Little Crow, BSR's recent acquisition of a 150MWp photovoltaic (PV) project co-located with a 60MW battery energy storage system exceeds the 60% minimum BNG targets, reaching 140%.

## Votes to note

### PepsiCo – Biodiversity

We supported a resolution calling for a biodiversity risk report, critical given PepsiCo's agricultural reliance and current gaps in biodiversity assessment.

### General Mills – Regenerative Agriculture

We supported resolutions calling for enhanced disclosure of regenerative agriculture practices, including pesticide use, and plastic reduction efforts to better understand health, climate, and nature-related risks.

## Walking the talk

As part of our wellbeing focus, every member of the Brunel team was sent a small plant to bring a bit of nature inside their home work space.


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**Faith Ward and Chris Van Der Merwe present at Brunel's Investor Day 2024, just one way in which we build capacity with our partner funds and their pension committees**

**In 2024**

| | | | |
|---|---|---|---|
| 86 core engagements on biodiversity | 46 progressed at least one milestone | 6 completed engagements with positive result | 10 Vote escalations on companies due to poor Forest 500 scores. |

## Next steps

A focus will be kept on activity that benefits both climate change and biodiversity & nature to maximise the impact of our efforts.

**We will...**
**in the near-term:**

- Develop our understanding and thinking through Biodiversity & Nature training and Strategy
- Quantify capital allocation to nature positive investment through our sustainable investment exposure analysis
- Understand the impact and requirements of TNFD
- Explore Natural Capital opportunities

**in the long-term:**

- Embed and explore ways to further enhance understanding of nature impacts, risks, opportunities and dependencies in line with TNFD

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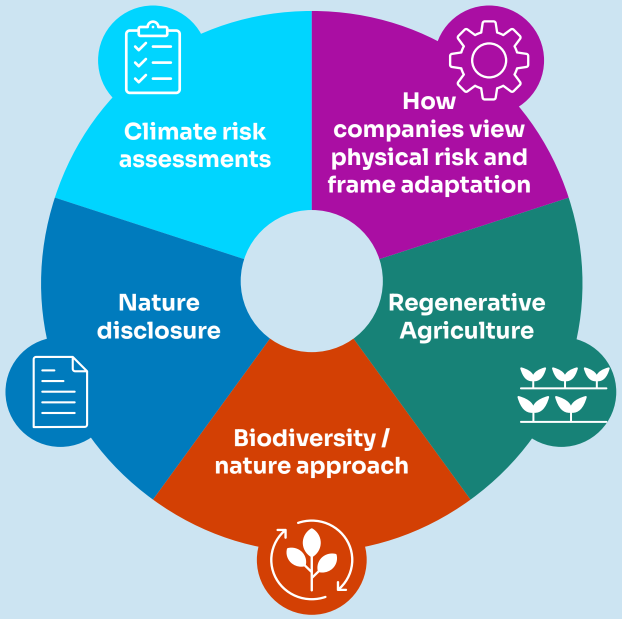
## Case Study:
## Tackling climate and nature physical risk in food and beverage companies

Physical climate risks play out through extreme weather events such as droughts, heat waves, water scarcity as well as flooding and increased pest and disease activities. They present risks to the operations of companies and create disruption to supply chains. While companies have strengthened their focus on decarbonisation, they are not adequately considering or responding to physical risk. Only 23% of companies in consumer staples – such as food and drinks products - have adaptation plans to address climate physical risks according to an S&P Global Assessment.

For this reason, Brunel Pension Partnership has developed an engagement on climate physical risks and biodiversity with consumer staples companies with support from Chronos Sustainability. The engagement aims to help companies assess, manage and adapt to climate impacts, and understand how biodiversity is used to increase resilience, whilst building investor capacity for effective stewardship on these issues.

Brunel and its participating partner funds, the Pension Funds for Avon, Cornwall, Environment Agency, Oxfordshire and Wiltshire, supported the selection of companies and development of the engagement framework and methodology which assesses companies on their approach to climate physical risks across the four key areas: governance; strategy; risk and impact management; and metrics and targets. An initial assessment based on publicly disclosed information provides a basis for the engagement and to track progress against.

In March 2024, engagement letters were sent to 20 focus companies. As of March 2025, 15 companies responded to the letter, 14 companies have completed one round of dialogues and 13 remain engaged in a second round of dialogues currently underway. Designing the programme to maximize partner fund participation on the calls has allowed them to bring their concerns and expectations of their beneficiaries directly to the staff focused on these topics within the companies.




The dialogues have been constructive. Most companies brought their technical experts to the conversation providing insights and examples that could not have been gleaned from reporting alone. The focus has been on the integration of climate adaptation and nature into climate risk strategies with leading companies sharing examples of good practice.

### Key improvements

Through the first engagement meetings, four companies discussed with us how their boards have oversight on climate physical risks and biodiversity and two clarified the scope of their risk assessment. Feedback was provided to the companies during the dialogues that investors would like to see this information in the public reports to understand the company's approach to the topic.

### Key insights

The meetings highlighted gaps in disclosure, but it became apparent that companies are doing more than they are reporting on. Based on the engagement with 13 companies, several key observations and areas of focus for improvement have emerged:

- The scope and quality of climate risk assessments varies significantly between companies such as the percentage of operations and supply chain which are covered, the use of location data, multiple time horizons and climate scenarios. How companies

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Biodiversity & nature continued

## Case Study:
## Tackling climate and nature physical risk in food and beverage companies continued

use the results of the climate risk assessments in decision making for adaptation interventions is also diverse.

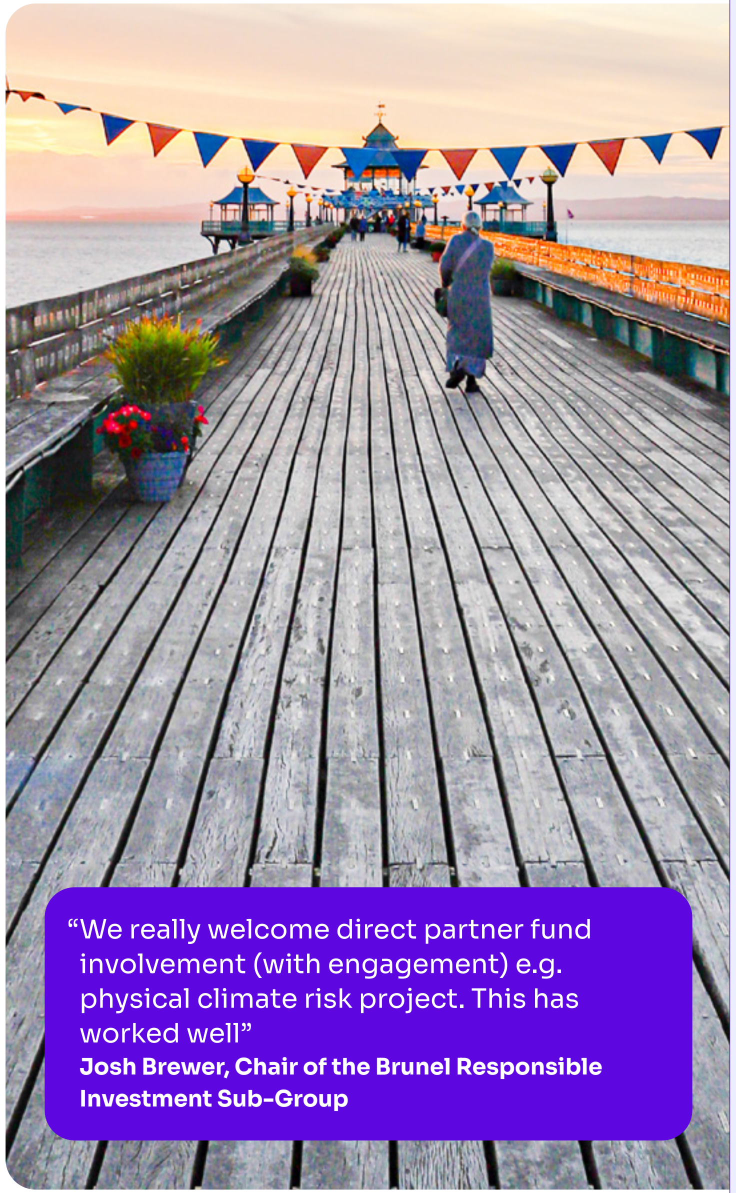
- Companies are not approaching climate physical risks systematically and from a holistic perspective such as through integrating their work on water, soil and biodiversity at strategically significant locations. This is also manifested in the governance of companies and the approach taken by company boards.
- Biodiversity and nature are nascent topics, with few companies having established biodiversity policies and are in the early stages of assessing related impacts and dependencies.
- Some companies are using regenerative agriculture as part of their adaptation strategies, but this lacks clear definitions, comprehensive measurement, and integrated approaches.
- As a mandatory framework, the Corporate Sustainability Reporting Directive (CSRD) is the immediate priority for companies.

The next round of dialogues is underway. Through peer-to-peer learning, companies will continue to be encouraged to raise the bar on good practice. The strategic integration of how companies approach net zero, adaptation, biodiversity and nature will be a key follow up area. Given the maturity of the work on water risk, it is anticipated that further examples illustrating integration of adaptation interventions will be uncovered. An interim benchmark will be conducted in 2025 after the second round of dialogues to reassess the companies against the framework.

A full list of companies can be found on our website. Non-responsive companies included:

- **Keurig Dr Pepper Inc.**
- **Lamb Weston Holdings, Inc.**
- **PepsiCo, Inc**
- **Pernod Ricard SA**
- **Sysco Corporation**
- **Tesco PLC**
- **The Coca-Cola Company**

| March 2024 | May 2024 – January 2025 | March 2025 – Ongoing | End of 2025 | 2026 |
|---|---|---|---|---|
| Letters sent | Phase 1 dialogues complete | Phase 2 dialogues | Interim disclosure benchmark | Phase 3 dialogues |



"We really welcome direct partner fund involvement (with engagement) e.g. physical climate risk project. This has worked well"
**Josh Brewer, Chair of the Brunel Responsible Investment Sub-Group**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# Climate change

WHAT

**Drive systemic change in 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 (ideally 1.5°C) compared to pre-industrial levels.**

HOW

**Use our strengths and position in the market to systematically change the investment industry so that it is fit for purpose, to deliver the climate and nature positive outcomes and to reduce the climate and nature-related financial risks to our portfolios, our partner funds and broader society.**

2024 was a record-breaking year;

- the warmest year on record – beating 2023!
- saw the first 12-month global average temperatures exceeding 1.5°C
- reached a record high global carbon emissions from fossil fuels
- highest level of displaced people from extreme weather events since 2008

Although breaching 1.5C is very disturbing and a clear warning, it does not mean the world has failed to meet the ambitions of the Paris Agreement as monthly and annual variations occur. However, with the 10 year average around 1.2-1.3°C, we are perilously close to passing the 1.5°C on long-term basis, the level advised if we are "to avert the worst impacts of climate change and preserve a liveable planet" (IPCC). We saw glimpses of what that can mean with a year that also had devastating floods, hurricanes and severe thunderstorms. In 2024, the World Meteorological Organization identified more than 600 reported extreme weather events with 148 classified as "unprecedented" resulting in 1,700 fatalities and the displacement of 824,000 people.

Despite the clear warnings, public policy, regulation and corporate commitments have weakened significantly, and not just in the USA which exited the Paris Agreement in early 2025. This is despite public opinion remaining supportive of government action. Such disparity reinforces our belief that a focus on public policy is critical to setting climate-aware regulations and best practice expectations for all capital market participants. Key priorities for Brunel's climate implementation programme in 2024 and continuing in 2025 are supporting the adoption of standards recommended by the International Sustainability Standards Board (ISSB) and mandatory transition planning.

Whilst we recognise that the significant reductions in both carbon (60%) and fossil fuel intensity (93%) in our own listed markets portfolios since setting our baseline in 2019 does not change climate reality, it does contribute to reducing exposure to sources of climate risk for partner funds. However, in the transition of the whole economy (not our portfolios), together with addressing the financial risks arising from physical climate risk that is critical to reducing absolute climate risk for our partner funds - which is why transition finance and physical climate risk, adaption and resilience are climate stewardship priorities.

**Evolving our approach to Climate Change – a partner fund's perspective**

"The science around climate hasn't changed, we need to be acting, and demonstrating to our members, that we are acting in a way that responds to the scientific facts. We've had some really positive conversations with Brunel and the data and reporting that they provide us helps us shape these conversations. Within the Brunel Partnership we have an agreed approach to climate change actions, through our RISG meetings we are able to refine and enhance that approach to drive real-world change based on the scientific evidence."


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## Case Study:
## Asset Owner Statement on Climate Stewardship

Our asset managers are our strategic partners in delivering our investment objectives. They are also a critical part of the investment eco-system and uniquely positioned to accelerate climate progress and build momentum for market change over time. We are, therefore, keen to ensure that they evolve stewardship efforts in a way that robustly addresses concerns around the systemic risks asset owners and beneficiaries face from climate change. This objective of alignment of interests spurred the Asset owner - Asset Manager 'aligning expectations' project.

Feedback from asset managers at the Brunel led Asset Owner-Asset Manager Alignment Roundtable in 2023, prompted the development of the **Asset owner statement on climate stewardship**. Co-authored by Brunel with the People's Pension and Scottish Widows, the statement calls on asset managers to **strengthen and evolve their climate stewardship approach in response to the imperative for climate action**.

By providing clarity on asset owners' expectations of managers to meet beneficiaries' long-term interests, the statement is intended to be used as a resource to support managers in implementing these goals.

More than 25 investors, representing AUM of $1.5trn USD signed the statement and will use it to drive their engagement with managers during selection and ongoing monitoring.

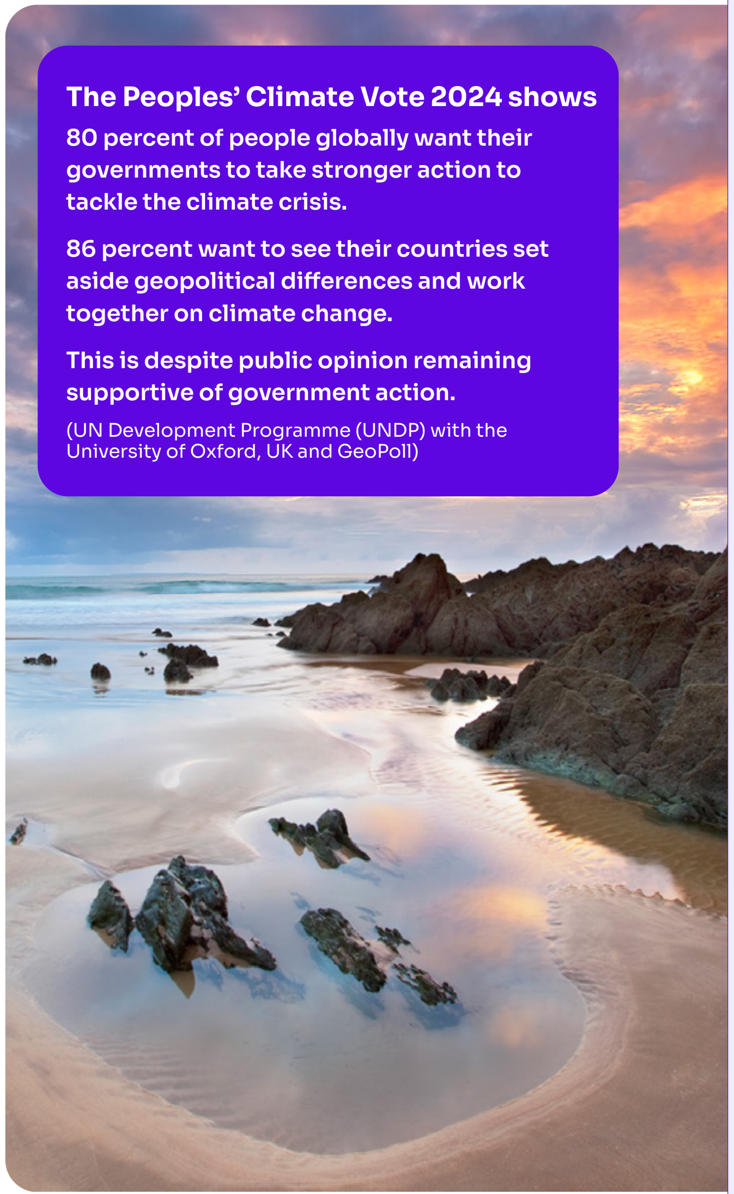
The five principles that make up the statement build on existing industry guidance and best practise.

They embed flexibility for asset owners to exercise independence in their decision-making accounting for a manager's progress to date, pinch points and challenges in stewardship delivery.

- Industry/market and public policy engagement should be core to the climate stewardship proposition across asset classes
- Where permissible, asset managers should prioritise collaborative initiatives to achieve greater impact and embed efficiencies in engagement activities
- Asset managers' prioritisation framework for company engagement should be rooted in a robust theory of change that delivers maximum impact
- A systematic approach to voting is imperative
- Stewardship function needs to be adequately resourced

The success of this statement will be determined by its effective use within the industry. This initiative is particularly relevant in an environment where managers are experiencing counter pressures to climate progress and need the ongoing support of their asset owners to build on their work in this area. We have had reassuring messages from our managers in support of this statement and expect this to contribute to its relevance in the industry.

Brunel will continue to promote and report on the dialogue, progresses and challenges on implementation in the next report.



**The Peoples' Climate Vote 2024 shows**

**80 percent of people globally want their governments to take stronger action to tackle the climate crisis.**

**86 percent want to see their countries set aside geopolitical differences and work together on climate change.**

**This is despite public opinion remaining supportive of government action.**

(UN Development Programme (UNDP) with the University of Oxford, UK and GeoPoll)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## **Case Study:** Baillie Gifford, climate scenarios workshop

Changes underway in our climate and energy systems are complex and uncertain. Taking the time now to explore varied but plausible futures, and considering how different investments may fare, should improve our decision-making. Working with academic partners, Baillie Gifford has created a set of global storylines that bind technology, society and nature across three possible futures: orderly, disorderly and failed climate transitions. These are used by their investment teams to challenge assumptions, test portfolio construction, and generate new ideas.

In November 2024, Brunel invited Baillie Gifford to host the same training for our own teams. Informed by the starting narratives, the day was spent debating the current state of the transition and testing specific asset classes and investments for sensitivity and resilience. Attendees came away with an improved mental toolkit for how to consider the first, second and third order consequences of different climate futures and how that would impact on people, communities, assets, sectors, geographies, economies.

We are supportive of the UK's Pension's Regulator review of how to make climate scenarios decision useful. The review recognised the benefits of qualitative approaches with clear narratives which complement more quantitative approaches which are still developing.

## **Case Study:** CQS Investment Management, Engagement in our Multi-Asset Credit (MAC) portfolio

Since 2020, CQS Investment Management have been engaging with a leading British convenience retailer and forecourt operator, focused on several issues aligned to climate change disclosure, targets and its strategy for managing transition to a lower-carbon future.

From their most recent engagement, they looked to understand potential revision of climate targets, particularly considering the disposal of its UK assets, and its landmark deal with Tesla for use of its ultra-fast EV charging unit technology. Further, recognising that the bulk of company emissions sits in Downstream Scope 3 (i.e. the use of sold products), aiming to understand efforts the company is taking to calculate its value chain footprint and to gauge a timeframe for setting a Scope 3 reduction target. In addition, CQS also joined a collaborative engagement as part of the CDP Non-Disclosure Campaign, requesting greater transparency and disclosure of environmental impact, with a view to addressing existing issues around emissions reporting.

The company confirmed that they are working with the Carbon Trust to rebase its carbon reduction roadmap to reflect disposals and acquisitions, and that they are assessing various future climate scenario analysis under different climate policies to establish full Scope 3 carbon emissions. This was publicly confirmed as a progress indicator in the company's latest ESG report, published in 2024. Strategic importance in accelerating electrification was reiterated by management, both in terms of commercial benefits and from the transition away from fossil fuels. They did reaffirm its existing Scope 1 & 2 reduction targets, indicating they are still on track to meet its 50% reduction goal by 2030. The company also confirmed commitment towards inaugural completion of the CDP climate questionnaire for 2024. These disclosures signal an evolving approach to strategic ESG priorities, notably within climate change management and the scaling of services to enable the energy transition.

Since initiating engagement with the company, where it has since measured group-wide carbon footprint for the first time, CQS believe that the company has made significant positive progress and continues to move in the right direction. CQS will continue to pursue engagement with management to focus on the robustness of its climate objectives and monitor for Scope 3 target submission in this year's ESG report.


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## **Case Study:** Samsung (EOS), SBTi Targets

Since 2018, EOS has engaged with Samsung Electronics on its climate change strategy, focusing on establishing science-based carbon emissions reduction targets. Initially, EOS supported a unified groupwide target, but Samsung's two main divisions took distinct approaches. The DX division, responsible for consumer electronics and household appliances, is targeting net zero Scope 1 and 2 emissions by 2030, while the DS division, accounting for 95% of emissions, aims for net zero by 2050 without interim targets. In 2024, following dynamic discussions and with Samsung joining the Semiconductor Climate Consortium as a founding member, EOS discontinued the groupwide objective in favour of developing bespoke interim Scope 1 and 2 targets for its DS division. This outcome realigns the engagement with Samsung's operational realities, providing a more tailored roadmap to tackle decarbonisation in its semiconductor operations. Moving forward, EOS will work closely with Samsung to monitor progress and ensure the targets drive meaningful emissions reductions.

## Walking the talk

Brunel commissioned a third full carbon footprint report for September 2024. Carbon Managers used the data supplied by Brunel over the 12-month period to 30 September 2024 to cover direct emissions from burning fuel and refrigerants (Scope 1), indirect emissions from electricity use (Scope 2) and supply and value chain emissions (Scope 3) from activities where a company has less control (this includes emissions from business travel, employee commuting, water use, waste disposal, resource use, and other indirect emissions associated with fuel/gas, and energy production and supply. As an investment business, we have excluded financed emissions from this section, as they are covered in our portfolio reporting.)

Key actions Brunel will take in the coming year to improve our footprint further:

- Develop a process for regular data collection
- Review our benefits package and how this can further support our move to Net Zero
- Explore the possibility and impact of credible carbon offsetting in the short term, as we move towards carbon reduction
- Improve the quality of the data by appointing an executive level sustainability champion and a cross-company working group
- Review our internal policies and procedures to support the reduction of our carbon footprint, such as our travel and expenses policy
- Collect timely and accurate data for future years

| Scope | Data type | 2023/2024 Total (tCO2e) | 2023/2024 Total (%) |
|---|---|---|---|
| Scope 1 (direct) Fuel & Refrigerant | Calculated from utility bills | 4.19 | 3.3% |
| Scope 2 (indirect) Electricity Use | Calculated from utility bills | 11.85[0*] | 9.4%[0*] |
| Scope 3 Supply Chain | Calculated from expense data plus survey and spend estimates | 110.66 | 87.3 |
| **Total** | - | **126.70** | **100%** |

*Market-based figures, based on renewable energy sources


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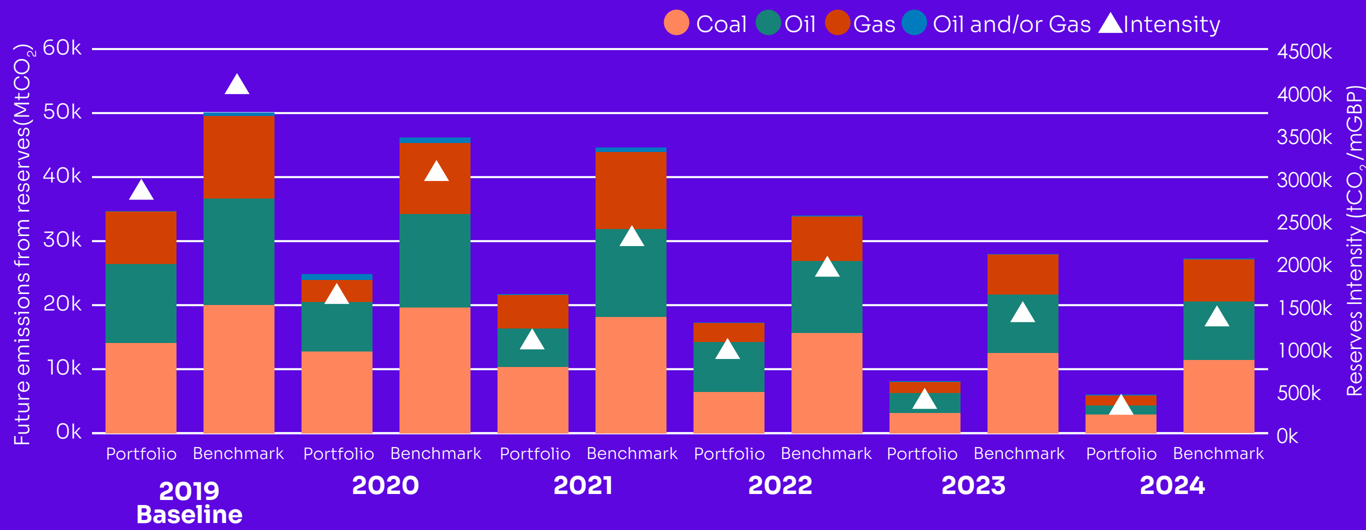
Brunel has achieved a **93% reduction in reserves intensity** when compared to the 2019 baseline. This takes into account selective divestments and shifts between fossil fuels, e.g. coal has a higher intensity than oil.




In 2024 we **met our target to engage with 70% of financed emissions in material sectors**, through collective or direct engagement (despite the challenging macro-economic environment).

**In 2024**

**288**
EOS core engagements on climate

**49**
completed engagements with positive result

**40**
vote escalations, a third due to CA100+ indicator flags.

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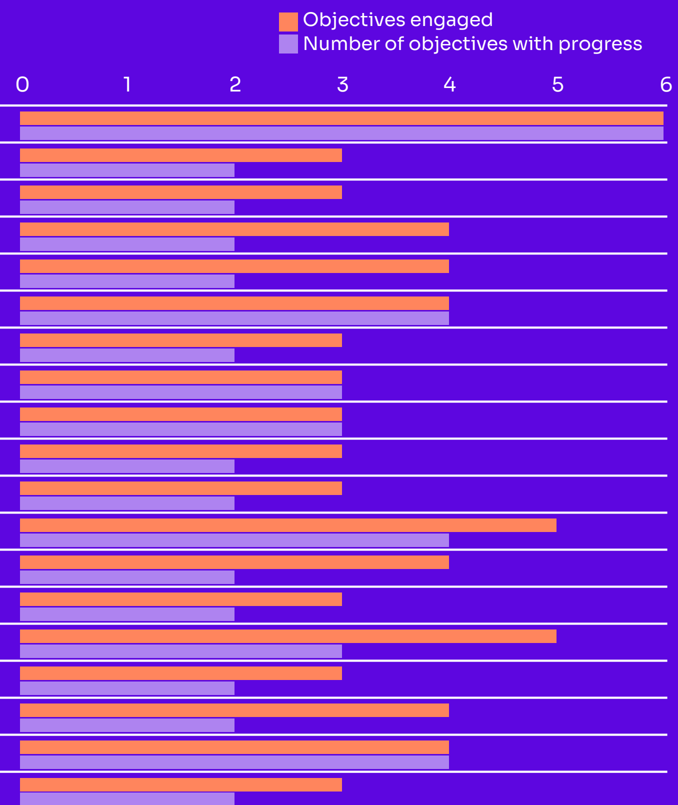
## EOS progression of Climate Action 100 engagements

Brunel holds 124 CA100+ companies in total: 121 within index tracking portfolios (including Paris-aligned funds) and 32 in active portfolios. The below graph provides EOS' progress report on engagement with some of these companies through CA100+.

| Company Name | EOS Sector | Participation |
|---|---|---|
| Air Liquide | Chemicals | Co-lead |
| LyondellBasell Industries | Chemicals | Co-lead |
| Danone | Consumer Goods | Co-lead |
| Lockheed Martin | Industrials | Co-lead |
| Siemens Energy | Industrials | Co-lead |
| Holcim | Mining & Materials | Support |
| Anhui Conch Cement Co | Mining & Materials | Support |
| CRH | Mining & Materials | Support |
| POSCO Holdings | Mining & Materials | Co-lead |
| Rio Tinto | Mining & Materials | Support |
| thyssenkrupp | Mining & Materials | Support |
| TotalEnergies | Oil & Gas | Co-lead |
| Marathon Petroleum | Oil & Gas | Support |
| Valero Energy | Oil & Gas | Support |
| Bayer | Pharma & Healthcare | Support |
| Carrefour | Retail & Consumer Services | Support |
| Caterpillar | Transportation | Co-lead |
| Engie | Utilities | Support |
| Fortum | Utilities | Support |




Source: EOS data

## Votes to note

### Woodside Energy – Climate

Legal and General Asset Management, executing voting in our passive-index tracking portfolios, opposed Woodside's climate report and the re-election of its Chair, highlighting insufficient emissions targets, inadequate climate-risk disclosures, and low allocation to low-carbon solutions, despite previous shareholder dissent. The Chair received staggering opposition of 17% at the AGM and 58% of shareholders voted against the climate transition plan.

### Glencore – Coal Exposure

Brunel voted against the re-election of Glencore's Chair due to inadequate management of climate risks associated with significant coal exposure and lack of alignment with a Paris Alignment trajectory.

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# Implementing our climate policy

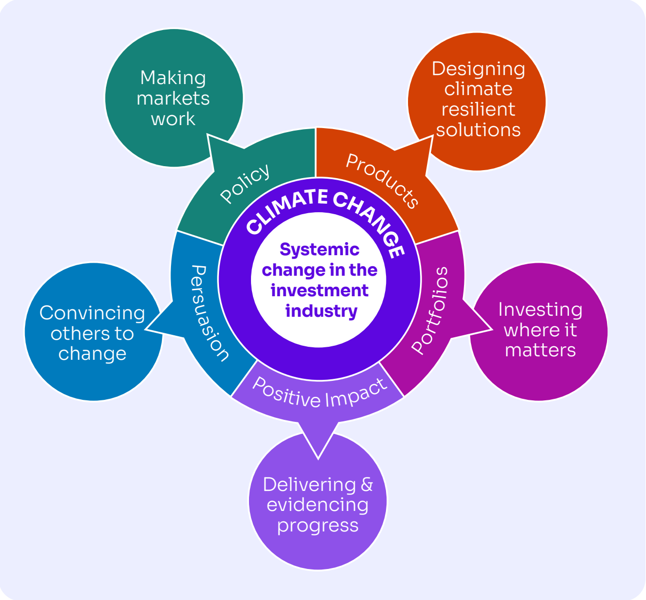
We focus on driving systemic change. This is driven by a consensus across academics and industry leaders that there is a market failure, in so much as fundamental challenges in the way the investment system works, inhibit addressing a risk such as climate change.

The five pillars of our Climate Change Policy ensure that climate awareness permeates across the spectrum of Brunel's work. Enhanced stewardship is a key tenet of this and we have been integrating new data sources to refine how we identify those who are subject to additional stewardship.

Enhanced stewardship involves pulling our usual leavers (see diagram on p16), but in a more targeted and impactful way. A huge strength of our outsourced model is that we can lean on our managers, and extend our reach in that way. We can amplify our impact through working in partnership with our asset managers, strategic partners, fund managers and large number of private market GPs. Being really clear on what our expectations are, has been essential – something we learnt from the Asset Owner 'Aligning Expectations' work we have done which has resulted in the Asset owner statement (see p39), a resource designed to provide additional clarity across the industry.

Our improved data access, collection and processing (see interview on p28) as well as the knowledge and insights provided by our asset manager's qualitative input allows us to make informed decisions.

In 2024 we undertook a number of manager workshops to set out our climate alignment expectations and the level of detail on climate analysis expected on high impact companies. Transition Pathway Initiative (TPI) data alongside additional analysis by managers has enabled us to bring additional nuance to the process.




Our Climate alignment process, which is explained on our website and in our Climate Change Progress report report that is reviewed annually.

We have applied the criteria agreed in 2023 throughout 2024 detailed those organisations subject to enhanced stewardship, and we have worked closely with managers and EOS to implement this throughout the year. Those companies, who after a review of the TPI and CA100+ data, had showed insufficient progress were deemed climate controversial.

The majority of controversial companies have either left or on track to leave the portfolios, although this is not only for climate related reasons. Other holdings are still under review, with the plan to apply additional scrutiny and analysis through applying some of the new improvements to the process outlined above.

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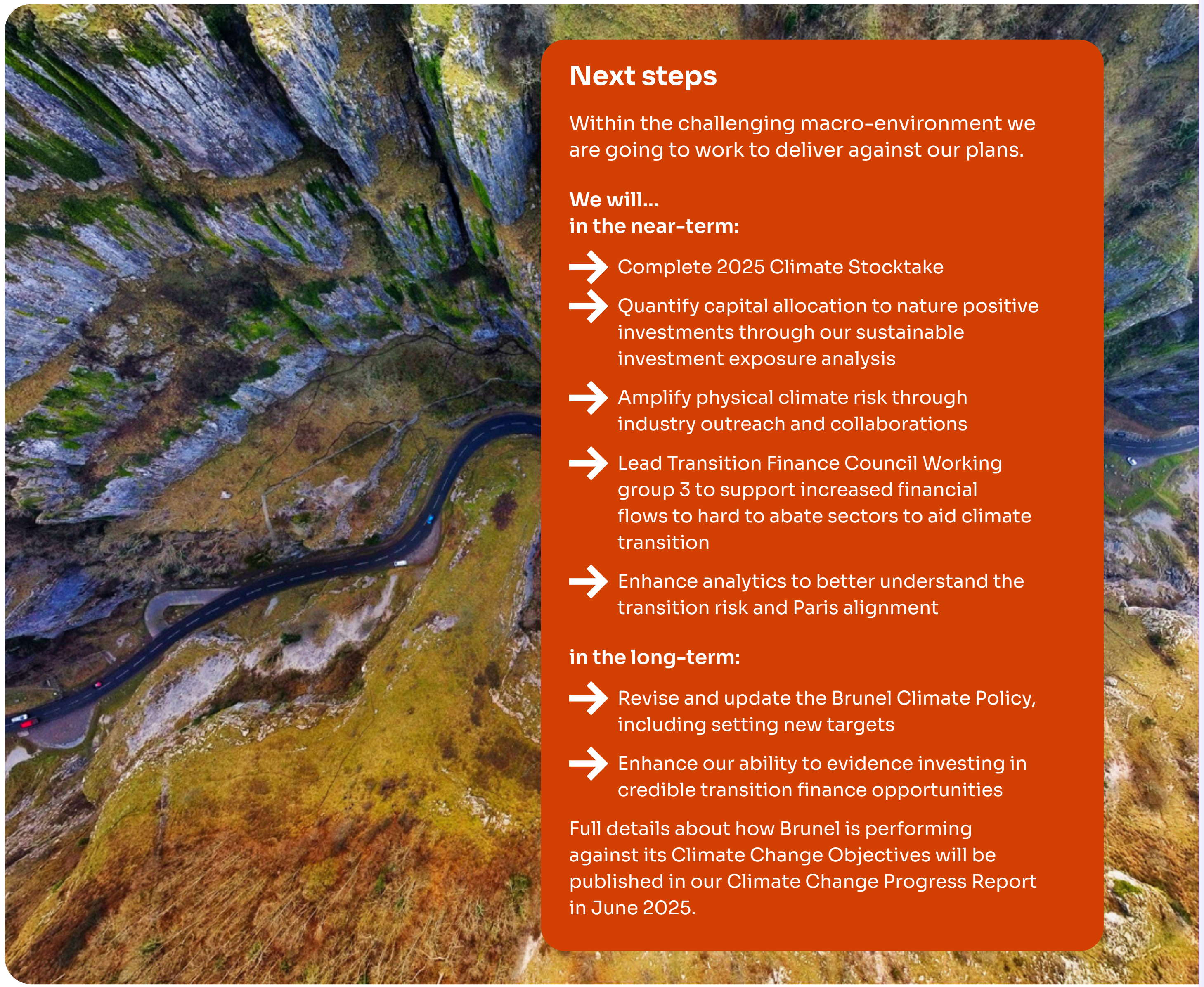
## Case Study: Nordea, Methane engagement initiative

As signatories to the Net Zero Asset Managers Initiative, Nordea Asset Management prioritised methane emissions in its stewardship efforts, recognising methane's critical role in climate change mitigation. Starting in 2022, Nordea initiated a three-year collaborative engagement targeting companies across energy, utilities, and waste management sectors. With nearly 20 investors representing over EUR 3.7tn AUM, Nordea actively encouraged companies to adopt the OGMP 2.0 Gold Standard. By 2024, fourteen companies joined OGMP 2.0, committing to substantial methane reductions by 2030. Nordea continues to drive progress through direct engagement, workshops, and improved methane emission reporting standards. This initiative won a PRI award for 'Recognition for Action - Climate' in 2024.

In 2024 in consultation with partner funds Brunel introduced activity based exclusions to its active equity portfolios. The exclusions are largely based on revenue thresholds and set levels where normal stewardship levers are unlikely to be effective. We use the term pure-play to describe such firms and have limited our exposure to thermal coal and tar sands as a result.

This policy provides clarity to our managers on ensuring that they are not selecting those companies who have no probability of making changes to the business model that is compatible with our long-term finance objectives.



## Next steps

Within the challenging macro-environment we are going to work to deliver against our plans.

**We will...**
**in the near-term:**

- Complete 2025 Climate Stocktake
- Quantify capital allocation to nature positive investments through our sustainable investment exposure analysis
- Amplify physical climate risk through industry outreach and collaborations
- Lead Transition Finance Council Working group 3 to support increased financial flows to hard to abate sectors to aid climate transition
- Enhance analytics to better understand the transition risk and Paris alignment

**in the long-term:**

- Revise and update the Brunel Climate Policy, including setting new targets
- Enhance our ability to evidence investing in credible transition finance opportunities

Full details about how Brunel is performing against its Climate Change Objectives will be published in our Climate Change Progress Report in June 2025.

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## Case Study:
## Banks, progress on climate lobbying transparency

The banking sector is in a unique position to benefit from the economy-wide transition to net zero, given their exposure to multiple industries. They also have a powerful voice in influencing public policy and regulatory outcomes, both directly and indirectly through trade associations. However, where lobbying practices delay or obstruct progress towards climate objectives, this introduces systemic, legal, and reputational risks for investors. Brunel has therefore been raising the issue of lobbying transparency through our collaborative engagement with banks.

### Research

Benchmark assessments from the Transition Pathway Initiative (TPI) indicate that most banks continue to fall short on lobbying disclosures.

| | | |
|---|---|---|
| 1 | Net Zero Commitment | 17.80% |
| 2 | Sectoral GHG Reduction Targets | 18.60% |
| 3 | Exposure and emissions disclosure | 28.90% |
| 4 | Historical emissions performance | N/A |
| 5 | Decarbonisation strategy | 4.80% |
| 6 | Climate solutions | 20.90% |
| 7 | Climate policy engagement | 0.00% |
| 8 | Climate Governance | 31.70% |
| 9 | Just transition | 5.30% |
| 10 | Annual Reporting | 18.70% |

These findings underscore the need for stronger governance, oversight, and reporting on how banks influence climate-related policy.

### IIGCC Banks Lobbying Thematic Working Group

Brunel has taken an active role in the IIGCC Banks Lobbying Thematic Working Group. The group's mandate is to ensure that banks align their lobbying efforts with the urgent climate imperatives of the Paris Agreement. We have engaged with Royal Bank of Canada through the group.

In October 2024, Brunel, in collaboration with IIGCC, drafted and sent out letters to several banks asking them to align their lobbying activities with the goals of the Paris Agreement, to establish board-level oversight of these activities, and to fully disclose all lobbying efforts. The letters also call for banks to assess and review the alignment of their industry associations' positions with climate policy.

### ShareAction Working Group on Banks

Following the successful engagement at Barclays last year, we met with the CEO at Barclays to discuss progress on new commitments outlined in the updated oil and gas policy. As part of this engagement, we raised the importance of greater lobbying transparency, specifically around the alignment of their lobbying activities with the Paris goals.

Brunel has also raised climate lobbying in engagements with Crédit Agricole and Société Générale.

### Key Insights from Engagement to Date

Our engagements have generally focused on "low hanging fruit", aiming for improvements while reinforcing long-term expectations around best practice lobbying alignment. We have also used publicly available benchmarks and analysis, to reiterate focus areas. In general, we've found that improved disclosure is often closely tied to internal governance; where organisations have clear oversight structures and efficient processes for information gathering, disclosures tend to improve. In certain cases, having access to internal champions within organisations has driven the agenda forward. However, in some jurisdictions such as Canada— we have noted that regulation appears to create practical barriers for transparency.

### Next Steps

We will continue to raise the issue of lobbying alignment in our engagements with banks through 2025, focusing on those with material exposure to climate policy risk. Insights from this work will inform our ongoing contributions to the IIGCC and ShareAction working groups. We will report on progress in our next stewardship outcomes report and continue to push companies for clear disclosure, oversight, and alignment with the goals of the Paris Agreement.

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# Human rights & social issues

**WHAT**

**Respect and embed human rights and social issues in our own operations, our investments and in our relationships to contribute to sustainable economic growth and a thriving society.**

**HOW**

**Using our strength and position in the industry to increase the assessment and understanding of human rights and social risk, and by extension, the capacity to manage those risks. In doing so, reduce financial and other risks, contribute to reducing actual (or potential) harms arising from our portfolios and where appropriate, make socially impactful investments.**

Human rights are the basic and indivisible rights inherent to all individuals by virtue of being human. Although human rights form the foundation of the work on all social issues, it is often under-recognised in terms of its importance and impact. The challenge is also exacerbated by the lack of reliable, comparable and comprehensive data that can underpin investment analysis. As illustrated in the diagram below, human rights cut across many different themes.


Source: CEO Guide, World Business Council for Sustainable Development

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Investors' responsibilities towards human rights are clearly articulated in the UN Guiding Principles and OECD's Guidelines for Multinational Enterprises.

When our underlying holdings fail to respond and manage human rights and related social issues adequately, we see them being subject to legal and financial penalties, operational disruption and stakeholder backlash, ultimately harming their social license to operate and undermining shareholder value.

The actions we must take to prevent and mitigate negative impacts and advance positive outcomes for people are therefore, linked to legal and financial materiality concerns as well as the evolving demands of our partner funds and beneficiaries.

While we recognise the urgent and systemic nature of these issues, we know we are at the beginning of a multi-year journey to achieve the objectives we have set out for ourselves. Human rights is therefore, one of our top three priorities.

Our strategy to manage human rights risks focuses on:

1. Restricting investment in companies that breach UN Global Compact Principles as well as applying specific exclusions on controversial weapons or their components
2. Integrating human rights risks into investment decision making, particularly in conflicted affected and high-risk regions
3. Engaging with companies operating in those regions

Human rights are foundational to our wider social risk (and opportunity) management approach. We recognise that the two topics are interrelated but present distinct challenges for investors. Our approach on social issues is to focus on making a positive contribution through capital allocation, particularly supporting our partner funds' local impact investments. This is complemented by the work defined under each of our four **Enabling priorities**, to allow a more comprehensive yet focused approach to social issues. All four priorities are either direct social issues (DEI and Cyber & AI) or strongly related (Tax and Circular economy).

### Restrictions and exclusions

Within our active portfolios, we apply global standard screening and identify companies that are violating or at risk of violating international norms as enshrined in the UN Global Compact principles based on factors such as severity of allegations, company responsibility and management of issues. These assessments are undertaken by a third-party provider - Sustainalytics - who have a dedicated team with extensive experience and expertise in human rights, law and international business.

While this is not a hard exclusion, we apply an 'avoid or explain'. Essentially, this creates an obligation for our managers to explain continued investment in those names that are non-compliant or high risk from a human rights perspective. Where our managers are unable to get suitable justifications from the company or assurance that the company has demonstrated improvements in management of the issue, they would exit the stock. The case-by-case assessment enables Brunel to identify any issues with accuracy of the underlying data we have at hand but also determine the nature of infringement and the extent to which the company is positively addressing the problem through focussed engagement.

All non-compliant and watchlist companies are detailed in the internal Brunel Investment Risk reports. The non-compliant companies are discussed during investment risk committee meetings, with decisions made regarding exceptions and, importantly exceptions are rare.

We also operate a product involvement screen for controversial weapons (weapons that have a disproportionate and indiscriminate impact on civilian populations, sometimes even years after a conflict has ended) which used in conjunction with the human rights analysis, supports our exclusion criteria.

### Case Study: Legal and General Asset Management, Labour relations

Since the 2015 Diesel-gate scandal, Legal and General Asset Management has maintained constructive dialogue with Volkswagen on human rights and social issues. Recently, when forced labour allegations emerged regarding its Urumqi joint venture plant in Xinjiang, MSCI flagged Volkswagen with a red controversy flag in late 2022 to highlight concerns about the plant. Legal and General Asset Management then intensified discussions with Volkswagen's senior management—including the CFO, Head of Treasury and Investor Relations to gain clarity on the issues and encourage swift remedial action. In December 2023, Volkswagen commissioned an independent audit of its Urumqi plant, which effectively addressed the key concerns and resulted in MSCI removing the red controversy flag. In 2024, Legal and General Asset Management continued its productive dialogue to monitor long-term governance and human rights improvements.

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## Human rights integration, particularly in relation to conflict prone/high risk countries

Our managers, in most cases, deploy similar screening exercises and this supports their integration into investment decision making and engagement.

Our expectations of managers holding companies operating in high-risk regions is to act consistently with the UN Guiding Principles on Business and Human Rights, which include:

- to conduct enhanced human rights due diligence in high-risk regions
- to engage with those stakeholders impacted by business operations, including from vulnerable and marginalised populations
- to demonstrate that the business is appropriately using its influence to promote positive human rights outcomes, including for vulnerable and marginalized populations

## Engagement with companies in high-risk regions

In addition, EOS, on our behalf undertake engagement with companies operating in high-risk regions with the purpose of enhancing human rights due diligence - and seeking appropriate disclosure by those companies. Their approach is summarised below.

We believe our approach to managing risks related to human right is in line with our belief that we are responsible stewards of capital. Our aim is to extend the ambition and rigour of the work related to high-risk regions to other areas of human rights, supporting and amplifying the work undertaken by EOS and our managers.

## Case Study: UK Property, Bristol student housing

With a strong student population in Bristol, there is a consistent need for high quality student accommodation. Following an extensive refurbishment programme, additional bedrooms have been added taking the total to 173, in this group of properties. The work has delivered an average EPC rating increase of 77%, removed fossil fuels and increased rental income.

By working in partnership with local delivery partners this has ensured the creation and preservation of local jobs, whilst delivering the substantial environmental and investment returns.

## When we engage with companies in high-risk regions, we expect them to...

### Transparency

- Publicly disclose comprehensive information of business in, or related to, the high-risk region
- Provide details of Governance and Actions

### Governance

- Appropriate policies and oversight of all human rights risks and enhanced governance processes for higher risks.
- Involve top levels of management

### Due diligence

- Conduct enhanced due diligence through a human rights impact assessment
- Monitor changes to the initial assessment.

### Stakeholder engagement

- Engage with those stakeholders impacted by business operations, including from vulnerable and marginalised populations

### Action

- Changes to the company's way of business
- Use of leverage with stakeholders to positively influence human rights outcomes;
- Consider disengaging from business activities, if human rights abuses cannot be avoided.


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## Case Study:
## Social issues, additional safeguarding assurance

We believe being a responsible investor does not mean avoiding more challenging areas of investment, particularly those where it has the potential to make a very positive difference. For example businesses providing health and social care for vulnerable patients and users. Some of our investments include areas such as acute special-needs education, fostering and providing care for patients with serious eating disorders.

We take a robust approach to engaging with the managers to gain comfort on:

- the nature of the investment being done
- how the manager intends to drive improvements in the outcomes of the services those businesses are providing
- the heightened nature of due diligence done on these businesses given their vulnerable patient base; and
- the way in which managers are maintaining ongoing monitoring of the care-standards and any ongoing safeguarding measures in place.

Levers of control will vary depending on whether they are lending to the business or if they are the controlling owner. However, we consistently engage to ensure that we are comfortable that the manager has a grasp on the seriousness with which we expect them to continue to centre patient welfare and patient outcomes throughout the life of their involvement with these businesses.

## Votes to note

### Nestle – nutrition/ healthy foods

Brunel supported a resolution at Nestlé's AGM which was co-filed by Legal and General Asset Management, calling for clearly defined key performance indicators (KPIs) based on government-endorsed nutritional standards, and specific, timebound targets to significantly increase the proportion of healthier products, aligning Nestlé's commitments with tangible consumer health outcomes.

## Walking the talk

**"We take modern slavery very seriously in our supply chain and proactively follow the guidance in the modern slavery act not just to the letter but also in spirit."**

Human Rights expectations are embedded within our own due diligence processes, with specific questions submitted at each tender or re-tender. The above heading is used to provide context within our standard supplier questionnaires.

Brunel encourages its staff to engage in topics that are important to them, these often cross over with the RI priorities. Colleagues often give up their own time in charity roles, one of our team sits on the board of One25 - For women to heal and thrive, a charity in Bristol that supports women involved in street sex work to move from crisis and trauma towards independence, thriving in the community. Another colleague uses her volunteering days, offered to all staff, to provide business support to a community charity, tackling social issues in their local area.

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**Through the '6th Votes Against Slavery' campaign we have engaged**

| | | | |
|---|---|---|---|
| 61 | 25 | 16 | 12 |
| AIM companies | FTSE 350 companies | human rights related resolutions supported | vote escalations targeting a director for human rights concerns |

## Case Study: Just transition

The IIGCC Just Transition Working Group was established in 2024 to support the integration of Just Transition guidance into the Net Zero Investment Framework and to develop resources that assist IIGCC members. The group aims to equip investors with the tools and guidance needed to incorporate Just Transition considerations into their climate strategies, building on existing external frameworks. It also seeks to identify and implement opportunities to support investors.

As a member of the Working Group, Brunel is participating in meetings and reviewing materials that shape the development of guidance to ensure it reflects practical investor needs and ambitions.

## Next steps

As a key area of interest for our partner funds and their members, this priority will see an increase in support. A careful balance must be found between setting expectations and the pace with which this is delivered, as data is an impediment to both robust integration and measuring improvements.

**We will...**
**in the near-term:**

- Continue with our support of collaborative engagements related to Modern Human Slavery (e.g. Rathbone Greenbank, CCLA, FAIRR)
- Map human rights risks on all active listed equity holdings, and use as a basis to define future engagement priorities
- Support partner fund local impact investment with socially positive outcomes
- Build understanding through training for Brunel teams, and partner funds
- Advocate for Just Transition component of climate and nature transition

**in the long-term:**

- Undertake further risk integration and transparency through data enhancements and industry improvements


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# Diversity, equity & inclusion

## WHAT

**Champion fairness, diversity and inclusivity in the asset management industry and the companies in which we invest, to contribute to a more equitable society.**

## HOW

**Actively shaping the investment ecosystem through encouraging those investing on our behalf to recognise the value of diverse, equitable and inclusive organisational cultures by ensuring it is fundamental to our own selection and ongoing monitoring processes.**

Diversity, equity, and inclusion initiatives have faced growing scrutiny and challenge, as well new legal hurdles, further exacerbating polarization of society. This has had dramatic impact on how companies and investors approach DEI, leading to reduced transparency and making it more challenging to evaluate risks and progress. However, we strongly believe that it is crucial for boards, senior management, and the business to reflect the makeup of society to remain effective and deliver value. We will continue to use our stewardship levers to counteract practices that are fundamentally misaligned with our expectations of sound governance. This is reflected in our engagement and voting activities undertaken throughout the year and the collaborative initiatives we support that enable more systematic consideration of diversity, improve work culture and promote a fairer workplace.

## Case Study: Asset Owner Diversity Charter (AODC) Conference

The Asset Owner Diversity Charter (AODC), with Brunel serving on the Steering Committee, continues to lead significant progress in promoting diversity within the investment industry. The 2024 conference, titled "The Next Chapter," featured key discussions on the importance of socio-economic data, addressing ethnicity pay gap reporting, and the impact of the AODC questionnaire on decision-making and asset allocation. The event also marked the announcement of the newly formed Advisory Board, which will support the AODC in its next phase of development.

### Embedding DEI asks in contractual arrangements

Brunel has enhanced the language within the Investment Management Agreement (IMA) (its primary contractual agreement with many of our asset managers), requiring asset managers to provide relevant diversity-related data. This includes information aligned with the Asset Owner Diversity Charter or its equivalent, ensuring that managers are held accountable for diversity metrics.


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## Case Study:
## Fair reward framework, collaboration led by Brunel

"First-of-its kind, asset-owner-led and free-to-access tool launched to provide comparable data on how top companies pay their leaders, alongside key metrics putting the proportionality of pay practices into context."

The Fair Reward Framework (FRF), which was co-developed by a group of asset owners including Brunel, assesses the pay governance processes and reward outcomes at UK based companies, based on public information. This free to access dashboard is designed to provide valuable insights for investors and stakeholders on how companies are generating and distributing value relative to peers and historically. In its pilot year, 2024, the FRF focused assessments on the preceding two year of reporting by UK FTSE 100 companies. Assessments were based on research by the High Pay Centre acting as the FRF Secretariat and data partner Minerva Analytics and captured company feedback.

The research found that:

- 54% of FTSE 100 firms assessed by the FRF were accredited by the Living Wage Foundation as UK Living Wage employers.
- 18% of assessed companies exercised their right to adjust their executive pay award from the outcome that would have resulted from application of the pay policy.
- Seven assessed companies provided details of how they pro-actively sought the views of their workforce on top pay and executive remuneration.
- 35% of assessed companies chose to voluntarily disclose their mean ethnicity pay gap.

## Case Study:
## Bayer (EOS), female representation in senior management

Since 2019, EOS, on behalf of Brunel and other clients, has engaged with Bayer on female representation in senior management, expecting over 30% female representation on both the management board and group leadership circle. EOS outlined these expectations in a letter to the supervisory board chair, urging a public ambition for gender parity. Bayer responded by appointing a woman to its management board in February 2019 and setting targets of 33% in top management by 2025 and 50% by 2030. EOS has seen considerable improvement over the course of its engagement: by the end of 2023, Bayer's annual report indicated that 32% of top management and 44% of overall management roles were held by women—a nominal improvement that culminated in the completion of this objective as of June 2024, with EOS continuing to monitor progress.

## Votes to note

### Dr Horton

Brunel, via Legal and General Asset Management voted voted against the re-election of a board member due to the lack of gender diversity on the executive leadership team during the year. At the AGM, the resolution received high levels of dissent with 14% shareholder opposition.


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## Human Capital Management Coalition (HCMC)

EOS, through the Human Capital Management Coalition (HCMC) in the US, sent a letter to the US SEC Chair supporting proposals to standardise registrant disclosures around human capital management policies and practices. The HCMC is a diverse group of influential institutional investors and their representatives, working to elevate human capital management as a critical component in company performance. The HCMC has urged regulators and standard-setters to improve access to workforce data through a balanced approach, where principles-based disclosures are anchored by four foundational, decision-useful disclosures that apply to all companies. Those metrics are the number of full time, part time and contingent or contracted workers directly involved in firm operations; the total cost of the company's workforce; turnover; and diversity data that allows investors to understand the nature and effectiveness of the company's efforts to access and develop new sources of talent.

## ISSB consultation on human capital

During the year, Brunel joined a Share Action led roundtable to provide feedback to ISSB on their upcoming standard on human capital. We provided feedback on improving data comparability and consistency around basic data points such as workforce composition and employee turnover, in addition to discussing topics such as diversity and inclusion, supply chain and wellbeing of the workforce.

## Walking the talk

The Catalyst Programme, part of the Diversity Projects #talkaboutblack activities provides young people from under-resourced backgrounds with the knowledge, skills, and opportunities to pursue careers in the investment and savings industry, thereby fostering diversity and inclusion within the sector.

As a key contributor, for the second year in 2024, Brunel colleagues created and led four engaging sessions focused on investment management and broader career opportunities within the investment sector. The interactive sessions provided students with valuable insights into the complexities of investment management and even concluded with a portfolio construction competition!

22 students from four state schools and colleges in Bristol joined us in our offices for the regular sessions. 16 of these students went on to achieve the CISI Level 2 Fundamentals of Financial Services qualification in the summer.

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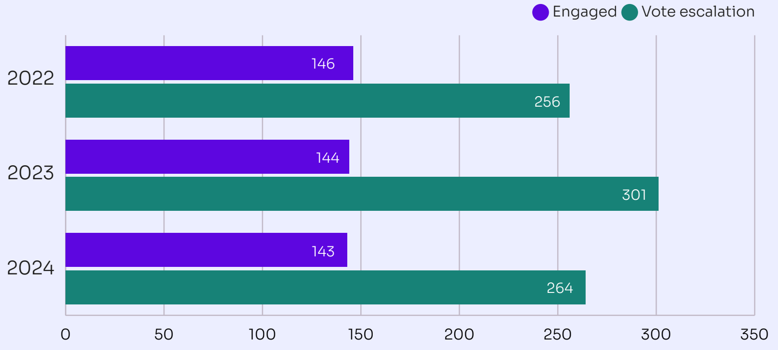
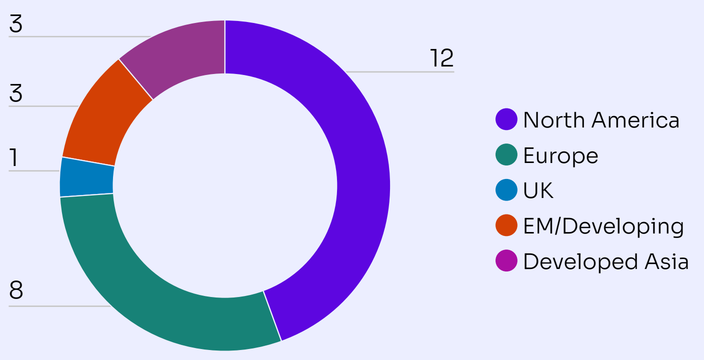
## Engagements and vote escalations on diversity in 2024




The graph shows engagement and vote escalations from 2022-2024. In 2024, 61 companies were engaged as part of the core engagement objective program, eight were completed and closed, with 27 improving at least one milestone, below is a geographical breakdown.

## Regional breakdown of engagements on diversity




## Case Study: ESG Data convergence

The ESG Data Convergence Initiative ('EDCI') was launched in 2021 to streamline the fragmented approach to ESG data collection seen across the private markets industry.

Key metrics captured include:

- GHG emissions
- Renewable energy
- Net-Zero alignment (strategy in place; short term GHG target; & ambition)
- Diversity
- Work-related accidents
- Net new hires
- Employee engagement

This initiative allows GPs to collect ESG data on underlying portfolio companies more easily but also allows investors to make more meaningful comparisons across their portfolios. We are pleased to see good progress in the adoption of the EDCI across the industry with a number of portfolio GPs and influential institutional investors becoming signatories. Brunel will continue to encourage our GPs to become signatories to the EDCI where practicable. Brunel has now become an LP signatory to the EDCI.

## Next steps

A key priority area for 2025 will be enhancing communications with multiple stakeholders to set out the case for continued action on DEI and the benefits for businesses of a robust and thoughtful approach.

**We will...**
**in the near-term:**

- Continue to amplify the collaborative initiatives that we support, including 30% Club, the Diversity Project, the Good Work Coalitionand the Fair Reward Framework
- Support the AODC
- Work closely with Asset Managers to ensure the application of our expectations continues, supporting them to navigate the macro-environment

**in the long-term:**

- Drive expectations to deliver standardised / harmonised data sets for the sector

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# Tax & cost, transparency & fairness

## WHAT

**Promote fair and transparent tax and cost systems as a way for corporations to contribute to the economies in which they operate, and asset managers to demonstrate value for money.**

## HOW

**Acting collaboratively to deliver consistency and scale to industry calls to enhance tax and cost transparency; with transparency acting as a deterrent to aggressive tax and cost practices and to drive fairness over time.**

High profile tax disputes and large fines continued to make headlines during 2024. For instance, Apple faced a significant fine amounting to 13 billion euros due to allegations of tax evasion in Ireland. Similarly, Amazon was scrutinized for its tax practices across Europe, resulting in substantial financial penalties. These controversies underscore the need for enhanced transparency and consistent tax reporting frameworks to mitigate aggressive tax planning and ensure fair competition.

In this context, we continue to pursue corporate engagement through EOS and our managers on high-risk companies. During the year, EOS published a set of tax principles to articulate expectations on responsible tax practices and disclosure. These tax principles are aligned with our voting guidelines and will form the basis of our engagement approach.

Brunel is supportive of aligning asset manager or fund incentives with broader sustainability outcomes where appropriate. For funds which are explicitly targeting impact, particularly in private markets, we support the idea of linking ‘carry’ which forms part of the fee/incentive structure for the fund with the outcomes being delivered. You can see examples in our previous stewardship report.

### Cost transparency

Over the reporting year, Brunel made £46m in cost savings annually versus pre-pooling, significantly ahead of what the business case had anticipated for that financial year. Brunel has already broken even, saving around four-and-a-half times the costs we incur via the reduction in management fees we negotiate. Compared to both current market rates and against the full investment cost to partners, Brunel saved 22 basis points through 2023/24 – equivalent to £64 million.

Brunel has successfully implemented its Value for Money (VFM) Scorecard, which focuses on the long-term sustainability of the business and ensures the requirements of key stakeholders are being met. Instead of assessing performance against history, the VFM Scorecard will continue to drive our future performance by measuring financials, customer service, internal processes, and learning & growth to evaluate overall performance and to move away from a pure cost-savings focus.

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### Case Study: Coca Cola (EOS), tax strategy

EOS continued engagement on our behalf with priority watchlist companies focusing on the four critical areas in our responsible tax principles: policy, governance, stakeholder engagement and transparency.

At Coca-Cola, EOS engaged in discussions regarding the company's tax strategy and disclosure with their Head of Tax. The discussions covered the company's governance approach and the relationship with tax authorities. EOS also encouraged the company to consider reporting against the GRI 207 standards. Coca Cola confirmed that it had established a plan to report taxes paid on a country-by-country basis, in compliance with impending EU legislation.

### Case Study: Private equity, Ownership works

Ownership Works is a broad-based employee ownership programme (initially championed by KKR, a private equity (PE) firm, but since rolled out to other PE firms). We find these kinds of broad-based ownership programmes to be a meaningful driver of social mobility. The programme offers employees of portfolio companies (at no expense to them) an option to participate in the private equity profits at the point the sponsor exits. Payouts are scaled in accordance with length of employee service and are given to all staff (not just senior management as seen in more traditional models). The programme has a proven track record of meaningfully improving employee/management alignment, examples of which include materially improving employee retention, productivity and employee efforts to drive costs efficiencies. Brunel is advocating for its adoption across the PE industry, alongside the emergence of a similar initiative for profit sharing by other private equity managers.

### Votes to note

This year, we chose not to support a shareholder resolution on the topic at the Royal Bank of Canada (RBC). We determined that there was a mismatch between the proponent's stated purpose and the intended outcome, i.e., disclosing CEO pay ratios based on public country-by-country reporting—something not feasible to calculate from the improved disclosure.

EOS continue to engage with them to share expectations on responsible tax.

### Walking the talk

Our tax policy, available on our website, was updated in 2024.

During the year, Brunel engaged a multidisciplinary team of master's students from Bath University to undertake analysis on our listed markets portfolio and provide recommendations on the impact of changes from regulation related to corporate tax such as the Global Minimum Tax regime. The students were tasked with assessing the financial implications of the 15% global corporate tax rate on companies within Brunel's portfolios, mapping companies against operations in territories that may be considered non-compliant/subject to additional taxes. They provided a report assessing tax strategies of affected companies, impact on profitability, ESG scores and valuation considering the OECD's global minimum tax. Their analysis affirmed that costs associated with aggressive tax planning do not often get adequately captured in the market value of the company. While the analysis identified the real estate industry and firms in China, Taiwan, Ireland and Switzerland as exposed to changes, they found that the companies tended to have relatively high ESG scores in other categories that they are assessed on, which could dampen the impact from changes in tax regulation.


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## Tax & cost, transparency & fairness continued

**109**
EOS core engagements on tax

**56**
progressed at least one milestone

We are encouraged by the increasing implementation of standardized frameworks for corporate tax reporting globally, following the European Union's legislation on public country-by-country reporting.

In 2024, we supported landmark policy developments in Australia to enhance corporate tax reporting. We believe the new public country-by-country reporting regime which requires granular disclosures at a country level (within Australia and across specific high-risk jurisdictions) can provide investors with greater insights on how companies are positioned on tax, highlighting any inconsistencies in their tax behaviour. The legislation also aligns with Global Reporting Index (GRI) 207, which we consider a gold standard for reporting. We have also supported calls to the US financial regulator (SEC) to consider introduction of similar measures.

### Next steps

The impact of using tax, and tariffs, to shape behaviour have become more widely discussed. We will consider how these discussions can positively impact improved tax transparency.

**We will…**
**in the near-term:**

- Evaluate portfolio risk and exposure through thematic or sector specific data sources
- Initiate private engagements with managers supporting sharing benefits throughout the whole chain
- Advocate for fiscal incentives to encourage climate, biodiversity & nature objectives e.g. biodiversity net-gains or carbon taxes, levies and subsidies

**in the long-term:**

- Continue to influence through best practise and raising awareness through public policy engagement
- Look to external sources for measurement and indicators of progress across the sector and world


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# Cyber & AI

**WHAT**

**Advocate for strong safeguards to harness the positive societal benefits and mitigate the risks of big tech, and AI**

**HOW**

**Acting collaboratively to deliver consistency and scale to industry calls to enhance cyber, big tech and AI governance and transparency, both to companies directly and to policy makers and regulators.**

The proliferation of AI and related technology continues to ramp up with predictions that spending on AI-enabled applications, infrastructure and related services will double by 2028 to reach $632bn (more information).

Over 2024, the top technology companies, "magnificent seven" made extraordinary gains, representing nearly 35% of the US S&P 500 index. Investments in the private technology sector similarly dominated the news.

While the AI boom brings with it a range of opportunities, the wider societal risks must be adequately managed, alongside. This is an area that we pay particular attention to, as the regulatory guardrails and ethics supporting the operations of AI seem to be either weak or fragmented. Consider for example, the reversing of the 2023 executive order in the US that required AI developers to submit safety test results to federal authorities when systems posed a serious risk to the nation's security, economy or public health and safety.

We believe that a responsible approach to digital rights and AI hinges not only on the mitigation of downside risks, but also the opportunity to enhance a company's returns and reputation.

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Cyber & AI continued

## Case Study: Royal London Asset Management, Addressing cyber risks

We continue to work with Royal London Asset Management through their collaborative engagement on cyber security addressing systemic cybersecurity risks. The initiative has enabled the development of a consistent and joint set of investor expectations, that is being used to evaluate cybersecurity processes across holdings exposed to high risk.

We engaged with an American health insurance provider following a cyber event to understand their response to the incident, remedial actions and future resilience measures to protect them from associated financial loss. The engagement provided valuable insights into their cybersecurity governance, including quarterly reports from the Chief Information Security Officer (CISO) on vulnerability management and new threat intelligence.

In 2024, we spoke with the CISO and Deputy Privacy Officer, who highlighted the increasing frequency of cyber events, including a significant incident involving a third-party provider. This led to the enforcement of multi-factor authentication (MFA) across all systems. It was reassuring to hear that the company has enhanced its strategy, focusing on threat hunting and intrusion detection, and collaborated with a leading cybersecurity firm for security measures.

Through this dialogue, we gained a deeper understanding of the company's cybersecurity approach and management of potential financial impacts, and welcomed improvements made to strengthen the company's defences.

## Case Study: GSK (EOS), Responsible use of AI in pharma

Since 2011, EOS has engaged with GSK on several issues, recently focusing on responsible AI in pharma. In November 2023, EOS encouraged GSK to publicly outline how it ensures ethical AI use. Following EOS's feedback on board oversight and reporting practices, GSK published its Responsible Use of AI Policy in March 2024, clearly demonstrating its commitment to ethical standards. EOS considers this engagement objective complete and will continue to monitor implementation.

## Case Study: RBC Asset Management, risks and opportunities of AI

AI provides opportunity for better client service and process efficiency within the healthcare sector, but also amplifies risks related to bias, errors, and privacy. In 2024, along with other priority issues, RBC Asset Management focused their engagement with senior and board-level representatives to confirm AI governance oversight as well as monitoring of policy and exaction on safe and measured approach to AI integration. The company provided an overview of the 200 use cases and pilot projects that were ongoing in terms of enabling AI and indicated that over 10% process efficiencies were achieved in these pilot projects. They provided assurance around adequate oversight and confirmed that humans were making front line clinical decisions, and this was expected to be the case for the foreseeable future. The fact that AI was limited to operation and process bureaucracy in its current form and was not incorporated into frontline medical decisions was seen as risk mitigation. They also counteracted privacy risks by ensuring that the data is firewalled and managed internally with strict governance rules in place. RBC Asset Management will continue to monitor these developments over the next year.


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## Votes to note

### Apple – AI Transparency

We supported a resolution requesting a transparency report on Apple's use of AI, aiming to enhance disclosure around AI governance and ethical guidelines; the resolution received 37.5% shareholder support.

**Over 2023-24**

39.1%

increase in EOS core engagements on AI

**Support for**

7

resolutions focused on AI in 2024

## Walking the talk

This year, we expanded our use of AI to deepen insight and improve efficiency in stewardship. Using Microsoft Copilot, we built tools to compare voting policies across proxy advisors and asset managers. We then mapped them against Brunel's, identifying gaps and best practices. We also reconciled votes across pooled and segregated mandates, which helped shape our engagement with relevant parties. AI also supported the review of stewardship reports from managers, impact of potential changes to the UK Stewardship Code, and organised complex data for clearer analysis on voting. These applications enhanced both our oversight and our ability to target where policy and practice diverge.

## Next steps

We will focus on leveraging opportunities in AI as well as ensuring appropriate guardrails exist both at the corporate and public policy levels.

**We will...**
**in the near-term:**

- Implement AI to enhance stewardship function
- Highlight the climate impact of Big Tech and make progress on the IT target to encourage direct disclosure of Scope 1,2 and material upstream and downstream 3 emissions

**in the long-term:**

- Drive stronger safeguards to harness the positive societal benefits and mitigate the risks of big tech, and AI, through collaborative engagements

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# Circular economy

**WHAT**

**Embed circular economy thinking to enable efficient, effective and resilient resource and materials management, targeting key projects and sectors where this is a principal business risk.**

**HOW**

**Identifying opportunities to increase circularity and improve raw material and physical resource management through investment and collaborative engagement to reduce the strain on the planet.**

The prevailing linear economic model ("take-make-waste") presents significant investment risks linked to resource scarcity, environmental degradation, and supply instability. With global demand for raw materials projected to rise substantially, continued reliance on linear consumption intensifies exposure to price volatility, regulatory shifts, and reputational harm. As investors, we recognise the need to transition toward a circular economy—one in which resources are maintained in productive use longer, mitigating systemic risks while enhancing resource security and long-term portfolio resilience.

Regulatory momentum supporting circular economy principles is accelerating, notably in the European Union. Recent policy advancements include the Circular Economy Action Plan and the Ecodesign for Sustainable Products Regulation, imposing stringent lifecycle sustainability standards on consumer products. Additionally, the EU Corporate Sustainability Reporting Directive (CSRD) included extensive circularity-related disclosures. These evolving regulatory frameworks significantly influence corporate strategies globally, shaping how businesses manage resources, reduce waste, and design products, ultimately affecting investor risk and opportunity assessments.

Brunel, through corporate engagement, encourages companies to enhance transparency, manage risks and leverage opportunities through better resource management and drive product innovation in alignment with circular objectives. We also allocate capital towards business models or technologies to support long-term sustainability.

## Case Study: Mining 2030

Mining is critical to the circular economy given its central role in providing materials essential to the clean energy transition, such as metals for electric vehicles and renewable energy infrastructure. Ensuring responsible extraction, reducing waste, and increasing materials recycling within the mining sector are vital to sustainably meeting global demand while mitigating environmental risks.

In October 2024, the Global Investor Commission on Mining 2030 launched its Landscape Report, marking a major milestone in defining a shared investor vision for a responsible mining sector by 2030. The report highlights the scale and complexity of mining's social and environmental impacts and outlines how investors can use capital allocation, stewardship, and policy engagement to drive change. Brunel is a Commission member and supports the initiative's ambition to raise expectations and align finance with high standards across the mining value chain. The Commission will now develop detailed workplans across seven key themes.

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## Case Study: Fiera Capital, Navigating PFAS liabilities

Fiera Capital engaged with a US-based industrial company to address PFAS related liabilities tied to legacy operations following a spin off in 2020. PFAS, often termed 'forever chemicals', persist indefinitely in the environment, contaminating soil, water, and wildlife, and presenting significant health and regulatory risks.

These liabilities stemmed from the manufacturing and sale of aqueous film forming foam, a firefighting product that contained PFAS as a key component and contributed to the contamination of numerous firefighting training sites and surrounding groundwater.

The team has been actively monitoring PFAS-related challenges since 2019, developing a comprehensive understanding of the potential legal, financial, and operational risks posed by such liabilities. To deepen our understanding of the company's specific exposure, they engaged with multiple legal experts, former regulatory agency employees and scientists. Also initiating discussions with the company to assess its approach to managing this risk.

The process was closely followed through its progression of cases in the court system, and frequent expressions of a preference for the company for a more proactive approach to address these liabilities were made. Ultimately, in 2023, the entity holding the problematic assets was carved out and filed for bankruptcy, with those assets eventually being sold to a private equity group.

**The matter reached final resolution in 2024, with a comprehensive settlement covering the vast majority of both current and future PFAS-related liabilities.**

## Case Study: Primark (EOS), sustainable cotton

The fashion and textile sector generates substantial waste and environmental impact, primarily due to linear consumption patterns and low recycling rates. Shifting toward sustainable and recycled materials, such as responsibly sourced cotton, is a key element in moving the industry closer to a circular economy.

Since 2019, EOS has engaged with Associated British Foods Foods (ABF) to improve sustainability in Primark's range, focusing on increased recycled content and sustainable cotton use. EOS challenged ABF to review recycled content and set clear, time-bound targets for raising sustainable cotton use, while disclosing recycled polyester usage. Engagement included participation at the Primark ESG event, an investor briefing with the CEO, and discussions at the EOS March 2023 Partner fund Advisory Council. As a result, in 2022, ABF committed to ensuring all clothes were made from recycled or sustainably sourced materials by 2030. Building on this momentum, in 2023 the company set a target for 100% of its products to include recycled, organic, or sustainable cotton by 2027 and published a glossary defining 'sustainable' for each product type. In 2024, EOS has been monitoring progress, including garment recycling levels and efforts to support customer repair and reuse to improve circularity.


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## Case Study: Focus on antimicriboial resistance through public policy

We co-signed the Investor Action on Antimicrobial Resistance (IAAMR) Public Investor Statement, which was coordinated by Access to Medicine Foundation, FAIRR initiative and the UK Department of Health and Social Care, alongside 80 investor signatories representing US$13 trillion. It called for global leaders and policymakers to reinvigorate efforts, coordinate action, and reaffirm their commitments on AMR ahead of the UN General Assembly's second High-Level Meeting (HLM) on AMR. The HLM resulted in the adoption of an extended Political Declaration. Commitments were made around reducing human deaths associated with AMR by 10% by 2030. It called for sustainable financing on national action plans on AMR, the development of alternative treatments such as vaccines, and the promotion of responsible use in animal health.

## Walking the talk

To extend the benefit of our IT equipment and support our local community many of our retired laptops are donated to Digilocal.

"It was so lovely to see how excited they were, mum started crying as she said she couldn't afford a laptop for the children so it will make a huge difference, thanks again for getting extra laptops for us."

## Votes to note

### McDonalds - AMR

Through Legal and General Asset Management, we supported.a resolution by the Benedictine Sisters calling for an enterprise-wide phase-out of medically important antibiotics for disease prevention, which secured 15% shareholder support. We continue to engage collaboratively via FAIRR to enhance AMR standards across the sector.

### Chevron – Plastics

We supported a resolution requesting greater transparency on Chevron's financial risks associated with reduced plastics demand, which received 22.2% shareholder support.

### RBC – Circular Economy Loans

We supported a resolution requesting enhanced disclosures on RBC's lending portfolio relating to circular economy and climate transition opportunities. The financial sector plays a crucial role in driving the circular economy transition through targeted financing solutions and transparent allocation of capital to circular business models.

**Over 2023-24**

**21.1%**

increase in EOS core engagements on circular economy

**Support for**

**2**

shareholder resolutions in 2024

## Next steps

The interconnections between circular economy and climate (resources) and human rights & social issues (indigenous peoples etc) make this an essential theme running across all priorities.

**We will...**
**in the near-term:**

- Support collaborative engagements such as Mining 2030
- Further corporate engagements to tackle micro-plastics

**in the long-term:**

- Deliver thought leadership pieces to build knowledge and understanding
- Evaluate the risks and opportunities, and current gaps in approach to develop an impactful strategy


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All responsible investment issues are important, and we strive to act on as many areas as practical, directly, collaboratively with other investors, or in partnership with our asset managers and strategic partners. But we must also be ruthless in prioritising our resources, minded to making the most impact in fulling our fiduciary duty to our partner funds and their members.

All the issues covered in this report are representative of the financially material investment risks and opportunities we seek to address on behalf of our partner funds, but it can never do justice to the much longer and wider array of work undertaken by our team and partners. Our much expanded and expanding website seeks to address this by sharing stories, analysis, policy positions and research to provide ongoing assurance that we are fulfilling our mission and our partner funds expectations.

We will continue to do this despite the geopolitical headwinds and will remain resolute in our desire to stay firm, grounded in an investment approach based on science, evidence-based research, robust analysis, and the deep expertise of colleagues, managers and strategic partners. We acknowledge that the speed of progress may be slowed by disruption, but also that turbulent times can create new opportunities that will enable us to advance our RI objectives.

## Whatever may come we remain committed to act on;

- Climate change
- Biodiversity & nature
- Human rights & social issues
- Circular economy
- Diversity, equity & inclusion
- Cyber & AI
- Tax & cost, transparency & fairness

## And in doing so we

**Aim to deliver strong 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.**

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| **30% Club** | The 30% Club aims to develop a diverse pool of talent for all businesses through the efforts of its Chair and CEO members who are committed to better gender balance at all levels of their organisations. |
| **Accounting for Sustainability (A4S)** | Accounting for Sustainability (A4S) was established by HM King Charles III in 2004, when he was The Prince of Wales, "to help ensure that we are not battling to meet 21st century challenges with, at best, 20th century decision making and reporting systems." |
| **Asset Owner Council** | The AOC was formed in 2024 as a result of a merger between the Occupational Pensions Stewardship Council (convened by the Department for Work and Pensions), and the UK Pension Scheme Responsible Investment (RI) Roundtable . The council aims to be a forum for sharing best practice on investor stewardship and responsible investment implementation, engaging with regulators and government and encourage high standards of stewardship and collaborations among asset owners. |
| **Climate Action 100+ (CA100+)** | Climate Action 100+ is an investor initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. The companies include 100 'systemically important emitters', accounting for two-thirds of annual global industrial emissions, alongside around 60 others with significant opportunity to drive the clean energy transition. |
| **Deforestation - The Investors Policy Dialogue on Deforestation (IPDD)** | The Investors Policy Dialogue on Deforestation (IPDD) is a collaborative investor initiative which engages with public agencies and industry associations in selected countries on the issue of deforestation. |
| **Diversity Project** | A group of leaders in the investment and savings profession who are working to accelerate progress towards an inclusive culture within our industry. We are a member of the steering committee and various workstreams. |

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| **ESG Data Convergence Initiative** | The goal of the EDCI is to create a critical mass of meaningful, performance-based ESG data from private companies by converging on a standardised set of ESG metrics for private markets. The standard can allow GPs and portfolio companies to benchmark their current position and generate progress toward ESG improvements, while enabling greater transparency and more comparable portfolio information for LPs / Investment Managers. |
| **FAIRR** | The FAIRR Initiative (FAIRR) is a collaborative investor network that raises awareness of the environmental, social and governance (ESG) risks and opportunities in the global food sector. |
| **Glasgow Financial Alliance G for Net-Zero (GFANZ)** | GFANZ is a global coalition of leading financial institutions committed to accelerating the decarbonisation of the economy.<br><br>Brunel is a member of the GFANZ through PAII, but also through our membership of GFANZ workstreams. |
| **Green Finance Institute (GFI)**<br><br>**The GFI is currently housing the National Wealth Fund Taskforce** | GFI's mission is to accelerate the transition to a clean, resilient and environmentally sustainable economy by channeling capital at pace and scale towards real-economy outcomes that will create jobs and increase prosperity for all. |
| **HM (Treasury) UK Government**<br><br>**Green Taxonomy Taskforce and Transition Plan Taskforce working group** | Brunel support the UK Government, often at the invitation of the Treasury, but also other government departments and regulators to support the development and implementation of corporate and sustainable finance policy objectives.<br><br>Specifically, Brunel has participated in the Green Taxonomy Taskforce, and Transition Plan Taskforce Delivery Group. |


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| **Institutional Investor Group on Climate Change (IIGCC)** | A forum for collaboration by institutional investors on the investor implications of climate change.<br>Brunel sits on the Board of IIGCC as Chair as well participating in a number of advisory groups. |
| **International Corporate Governance Network (ICGN)** | ICGN advances the highest standards of corporate governance and investor stewardship worldwide in pursuit of long-term value creation, contributing to sustainable economies, societies, and the environment. |
| **International Sustainability Standards Board (ISSB)** | ISSB aims to deliver a comprehensive global baseline of sustainability- related disclosure standards that provide investors and other capital market participants with information about companies' sustainability-related risks and opportunities to help them make informed decisions. |
| **Investment Association (IA)** | The Investment Association is the trade body that represents UK investment managers. Brunel sits on the Climate Change Working Group. |
| **Local Government Pension Scheme (LGPS)**<br>**Local Government Association (LGA)** | National voice of local government, working with councils to support, promote and improve local government. Brunel work collaboratively with LGA on supporting the LGPS and policy advocacy.<br>Brunel is currently Chair of the LGPS Cross Pool RI Group. |
| **Mining 2030 - Global Investor Commission** | The Global Investor Commission on Mining 2030 is a collaborative investor-led initiative seeking to define a vision for a socially and environmentally responsible mining sector overall by 2030, and to develop a consensus about the role of finance in realising this vision. |
| **Pensions and Lifetime Savings Association (PLSA)** | Primary Pensions industry body for UK. |

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| **Pensions for Purpose** | Pensions for Purpose is a collaborative initiative of impact managers, pension funds, social enterprises and others involved or interested in impact investment. Brunel sit on the Board. |
| **Principles of Responsible Investment (PRI)** | United Nations-supported and investor-led global coalition promoting the incorporation of environmental, social and governance factors. Brunel was the first LGPS Pool to join. Brunel is a member of several working groups and initiatives including Asset Owners Advisory Council, Global Policy Reference Group, SPRING and Tax Reference Group. |
| **ShareAction** | Charity that promotes Responsible Investment and gives savers a voice in the investment system. |
| **Transition Finance Council** | The Transition Finance Council will convene key stakeholders to serve as a monitoring and accountability mechanism for the TFMR recommendations and support continued engagement, capacity building, collaboration, and international engagement on transition finance, with the aim of scaling a robust transition finance market in support of UK and global net zero ambition. |
| **Transition Pathway Initiative (TPI)** | Co-founded in 2016 by the Environment Agency Pension Fund and the Church of England National Investing Bodies. The initiative assesses how companies are preparing for the transition to a low-carbon economy and will form the basis for engagement with companies. Brunel sit on the Board and Advisory Committee of TPI. |
| **UKSIF (The UK Sustainable Investment and Finance Association)** | Membership organisation for those in the finance industry committed to growing sustainable and responsible finance in the UK. |

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Responsible Investment within Brunel is not limited to the function of a single team – the objectives and the impact they drive are deeply embedded in the purpose of the organisation and is reflected in the activities undertaken across the organisation.

Our investment team leads the day-to-day implementation of Responsible Investment. The Responsible Investment function, which sits within the Investment Team, coordinates activities across the organisation, supporting internal Portfolio Managers with ESG integration, collaborating with Risk and Compliance on policy and regulations, assisting partner fund relations in delivering value on stewardship matters, and ensuring our operations reflect our commitment to responsible investment.

**Faith Ward**
**Chief Responsible Investment Officer, Brunel Pension Partnership; Chair, Institutional Investors Group on Climate Change (IIGCC)**

Faith is currently Chief Responsible Investment Officer for Brunel Pension Partnership and Chair of the IIGCC. These roles enable her to advocate for better appreciation of systemic risk as well as design solutions that embed such risks, like climate change, into the operations of finance and investment, an industry she has served for over 25 years.

As Chair of the Working group for Scaling Finance on behalf of the Transition Finance Council, on which she also sits, Faith is focusing on advancing the Council's objectives in transforming the economy, through effective and efficient climate transition, particularly in hard to abate sectors.

Faith is an Ambassador the Transition Pathway Initiative, having founded, co-chaired and subsequently acted as an NED for this critical initiative supporting investors action for the climate transition.

Faith's other roles include member of the Ethics Investment Advisory Group for the Church of England National Investing Bodies; member of Investor Advisory Group for ISSB; Member of the former Transition Plan Taskforce (TPT) Delivery Group and UK Green Taxonomy Advisory Group, as well as Co-Chairing the TPT working group focusing Adaption. Faith is also a Climate Ambassador for the National Federation of Women's Institutes.

**Vaishnavi Ravishankar**
**Head of Stewardship**

Vaishnavi Ravishankar started her career in responsible investment 15 years ago, following a degree in Commerce (Accounting and Finance) from the ANU. She worked at an ESG research provider in Australia, analysing sector-specific and thematic ESG related risks and providing active ownership support for investors in Australia and New Zealand. She then moved to the Principles for Responsible Investment where she led collaborative engagements and thematic work within the governance workstream for over six years.

Vaishnavi joined Brunel in 2023, where she is responsible for leading and coordinating all engagement activities and voting implementation, supporting the delivery of investment services and provision of services to Brunel's partner funds.

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## Team profiles continued

### Chris van der Merwe
**Responsible Investment Manager**

Chris joined Brunel in July 2022 having previously gained experience at the Transition Pathway Initiative through completion of his MSc in Climate Change, Management and Finance at Imperial College London.

Chris leads on Brunel's ESG data integration and carbon metrics strategy and is passionate about the role that finance can play in helping to solve the challenge of climate change and create a more sustainable future. Chris currently sits on the FTSE Russell Sustainable Investment Technical Advisory Committee.

### Oliver Wright
**Responsible Investment Officer**

Oliver joined Brunel in February 2023 having previously gained experience in the Impact Investment field in Jordan. Oliver read Business Entrepreneurship BSc at Southampton University with a year in industry in San Francisco. He then completed his postgraduate MA in Environmental studies at Tel Aviv University. Oliver is passionate in his views of an ecocentric economy and plans to implement them in his role at Brunel.

### Thomas Lee
**Responsible Investment Officer**

Thomas joined Brunel in 2024 to support the Responsible Investment team with ESG and climate data integration, risk reporting and wider RI initiatives. He is passionate in the impact of sustainability on investment decisions.

Prior to joining Brunel, Thomas worked as an investment analyst at Somerset Capital Management, a boutique asset manager, where he analysed listed equities in emerging markets as well as integrating ESG considerations into the process. The experience honed his skills in equity research and ability to evaluate companies' capital allocation decisions.

Thomas holds an MSc in Political Economy of Emerging Markets from King's College London and a BSc (Hons) in Finance from Queen's University Belfast. He also holds a CFA Institute Certificate in ESG Investing and has passed the CFA Level 1 exam.

### Tasha Pascal
**Executive Assistant**

Tasha supports Faith Ward, our CRIO wielding her magic to ensure the efficient running of Faith's commitments.

Before joining Brunel, Tasha had worked in dentistry for 18 years, gaining extensive administration knowledge and experience in her practice management role.


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**Implementing Responsible Stewardship**

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Voting

Interview – Integrating RI data into our risk management

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**Climate change**

**Human rights & social issues**

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# Getting in touch with the team

Please visit our website to read our latest reports, news and insights and other materials to keep you up to date. It has been updated to provide easier navigation, access to documents and include more case studies for your information.

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

For general fund manager enquiries, meeting requests and other materials (updates, newsletters, brochures and so on), please use investments.brunel@brunelpp.org.